CITY OF CHARLES TOWN

Combined Waterworks and Sewerage System
Revenue Bonds, Series 2002 A (West Virginia WDA)
and
Series 2002 B (West Virginia Infrastructure Fund)

Date of Closing: August 22, 2002

BOND TRANSCRIPT

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CITY OF CHARLES TOWN

Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 A (West Virginia Water Development Authority) and Series 2002 B (West Virginia Infrastructure Fund)

BOND TRANSCRIPT

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CITY OF CHARLES TOWN

COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) AND SERIES 2002 B (WEST VIRGINIA INFRASTRUCTURE FUND)

BOND ORDINANCE

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ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATERWORKS 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 $2,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), AND NOT MORE THAN $3,600,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA INFRASTRUCTURE FUND); 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 LOAN AGREEMENTS 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, Chapter 22C,

Article 1 and Chapter 31, Article 15A 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 waterworks portion of the existing public combined waterworks and sewerage system of the Issuer, consisting of the replacement of 22,000 linear feet of water main and the erection of a new 332,000 gallon storage tank, and all appurtenant facilities (collectively, the "Project") (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 Authority's loan program and the West Virginia Infrastructure Fund, all pursuant to the Act.

D. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Revenue Bonds, in the total aggregate principal amount of not more than $5,600,000 in two series, being the Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 A (West Virginia Water Development Authority), in the aggregate principal amount of not more than $2,000,000 (the "Series 2002 A Bonds"), and the Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 B (West Virginia Water Development Authority), in the aggregate principal amount of not more than $3,600,000 (the "Series 2002 B Bonds"), to permanently finance the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2002 A Bonds and Series 2002 B 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 2002 A Bonds Reserve Account and the Series 2002 B 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; discount; initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2002 A Bonds and the Series 2002 B 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 2002 A Bonds and the Series 2002 B Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that its Series 2002 A Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority, and its Series 2002 B Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), both loan agreements, respectively, in form satisfactory to the respective parties (collectively, the "Loan Agreements"), are 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 2002 A Bonds and the Series 2002 B 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");

(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"); and

(7) Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated June 22, 2000, issued in the original aggregate principal amount of $3,163,781 (the "Series 2000 A 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, the Series 1998 Design Bonds and the Series 2000 A 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 2002 A Bonds and the Series 2002 B 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 2002 A Bonds and the Series 2002 B Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consent of the Holders of the Prior Bonds (other than the Series 1998 Refunding Bonds) to the issuance of the Series 2002 A Bonds and the Series 2002 B 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, the Series 2002 A Bonds and the Series 2002 B 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 Council, the Issuer may, in lieu of funding the Series 2002 A Bonds Reserve Account or the Series 2002 B

Bonds Reserve Account with cash or Qualified Investments, satisfy the Series 2002 A Bonds Reserve Requirement and the Series 2002 B Bonds Reserve Requirement by the deposit into the Series 2002 A Bonds Reserve Account and the Series 2002 B Bonds Reserve Account of a reserve account letter of credit, a surety bond, or other credit facility satisfactory to the Authority and the Council in an amount at least equal to the Series 2002 A Bonds Reserve Requirement and the Series 2002 B Bonds Reserve Requirement, respectively. 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 Council 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 Agreements relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2002 A Bonds and the Series 2002 B 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 2002 A Bonds and the Series 2002 B 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 2002 A Bonds and the Series 2002 B 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 2002 A Bonds and the Series 2002 B 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 2002 A Bonds and the Series 2002 B 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 2002 A Bonds and the Series 2002 B 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, Chapter 22C, Article 1 and Chapter 31, Article 15A 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 2002 A Bonds and the Series 2002 B 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.

"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 2002 A Bonds and the Series 2002 B 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 2002 A Bonds and the Series 2002 B Bonds for all or a portion of the proceeds of the Series 2002 A Bonds and the Series 2002 B 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.

"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 West Virginia Infrastructure and Jobs Development Council or any other agency, of the State of West Virginia that succeeds to the functions of the Council.

"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 Agreements" means, collectively, the Loan Agreement, heretofore entered, or to be entered, into by and among the Authority and the Issuer, providing for the purchase of the Series 2002 A Bonds from the Issuer by the Authority, and the Loan Agreement heretofore entered, or to be entered, into by and between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 2002 B Bonds from the Issuer by the Authority, the forms of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2002 A Bonds and the Series 2002 B Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2002 A Bonds Reserve Account and the Series 2002 B Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2002 A Bonds and the Series 2002 B Bonds Reserve Account, 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, 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 monies, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption shall be in trust hereunder, and set aside for such payment (whether upon or prior to maturity); (iii) any Bond deemed to have been paid as provided in Article X hereof; and (iv) for purposes of consents or other action by a specified percentage of Bondholders, any Bonds registered to the Issuer.

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

"Paying Agent" means the Commission or other entity or authority designated as such for the Series 2002 A Bonds and the Series 2002 B Bonds in the Supplemental Resolution with the written consent of the Authority and the Council.

"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, the Series 1998 Design Bonds and the Series 2000 A 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, the ordinance of the Issuer enacted March 16, 1998, and the ordinance of the Issuer enacted June 19, 2000, 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 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, the Series 2002 A Bonds and the Series 2002 B Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in any reserve account for the Prior Bonds, the Series 2002 A Bonds and the Series 2002 B 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 Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated June 22, 2000, issued in the original aggregate principal amount of $3,163,781.

"Series 2002 A Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 A (West Virginia Water Development Authority), of the Issuer, authorized by this Bond Legislation.

"Series 2002 A Bonds Construction Trust Fund" means the Series 2002 A Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2002 A Bonds Reserve Account" means the Series 2002 A Bonds Reserve Account established in the Series 2002 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 2002 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 2002 A Bonds in the then current or any succeeding year.

"Series 2002 A Bonds Sinking Fund" means the Series 2002 A Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2002 B Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 B (West Virginia Infrastructure Fund), of the Issuer, authorized by this Bond Legislation.

"Series 2002 B Bonds Construction Trust Fund" means the Series 2002 B Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2002 B Bonds Reserve Account" means the Series 2002 B Bonds Reserve Account established in the Series 2002 B Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 2002 B Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2002 B Bonds in the then current or any succeeding year.

"Series 2002 B Bonds Sinking Fund" means the Series 2002 B Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective sinking funds established for the Prior Bonds, the Series 2002 A Bonds and the Series 2002 B Bonds.

"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 2002 A Bonds and the Series 2002 B Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2002 A Bonds and the Series 2002 B 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 not more than $5,600,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2002 A Bonds and the Series 2002 B 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, in an amount and otherwise compatible with the financing plan submitted to the Council and the Authority.

The cost of the Project is estimated not to exceed $5,600,000, of which approximately $2,000,000 will be obtained from proceeds of the Series 2002 A Bonds and approximately $3,600,000 will be obtained from proceeds of the Series 2002 B Bonds.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2002 A Bonds and the Series 2002 B Bonds, funding reserve accounts for the Series 2002 A Bonds and the Series 2002 B Bonds, paying Costs of the Project not otherwise provided for, and paying certain costs of issuance of the Series 2002 A Bonds and the Series 2002 B 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 2002 A Bonds and the Series 2002 B Bonds of the Issuer, in an aggregate principal amount of not more than $5,600,000. The Series 2002 A Bonds shall be issued as a single bond, designated as "Combined Waterworks and Sewerage System Revenue Bond, Series 2002 A (West Virginia Water Development Authority),"in an aggregate principal amount of not more than $2,000,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The Series 2002 B Bonds shall be issued as a single bond, designated as "Combined Waterworks and Sewerage System Revenue Bond, Series 2002 B (West Virginia Infrastructure Fund),"in an aggregate principal amount of not more than $3,600,000 and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2002 A Bonds remaining after funding of the Series 2002 A Bonds Reserve Account (if funded from Bond proceeds) and capitalization of interest, if any, on the Series 2002 A Bonds shall be deposited in or credited to the Series 2002 A Bonds Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof. The proceeds of the Series 2002 B Bonds remaining after funding of the Series 2002 B Bonds Reserve Account (if funded from Bond proceeds) and capitalization of interest, if any, on the Series 2002 B Bonds shall be deposited in or credited to the Series 2002 B 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 2002 A Bonds and the Series 2002 B 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 Agreements. The Series 2002 A Bonds and the Series 2002 B 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 2002 A Bonds and the Series 2002 B 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 2002 A Bonds and the Series 2002 B 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 Series 2002 A Bonds and Series 2002 B Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2002 A Bonds and Series 2002 B Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form and in denominations as determined by a Supplemental Resolution. 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 2002 A Bonds and the Series 2002 B 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 Series 2002 A Bonds and the Series 2002 B Bonds shall cease to be such officer of the Issuer before Series 2002 A Bonds and the Series 2002 B 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 2002 A Bonds and the Series 2002 B 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 2002 A Bond or the Series 2002 B Bonds shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2002 A Bond or the Series 2002 B 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, Series 2002 A Bonds and the Series 2002 B 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 Series 2002 A Bonds and the Series 2002 B 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 Series 2002 A Bonds and Series 2002 B Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of such Bonds.

The registered Series 2002 A Bonds and Series 2002 B Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging or transferring the registered Series 2002 A Bonds or Series 2002 B Bonds are exercised, all Series 2002 A Bonds and Series 2002 B Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2002 A Bonds or Series 2002 B Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of Series 2002 A Bonds or Series 2002 B 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 2002 A Bonds or Series 2002 B Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2002 A Bonds or Series 2002 B Bonds or, in the case of any proposed redemption of such Bonds, next preceding the date of the selection of such 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 2002 A Bond or Series 2002 B Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be 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 2002 A Bonds and the Series 2002 B 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 2002 A Bonds or the Series 2002 B Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2002 A Bonds or the Series 2002 B 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 2002 A Bonds and the Series 2002 B 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, the Series 2002 A Bonds and the Series 2002 B 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 2002 A Bonds and the Series 2002 B Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2002 A Bonds and the Series 2002 B 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 2002 A Bonds and the Series 2002 B 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 2002 A Bonds and the Series 2002 B 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 2002 A Bonds and the Series 2002 B.

Section 3.10. Form of Bonds. The text of the Series 2002 A Bonds and the Series 2002 B Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[FORM OF SERIES 2002 A BOND]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BOND, SERIES 2002 A
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

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 ($_____), in annual installments on October 1 of each year, beginning October 1, 20___, as set forth on the "Debt Service Schedule" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, such interest shall be payable semiannually on April 1 and October 1 of each year, beginning _____ 1, ____, as set forth on Exhibit A 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 Branch Banking and Trust Company, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and upon the terms and

conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority dated _____, 2002.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the waterworks 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"); (iii) capitalize interest on the Bonds; and (iv) 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 1 of the West Virginia Code of 1931, as amended (the "Act"), a Bond Ordinance duly enacted by the Issuer on _____, 2002, and a Supplemental Resolution duly adopted by the Issuer on _____, 2002 (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"), (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"), (7) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 22, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,163,781 (THE "SERIES 2000 A BONDS"), AND (8) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BOND, SERIES 2002 B (WEST VIRGINIA INFRASTRUCTURE FUND); DATED _____, 2002, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2002 B 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, THE SERIES 1998 DESIGN BONDS, AND THE SERIES 2000 A 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 the Series 2002 B Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2002 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 monies in the Series 2002 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 on a parity with the Bonds, including the Prior Bonds and the Series 2002 B Bonds; provided however, that so long as there exists in the Series 2002 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 on a parity with the Bonds, including

the Prior Bonds and the Series 2002 B 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 monies, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia 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 _____, 2002.

[SEAL]

_____
Mayor

_____
City Manager

ATTEST:

_____
City Clerk

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2002 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: _____, 2002.

_____, 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 $_____

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:

_____

[FORM OF SERIES 2002 B BOND]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BOND, SERIES 2002 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-____ $_____

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, _____, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council dated _____, 2002.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the waterworks 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 31, Article 15A of the West Virginia Code of 1931, as amended (the "Act"), a Bond Ordinance duly enacted by the Issuer on _____, 2002, and a Supplemental Resolution duly adopted by the Issuer on _____, 2002 (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"), (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"), (7) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 22, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,163,781 (THE "SERIES 2000 A BONDS"), AND (8) COMBINED WATERWORKS AND SEWERAGE

SYSTEM REVENUE BOND, SERIES 2002 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED _____, 2002, ISSUES CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2002 A 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, THE SERIES 1998 DESIGN BONDS AND THE SERIES 2002 A 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 the Series 2002 A Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2002 B 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, if any, hereon, except from said special fund provided from the Gross Revenues, the monies in the Series 2002 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds and the Series 2002 A Bonds; provided however, that so long as there exists in the Series 2002 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds and the Series 2002 A 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 monies, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia 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 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 _____, 2002.

[SEAL]

_____
Mayor

_____
City Manager

ATTEST:

_____
City Clerk

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2002 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2002.

_____, 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 $_____

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 2002 A Bonds and the Series 2002 B Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreements. If not so authorized by previous ordinance or resolution, the Mayor is specifically authorized and directed to execute the Loan Agreements in the forms 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 Agreements to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreements, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Bond Legislation.

Section 3.12. "Filing of Amended Schedule." Upon completion of the acquisition and construction of the Project, the Issuer will file with the Authority and the Council a schedule, the form of which will be provided by the Authority and the Council, 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 2002 A Bonds Construction Trust Fund; and

(4) Series 2002 B Bonds Construction Trust Fund.

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

(1) Series 2002 A Bonds Sinking Fund;

(2) Series 2002 A Bonds Reserve Account.

(3) Series 2002 B Bonds Sinking Fund; and

(4) Series 2002 B 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 6 months prior to the first date of payment of interest on the Series 2002 A Bonds for which interest has not been capitalized or as required in the Loan Agreement, for deposit in the Series 2002 A Bonds Sinking Fund, an amount equal to 1/6th of the amount of interest which will become due on the Series 2002 A Bonds on the next ensuing semiannual interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2002 A Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next semiannual interest payment date, the required amount of interest coming due on such date.

(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; (ii) commencing 13 months prior to the first date of payment of principal of the Series 2002 A Bonds, for deposit in the Series 2002 A Bonds Sinking Fund, an amount equal to 1/12th of the amount of principal which will mature and become due on the Series 2002 A Bonds on the next ensuing annual principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2002 A Bonds Sinking Fund and the next annual principal payment date is less than 13 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date; and (iii) commencing 3 months prior to the first date of payment of principal of the Series 2002 B Bonds, for deposit in the Series 2002 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2002 B 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 2002 B Bonds Sinking Fund and the next annual principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next annual 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;(ii) commencing 13 months prior to the first date of payment of principal of the Series 2002 A Bonds or upon completion of construction of the Project, whichever is earlier, if not fully funded upon issuance of the

Series 2002 A Bonds, for deposit in the Series 2002 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2002 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2002 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 2002 A Bonds Reserve Requirement; and (iii) commencing 3 months prior to the first date of payment of principal of the Series 2002 B Bonds or upon completion of construction of the Project, whichever is earlier, if not fully funded upon issuance of the Series 2002 B Bonds, for deposit in the Series 2002 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2002 B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 2002 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2002 B 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 monies 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 monies from the Renewal and Replacement Fund.

Monies in the Series 2002 A Bonds Sinking Fund and the Series 2002 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2002 A Bonds and the Series 2002 B Bonds, respectively, as the same shall become due. Monies in the Series 2002 A Bonds Reserve Account and the Series 2002 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2002 A Bonds and the Series 2002 B Bonds, respectively, as the same shall come due, when other monies in the Series 2002 A Bonds Sinking Fund and the Series 2002 B Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2002 A Bonds Sinking Fund, the Series 2002 A Bonds Reserve Account, the Series 2002 B Bonds Sinking Fund and the Series 2002 B 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 2002 A Bonds and the Series 2002 B Bonds, respectively, and then to the next ensuing principal payment due thereon, all on a pro rata basis.

Any withdrawals from the Series 2002 A Bonds Reserve Account and the Series 2002 B Bonds Reserve Requirement which result in a reduction in the balance of the Series 2002 A Bonds Reserve Account and the Series 2002 B Bonds Reserve Account to below the Series 2002 A Bonds Reserve Requirement and the Series 2002 B Bonds Reserve Requirement, respectively, 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 respective reserve account in an amount equal to the requirement therefor.

The Issuer shall not be required to make any further payments into the Series 2002 A Bonds Sinking Fund, the Series 2002 A Bonds Reserve Account, the Series 2002 B Bonds Sinking Fund or the Series 2002 B Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2002 A Bonds and the Series 2002 B Bonds, respectively, 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, the Series 2002 A Bonds and the Series 2002 B 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 2002 A Bonds Sinking Fund, the Series 2002 A Bonds Reserve Account, the Series 2002 B Bonds Sinking Fund and the Series 2002 B Bonds Reserve Account created hereunder, and all amounts required for said funds and accounts, shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into the Series 2002 A Bonds Sinking Fund, the Series 2002 A Bonds Reserve Account, the Series 2002 B Bonds Sinking Fund or the Series 2002 B Bonds Reserve Account, shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 2002 A Bonds Sinking Fund, the Series 2002 A Bonds Reserve Account, the Series 2002 B Bonds Sinking Fund or the Series 2002 B Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2002 A Bonds Sinking Fund and the Series 2002 A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2002 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.

The Series 2002 B Bonds Sinking Fund and the Series 2002 B Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2002 B 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 2002 A Bonds and the Series 2002 B 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 Agreements, 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 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 debited from the Revenue Fund and electronically transferred to the Commission on the dates required.

F. The monies in excess of the sum insured by the maximum amounts insured by FDIC in 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.

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

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

Section 5.04. Reserve Account Letter of Credit or Surety Bond. With the advance written consent of the Authority and the Council, the Issuer may, in lieu of funding the respective Reserve Accounts for the Series 2002 A Bonds and Series 2002 B Bonds with cash or Qualified Investments, satisfy the respective Reserve Requirements by the deposit into the respective Reserve Accounts of a reserve account letter of credit, a surety bond, or other credit facility satisfactory to the Authority and the Council in an amount at least equal to the respective 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 Council and the execution and delivery of any applicable reimbursement agreement or note in such forms as shall be described in a Supplemental Resolution.

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENT

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the monies received from the sale of the Series 2002 A Bonds and Series 2002 B Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2002 A Bonds, there shall first be deposited with the Commission in the Series 2002 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2002 A Bonds for the period commencing on the date of issuance of the Series 2002 A Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. From the proceeds of the Series 2002 B Bonds, there shall first be deposited with the Commission in the Series 2002 B Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2002 B Bonds for the period commencing on the date of issuance of the Series 2002 B Bonds and ending 6 months after the estimated date of completion of construction of the Project.

C. Next, from the proceeds of the Series 2002 A Bonds, there shall be deposited with the Commission in the Series 2002 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2002 A Bonds Reserve Account.

D. Next, from the proceeds of the Series 2002 B Bonds, there shall be deposited with the Commission in the Series 2002 B Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2002 B Bonds Reserve Account.

E. The remaining moneys derived from the sale of the Series 2002 A Bonds, shall be deposited with the Depository Bank in the Series 2002 A Bonds Construction Trust Fund and applied solely to payment of the costs of the Project in the manner set forth in Section 6.02 hereof and, until so expended, are hereby pledged as additional security for the Series 2002 A Bonds.

F. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2002 B Bonds, such moneys shall be deposited with the Depository Bank in the Series 2002 B Bonds Construction Trust Fund and applied solely to payment of the costs of the Project in the manner set forth in Section 6.02 hereof and, until so expended, are hereby pledged as additional security for the Series 2002 B Bonds.

Section 6.02. Disbursements From the Bond Construction Trust Fund. Payments for Costs of the Project shall be made monthly. Except as provided in Section 6.01 hereof, disbursements from the Series 2002 A Bonds Construction Trust Fund shall be made only after submission to the Depository Bank of 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.

In case any contract provides for the retention of a portion of the contract price, the Depository Bank shall disburse from the Series 2002 A Bonds Construction Trust Fund only the net amount remaining after deduction of any such portion. All payments made from the Series 2002 A Bond Construction Trust Fund shall be presumed by the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from the Series 2000 A Bonds Construction Trust Fund. The Consulting Engineers shall from time to time file with the Depository Bank written statements advising the Depository Bank of its then authorized representative.

The Issuer shall each month provide the Council with a requisition for the costs incurred for the Project, together with such documentation as the Council shall require. Except as provided in Section 6.01 hereof, disbursements from the Series 2002 B Bonds Construction Trust Fund shall be made only after submission to, and approval from, the Council of 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, monies in the Series 2002 A Bonds Construction Trust Fund and the Series 2002 B Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

After completion of construction of the Project, as certified by the Consulting Engineers, and all costs of the Project have been paid, any remaining proceeds of the Series 2002 A Bonds shall be applied as directed by the Authority and any remaining proceeds of the Series 2002 B Bonds shall be applied as directed by the Council.

The Issuer shall expend all proceeds of the Series 2002 A Bonds within 3 years of the date of issuance of the Authority's bonds, the proceeds of which were used to make the loan to the Issuer.

The Issuer shall expend all proceeds of the Series 2002 B Bonds within 3 years of the date of issuance of the Council's bonds, the proceeds of which were used to make the loan to 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 2002 A Bonds and the Series 2002 B 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 2002 A Bonds and the Series 2002 B 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 2002 A Bonds and the Series 2002 B Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2002 A Bonds and the Series 2002 B 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 2002 A Bonds and the Series 2002 B Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2002 A Bonds and the Series 2002 B 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 2002 A Bonds and the Series 2002 B 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, the Series 2002 A Bonds and the Series 2002 B 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 2002 A Bonds and the Series 2002 B 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 Agreements. In the event the schedule of rates and charges initially established for the System in connection with the Series 2002 A Bonds and the Series 2002 B Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreements, 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 Agreements.

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 Council. Additionally, so long as the Series 2002 A Bonds and the Series 2002 B Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the Council, 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 2002 A Bonds and the Series 2002 B Bonds, immediately be remitted to the Commission for deposit in the Series 2002 A Bonds Sinking Fund and the Series 2002 B 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 2002 A Bonds and the Series 2002 B 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 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 2002 A Bonds, the Series 2002 B Bonds and the Prior Bonds. All obligations issued by the Issuer after the issuance of the Series 2002 A Bonds and the Series 2002 B Bonds are 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 2002 A Bonds, the Series 2002 B 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 2002 A Bonds, and the Series 2002 B 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 2002 A Bonds, the Series 2002 B 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 Council 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 2002 A Bonds and the Series 2002 B Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and the Council 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 2002 A Bonds and the Series 2002 B 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 2002 A Bonds, the Series 2002 B 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, 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, if any, 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 Independent Certified Public Accountants, as stated in a certificate, on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to issuance of such Parity Bonds.

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Series 2002 A Bonds and the Series 2002 B 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 2002 A Bonds and the Series 2002 B 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 2002 A Bonds and the Series 2002 B 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 Council, 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 Council 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 Council, 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 Council, or any other original purchaser of the Series 2002 A Bonds and the Series 2002 B Bonds, and shall mail in each year to any Holder or Holders of the Series 2002 A Bonds and the Series 2002 B 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 2002 A Bonds and the Series 2002 B Bonds and shall submit said report to the Authority and the Council, or any other original purchaser of the Series 2002 A Bonds and the Series 2002 B Bonds. Such audit report submitted to the Authority and the Council 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 Agreements and the Act, the Issuer has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is doing or has done all things necessary to construct the Project in accordance with the plans, specifications and designs prepared by the Consulting Engineers. All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Issuer.

The Issuer shall permit the Authority or the Council, or their agents and representatives, to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction and commencement of operation of the Project, the Issuer shall also provide the Authority and the Council, 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 Council with respect to the System pursuant to the Act.

Section 7.09. Rates. Prior to the issuance of the Series 2002 A Bonds and the Series 2002 B 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 2002 A Bonds and the Series 2002 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2002 A Bonds and the Series 2002 B 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 2002 A Bonds Reserve Account and the Series 2002 B Bonds Reserve Account and any reserve accounts for obligations on a parity with the Series 2002 A Bonds and the Series 2002 B 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 2002 A Bonds and the Series 2002 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2002 A Bonds and the Series 2002 B 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 Council 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 Council 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 Agreements, and forward a copy of such report to the Authority and the Council 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 Council, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the Council is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

The Issuer shall provide and maintain competent and adequate engineering services satisfactory to the Authority and the Council 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, the Council 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 employ qualified personnel properly certified by the State to operate the System during the entire term of the Loan Agreement.

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

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

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 2002 A Bonds and the Series 2002 B 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 Council and the Issuer shall verify such insurance prior to commencement of construction. In the event the Loan Agreements so require, 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 Bureau for Public 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 Bureau for Public 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, all orders and approvals from the Public Service Commission of West Virginia and the Council necessary for the acquisition and construction of the Project and the operation of the System and all approvals for issuance of the Series 2002 A Bonds and the Series 2002 B Bonds required by State law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. Compliance with Loan Agreements and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Loan Agreements and the Act. Notwithstanding anything herein to the contrary, the Issuer will provide the Council 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 Council 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 2002 A Bonds and the Series 2002 B 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 2002 A Bonds and the Series 2002 B Bonds during the term thereof is, under the terms of the Series 2002 A Bonds and the Series 2002 B 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 2002 A Bonds and the Series 2002 B 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 2002 A Bonds and the Series 2002 B Bonds during the term thereof is, under the terms of the Series 2002 A Bonds and the Series 2002 B 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 2002 A Bonds and the Series 2002 B 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 2002 A Bonds and the Series 2002 B 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 2002 A Bonds and the Series 2002 B 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 2002 A Bonds and the Series 2002 B 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 2002 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 2002 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 7.20. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2002 A Bonds and the Series 2002 B 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 2002 A Bonds and the Series 2002 B Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

Section 7.21. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2002 A Bonds and the Series 2002 B 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 Council for written approval. The Issuer shall obtain the written approval of the Council before expending any proceeds of the Series 2002 B 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 Council before expending any proceeds of the Series 2002 B Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the funding provided by the Council and the Authority in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any ground breaking or dedication of the Project.

Section 7.22. Securities Laws Compliance. The Issuer shall provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

ARTICLE VIII

INVESTMENT OF FUNDS; NON-ARBITRAGE

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

Any investment shall be held in and at all times deemed a part of the fund or account in which such monies were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission 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 2002 A Bonds and the Series 2002 B 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 2002 A Bonds and the Series 2002 B Bonds from gross income for federal income tax purposes.

Section 8.02. Arbitrage and Tax Exemption. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 2002 A Bonds which would cause the Series 2002 A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take any and all actions that may be required of it (including, without implied limitation, the timely filing

of a federal information return with respect to the Series 2002 A Bonds) so that the interest on the Series 2002 A Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. Small Issuer Exemption from Rebate. In accordance with Section 148(f)(4)(D) of the Code, the Issuer covenants that it is a governmental unit with general taxing powers; that no part of the Series 2002 A Bonds are private activity bonds; that 95% or more of the Net Proceeds of the Series 2002 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 2002 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 2002 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 benefitting thereby shall be treated as one issuer.

Notwithstanding the foregoing, if in fact the Issuer is subject to the rebate requirements of Section 148(f) of the Code, and not exempted from such requirements, the Issuer covenants to make, or cause to be made, all rebate calculations, computations and payments in the time, manner and as required in Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Series 2002 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 2002 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 2002 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 2002 A Bonds and the Series 2002 B Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on the Series 2002 A Bonds or the Series 2002 B 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 2002 A Bonds or the Series 2002 B Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2002 A Bonds or the Series 2002 B 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 2002 A Bonds and the Series 2002 B 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 2002 A Bonds or the Series 2002 B 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 AND DEFEASANCE OF BONDS

Section 10.01. Defeasance of Series 2002 A Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all of the Series 2002 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then 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 2002 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 2002 A Bonds from gross income for federal income tax purposes.

Series 2002 A Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Series 2002 A Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 2002 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 2002 A Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 2002 A Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

Section 10.02. Payment of Series 2002 B Bonds. If the Issuer shall pay or there shall otherwise be paid, to the Holders of the Series 2002 B Bonds, the principal of and interest due or to become due thereon at the times and in the manner stipulated therein and in this Bond Legislation, then 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 2002 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2002 A Bonds and the Series 2002 B Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2002 A Bonds and the Series 2002 B 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 2002 A Bonds and the Series 2002 B Bonds shall be made without the consent in writing of the Registered Owners of the Series 2002 A Bonds and the Series 2002 B 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 2002 A Bonds and the Series 2002 B Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest on the Series 2002 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 2002 A Bonds and the Series 2002 B 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, the Series 2002 A Bonds or the Series 2002 B 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 2002 A Bonds and the Series 2002 B 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:	-	July 29, 2002
Passed on Second Reading:	-	August 5, 2002
Passed on Final Reading Following Public Hearing	-	August 19, 2002

[SEAL]

Mayor

Jane E. Arnett

City Manager

ATTEST:

City Clerk

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the CITY OF CHARLES TOWN on the 19th day of August, 2002.

Dated: August 22, 2002.

[SEAL]

City Clerk

08/09/02
144220.00003

CH531121.2

EXHIBIT A

Loan Agreements included in bond transcript as Documents No. 3 and No. 4

CITY OF CHARLES TOWN

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2002 A (West Virginia Water Development Authority) and
Series 2002 B (West Virginia Infrastructure Fund)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) AND COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA INFRASTRUCTURE FUND) , OF THE CITY OF CHARLES TOWN; APPROVING AND RATIFYING THE LOAN AGREEMENTS 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 August 19, 2002 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATERWORKS 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 $2,000,000 IN

AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), AND NOT MORE THAN $3,600,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA INFRASTRUCTURE FUND); 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 LOAN AGREEMENTS 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 2002 A (West Virginia Water Development Authority) and the Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 B (West Virginia Infrastructure Fund), of the Issuer (collectively, the "Bonds" and individually, the "Series 2002 A Bonds" and the "Series 2002 B Bonds"), in the respective aggregate principal amounts not to exceed $2,000,000 and $3,600,000, and has authorized the execution and delivery of a loan agreement relating to the Series 2002 A Bonds, by and between the Issuer and the West Virginia Water Development Authority (the "Authority") and the loan agreement relating to the Series 2002 B Bonds, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (collectively, the "Loan Agreement"), all in accordance with Chapter 8, Article 20, Chapter 22C, Article 1 and Chapter 31, Article 15A 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 amounts, dates, maturity dates, redemption provisions, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

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

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

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF 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 following bonds of the Issuer:

A. The Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 A (West Virginia Water Development Authority), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $1,100,000. The Series 2002 A Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2039, and shall bear interest at the rate of 5.8% per annum, payable semiannually on April 1 and October 1 of each year, commencing October 1, 2002. The principal of the Series 2002 A Bonds shall be payable in annual installments on October 1 of each year, commencing October 1, 2003, and maturing October 1, 2039, 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 2002 A Bonds. The Series 2002 A Bonds shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 2002 A Bonds.

B. The Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 B (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $3,600,000. The Series 2002 B Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2042, and shall bear no interest. The principal of the Series 2002 B Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2004, and maturing June 1, 2042, 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 2002 B Bonds. The Series 2002 B Bonds shall be subject to redemption upon the written consent of the Authority and the Council, 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 2002 B Bonds.

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

Section 3. The Issuer does hereby authorize, approve, ratify and accept the 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 Council and the Authority. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon.

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

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

Section 6. The Issuer does hereby appoint and designate Branch Banking and Trust Company, Ranson, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 7. Series 2002 A Bonds proceeds in the amount of $70,712 shall be deposited in the Series 2002 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 2002 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2002 A Bonds Reserve Account.

Section 9. Series 2002 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 2002 B Bonds Sinking Fund, as capitalized interest.

Section 10. Series 2002 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 2002 B Bonds Reserve Account.

Section 11. The balance of the proceeds of the Series 2002 A Bonds and the Series 2002 B Bonds shall be deposited in or credited to the respective Bonds Construction Trust Funds for payment of the costs of the Project, including, without limitation, costs of issuance of the Bonds and related costs.

Section 12. The Mayor, the 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 Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered on or about August 22, 2002, to the Authority pursuant to the Loan Agreement.

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

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

Section 15. 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 and the Reserve Accounts shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 16. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the 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 17. 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 18. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 19th day of August, 2002.

J Randolph Hite

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 August, 2002.

Dated: August 22, 2002.

[SEAL]

Brenda S Hamilton
City Clerk

08/16/02
144220.00003

WDA-LP II
(03/26/02)

LOAN AGREEMENT

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

CITY OF CHARLES TOWN
(Governmental Agency)

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Chapter 22C, Article 1 of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered to make loans to governmental agencies for the acquisition or construction of water development projects by such governmental agencies and to issue water development revenue bonds of the State of West Virginia (the "State") to finance, in whole or in part, by loans to governmental agencies, one or more water development projects, all subject to such provisions and limitations as are contained in the Act;

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

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

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

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

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

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

ARTICLE I

Definitions

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

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

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

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

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

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

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

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

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

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

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

the particular contract as security for the faithful performance of such contract and shall verify or shall have verified such bonds prior to commencement of construction.

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

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

2.10 The Governmental Agency shall at all times provide operation and maintenance of the System in compliance with any and all State and federal standards. The Governmental Agency shall employ qualified operating personnel properly certified by the State to operate the System during the entire term of this Loan Agreement.

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

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

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

(d) No Loan shall be made for the purpose of refinancing any outstanding long-term indebtedness of a Governmental Agency unless an opinion of counsel is received by the Authority to the effect that such refinancing is permitted by the Act and the General Resolution, and that such refinancing will not cause a violation of any covenant, representation or agreement of the Authority contained in the General Resolution or any tax

or arbitrage certificate with respect to the exclusion of the interest on the Authority's water development revenue bonds from gross income of the holders thereof for federal income tax purposes;

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

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

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

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

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

(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 shall have received a certificate of the Consulting Engineers, or such other person or firm experienced in the financing of water development projects and satisfactory to the Authority, to such effect, such certificate to be in form and substance satisfactory to the Authority, and evidence satisfactory to the Authority of such irrevocably committed grants.

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

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

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

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Authority for loans from the Program to finance water development projects and that the obligation of the Authority to make any such loan is subject to the Governmental Agency's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing and to the right of the Authority to make such loans to other governmental agencies as in the aggregate will permit the fullest and most timely utilization of such proceeds to enable the Authority to pay debt service on the water development revenue bonds issued by it. The Governmental Agency specifically recognizes that the Authority will not purchase the Local Bonds unless

and until it has available funds sufficient to purchase all the Local Bonds and that, prior to execution of this Loan Agreement, the Authority may commit to and purchase the revenue bonds of other governmental agencies for which it has sufficient funds available. The Governmental Agency further specifically recognizes that during the last 90 days of a period to originate Loans from its water development revenue bond proceeds, the Authority may execute Loan Agreements, commit moneys and close Local Bond sales in such order and manner as it deems in the best interest of the Program. Additionally, the Governmental Agency recognizes that the Authority will purchase the Local Bonds only with funds from the Program and not with funds from any other loan programs of the Authority.

ARTICLE IV

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

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

(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, as reflected on the Schedule X attached hereto, and beginning seven (7) months prior to the first date of payment of interest on the Local Bonds and thirteen (13) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth (1/6) of the interest payment next coming due on the Local Bonds and one-twelfth (1/12) of the principal payment next coming due on the Local Bonds and, beginning thirteen (13) months prior to the first date of payment of principal of the Local Bonds, if the reserve account for the Local Bonds (the "Reserve Account") was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof

(which, with an approving opinion of bond counsel to the Governmental Agency, may be with a letter of credit or surety or other security instrument) 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) (or such other amount as shall be acceptable to the Authority and as shall fund the Reserve Account over not more than ten (10) years) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

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

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

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by a pledge of either the gross or net revenues of the System, as more fully set forth 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 Governmental Agency shall complete the Project, shall operate and maintain the System in good condition and, to the extent applicable, in compliance with, among other state and federal standards, the water quality standards established by the West Virginia Bureau for Public Health (the "BPH"), the West Virginia Department of Environmental Protection (the "DEP") and the United States Environmental Protection Agency (the "EPA"), shall permit the BPH, the DEP and EPA to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof, and shall, as a condition precedent to the Authority's making the Loan, have obtained, among other permits required, permits from the BPH, the DEP and the EPA, if required;

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

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

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

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

(viii) That the Authority may, by proper legal action, compel the performance of the duties of the Governmental Agency under the Local Act, including the making and collection of sufficient rates or charges for services rendered by the System, and shall also have, in the event of a default in payment of principal of or interest on the Local

Bonds, the right to obtain the appointment of a receiver to administer the System or construction of the Project, or both, as provided by law;

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

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

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

(xii) That the Governmental Agency 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 within 30 days of adoption thereof;

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

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

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

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

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

(xviii) That the Governmental Agency shall provide the Authority with annual financial information and such other information as is necessary for the Authority to meet its ongoing disclosure requirements;

(xix) That the Governmental Agency shall have obtained the certificate of the Consulting Engineer in the form attached hereto as Exhibit A, to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority 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 West Virginia Municipal Bond Commission (the "Commission") shall serve as paying agent for the Local Bonds;

(xxi) That the Governmental Agency 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 Governmental Agency shall complete the Monthly Payment Form, attached hereto as Exhibit D 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;

(xxii) 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 Governmental Agency 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;

(xxiii) That the Governmental Agency shall furnish to the Authority such information with respect to earnings on all funds constituting "gross proceeds" of the Local Bonds (as that term is defined in the Internal Revenue Code of 1986, as amended) from time to time as the Authority may request;

(xxiv) That the Governmental Agency shall obtain the written approval of the Authority before expending any proceeds of the Local Bonds available due to bid/construction/project underruns, including the "contingency" as set forth in the final Schedule A attached to the certificate of the Consulting Engineer;

(xxv) That the Governmental Agency shall list the funding provided by 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 groundbreaking or dedication of the Project;

(xxvi) That, to the extent required by law, the Governmental Agency shall secure the approval of the Authority and all other state agencies having jurisdiction before applying for federal assistance for pollution abatement in order to maximize the amounts of such federal financial assistance received or to be received for all water development projects in the State of West Virginia;

(xxvii) That, as a condition precedent to the Authority's making the Loan, the Governmental Agency shall deliver to the Authority a tax or arbitrage certificate satisfactory to the Authority; and

(xxviii) That, unless it qualifies for an exception, the Governmental Agency shall comply with all the requirements of Chapter 21, Article 1C of the Code of West Virginia, 1931, as amended (the "West Virginia Jobs Act") and shall require its contractors and subcontractors to comply with the West Virginia Jobs Act. The Governmental Agency shall provide the Authority with a certificate stating that (I) the Governmental Agency will comply with all the requirements of the West Virginia Jobs Act; (II) the Governmental Agency has included the provisions of the West Virginia Jobs Act in each contract and subcontract for the Project; (III) the Governmental Agency has received

or will receive, prior to entering into contracts or subcontracts, from each contractor or subcontractor a certificate demonstrating compliance with Section 4 of the West Virginia Jobs Act or waiver certificates from the West Virginia Division of Labor ("DOL"); and (IV) the Governmental Agency will file with the DOL and the Authority copies of the waiver certificates and certified payrolls or comparable documents that include the number of employees, the county and state wherein the employees reside and their occupation, following the procedures established by the DOL.

The Governmental Agency 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 recognized bond counsel acceptable to the Authority in substantially the form of legal opinion attached hereto as Exhibit B.

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

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

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

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

4.6 The Governmental Agency agrees to pay from time to time, as required by the Authority, the Governmental Agency's allocable share of the reasonable administrative expenses of the Authority relating to the Program. Such administrative expenses shall be as determined by the Authority and shall include, without limitation, Program expenses, legal

fees paid by the Authority and fees paid to the trustee and paying agents for the water development revenue bonds. The Authority shall provide both the Governmental Agency and the trustee for the water development revenue bonds with a schedule of such fees and charges, and the Governmental Agency shall pay such fees and charges on the dates indicated directly to the trustee. The Governmental Agency hereby specifically authorizes the Authority to exercise the powers granted it by Section 9.06 of the General Resolution.

4.7 The Governmental Agency agrees to expend the net proceeds of the Local Bonds for the Project within 3 years of the issuance of the Authority's bonds.

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

ARTICLE V

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

5.1 The Governmental Agency hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Loan Agreement and the Local Act. The Governmental Agency hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to make the Loan, it has fixed and collected, or will fix and collect, the rates, fees and other charges for the use of the System 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 Governmental Agency hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges (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 Governmental Agency defaults in any payment due to the Authority pursuant to this Loan Agreement, the amount of such default shall bear interest at the interest rate of the installment of the Loan next due, from the date of the default until the date of the payment thereof.

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under Section 7 of the Act, including, without limitation, the right to impose, enforce and collect charges of the System.

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

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

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

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

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

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

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

ARTICLE VII

Miscellaneous

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

7.2 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 Governmental Agency supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority.

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

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

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

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

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

7.8 This Loan Agreement shall terminate upon the earlier of:

(i) the end of ninety (90) days after the date of execution hereof by the Authority or such later date as is agreed to in writing by the Authority if the Governmental Agency has failed to deliver the Local Bonds to the Authority;

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

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

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

CITY OF CHARLES TOWN
[Name of Governmental Agency]

(SEAL)

By: _____
Its: Mayor

Attest:

_____
Its: City Clerk

Date: August 22, 2002

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Its: Director

Attest:

_____
Its: Secretary-Treasurer

Date: August 22, 2002

00832/00302
03/26/02

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

I, _____, Registered Professional Engineer, West Virginia License No. _____, of _____, Consulting Engineers, _____, _____, hereby certify 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 meanings set forth in the bond _____ adopted or enacted by the Issuer on _____, and the Loan Agreement by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), 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/BPH/PSC] and any change orders approved by the Issuer 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 the

Schedule A attached hereto as Exhibit A and my firm[1] has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (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/BPH/PSC] 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 thereof,[2] 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 set forth in the Schedule A attached hereto; and (xi) attached hereto as Exhibit A is the final amended "Schedule A - Final Total Cost of Project, Sources of Funds and Costs of Financing" for the Project.

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

[SEAL]

_____

By: _____
West Virginia License No. _____

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

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

EXHIBIT B

OPINION OF BOND COUNSEL FOR GOVERNMENTAL AGENCY

[To Be Dated as of Date of Loan Closing]

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

Ladies and Gentlemen:

We are bond counsel to _____ (the "Governmental Agency"), a _____.

We have examined a certified copy of proceedings and other papers relating to the authorization of (i) a loan agreement dated _____, ____, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated _____, ____ (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 interest payable semiannually on April 1 and October 1 of each year, commencing _____ 1, ____, at the rate of __% per annum, and with principal payable annually on October 1 of each year, commencing _____ 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 Governmental Agency on _____, as supplemented by the supplemental resolution duly adopted by the Governmental Agency 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 Governmental Agency and is a valid and binding special obligation of the Governmental Agency, enforceable in accordance with the terms thereof.

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

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

4. The Local Act and all other necessary orders and resolutions have been legally and effectively adopted or enacted by the Governmental Agency and constitute valid and binding obligations of the Governmental Agency, enforceable against the Governmental Agency 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 Governmental Agency to the Authority and are valid, legally enforceable and binding special obligations of the Governmental Agency, 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,

EXHIBIT C

MONTHLY FINANCIAL REPORT

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

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

_____
Name of Person Completing Form

_____
Address

_____
Telephone

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

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

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

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

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

The Governmental Agency must complete the Monthly Financial Report and forward it to the Water Development Authority by the 10th day of each month, commencing on the date contracts are executed for the acquisition or construction of the Project and for two years following the completion of acquisition or construction of the Project.

EXHIBIT D

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 Governmental Agency] on [Date].

Sinking Fund:

Interest	$_____
Principal	$_____
Total:	$_____
Reserve Account:	$_____

Witness my signature this ___ day of_____.

[Name of Governmental Agency]

By: _____
Authorized Officer

Enclosure: copy of check(s)

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds $1,100,000
Purchase Price of Local Bonds $1,100,000

Interest on the Local Bonds is payable on April 1 and October 1 in each year, beginning with the first semiannual interest payment date after delivery of the Local Bonds to the Authority, until the Local Bonds are paid in full, at the rate of 5.8% per annum. Principal of the Local Bonds is payable on October 1 in each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

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 Governmental Agency:

Combined Waterworks and Sewerage System Revenue Bonds, Series 1987B, dated November 18, 1987, issued in the original principal amount of $413,629; Combined Waterworks and Sewerage System Revenue Bonds, Series 1988B-1, dated May 4, 1988, issued in the original principal amount of $295,916; Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 B-2, dated May 20, 1988, issued in the original principal amount of $558,000; Combined Waterworks and Sewerage System Revenue Bonds, Series 1989B, dated April 13, 1989, issued in the original principal amount of $117,480; Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1998, dated May 15, 1998, issued in the original principal amount of $10,355,000; Combined Waterworks and Sewerage System Design Revenue Bonds, Series 1998 (West Virginia SRF Program), dated September 29, 1998, issued in the original principal amount of $437,601; Combined Waterworks and Sewerage System Revenue Bonds, Series 2000A (West Virginia SRF Program), dated June 22, 2000, issued in the original principal amount of $3,163,781; and Combined Waterworks and Sewerage System Revenue Bonds, Series 2002B (West Virginia Infrastructure Fund), dated August 2002, issued in the original principal amount of $3,600,000.

CITY OF CHARLES TOWN

WDA Loan Program II, Series 1999A
Loan of $1,100,000, 5.8% Interest Rate
Closing Date: August 22, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
10/01/2002	-	-	6,911.67	6,911.67
4/01/2003	-	-	31,900.00	31,900.00
10/01/2003	9,046.00	5.800%	31,900.00	40,946.00
4/01/2004	-	-	31,637.67	31,637.67
10/01/2004	9,570.00	5.800%	31,637.67	41,207.67
4/01/2005	-	-	31,360.14	31,360.14
10/01/2005	10,125.00	5.800%	31,360.14	41,485.14
4/01/2006	-	-	31,066.51	31,066.51
10/01/2006	10,712.00	5.800%	31,066.51	41,778.51
4/01/2007	-	-	30,755.86	30,755.86
10/01/2007	11,334.00	5.800%	30,755.86	42,089.86
4/01/2008	-	-	30,427.18	30,427.18
10/01/2008	11,991.00	5.800%	30,427.18	42,418.18
4/01/2009	-	-	30,079.44	30,079.44
10/01/2009	12,687.00	5.800%	30,079.44	42,766.44
4/01/2010	-	-	29,711.52	29,711.52
10/01/2010	13,422.00	5.800%	29,711.52	43,133.52
4/01/2011	-	-	29,322.28	29,322.28
10/01/2011	14,201.00	5.800%	29,322.28	43,523.28
4/01/2012	-	-	28,910.45	28,910.45
10/01/2012	15,025.00	5.800%	28,910.45	43,935.45
4/01/2013	-	-	28,474.72	28,474.72
10/01/2013	15,896.00	5.800%	28,474.72	44,370.72
4/01/2014	-	-	28,013.74	28,013.74
10/01/2014	16,818.00	5.800%	28,013.74	44,831.74
4/01/2015	-	-	27,526.02	27,526.02
10/01/2015	17,793.00	5.800%	27,526.02	45,319.02
4/01/2016	-	-	27,010.02	27,010.02
10/01/2016	18,826.00	5.800%	27,010.02	45,836.02
4/01/2017	-	-	26,464.07	26,464.07
10/01/2017	19,917.00	5.800%	26,464.07	46,381.07
4/01/2018	-	-	25,886.47	25,886.47
10/01/2018	21,073.00	5.800%	25,886.47	46,959.47
4/01/2019	-	-	25,275.36	25,275.36
10/01/2019	22,295.00	5.800%	25,275.36	47,570.36
4/01/2020	-	-	24,628.80	24,628.80
10/01/2020	23,588.00	5.800%	24,628.80	48,216.80
4/01/2021	-	-	23,944.75	23,944.75
10/01/2021	24,956.00	5.800%	23,944.75	48,900.75
4/01/2022	-	-	23,221.03	23,221.03
10/01/2022	26,403.00	5.800%	23,221.03	49,624.03
4/01/2023	-	-	22,455.34	22,455.34
10/01/2023	27,935.00	5.800%	22,455.34	50,390.34
4/01/2024	-	-	21,645.22	21,645.22
10/01/2024	29,555.00	5.800%	21,645.22	51,200.22
4/01/2025	-	-	20,788.13	20,788.13
10/01/2025	31,269.00	5.800%	20,788.13	52,057.13

CITY OF CHARLES TOWN

WDA Loan Program II,Series 1999A
Loan of $1,100,000, 5.8% Interest Rate
Closing Date: August 22, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
4/01/2026	-	-	19,881.33	19,881.33
10/01/2026	33,083.00	5.800%	19,881.33	52,964.33
4/01/2027	-	-	18,921.92	18,921.92
10/01/2027	35,002.00	5.800%	18,921.92	53,923.92
4/01/2028	-	-	17,906.86	17,906.86
10/01/2028	37,032.00	5.800%	17,906.86	54,938.86
4/01/2029	-	-	16,832.93	16,832.93
10/01/2029	39,180.00	5.800%	16,832.93	56,012.93
4/01/2030	-	-	15,696.71	15,696.71
10/01/2030	41,452.00	5.800%	15,696.71	57,148.71
4/01/2031	-	-	14,494.61	14,494.61
10/01/2031	43,856.00	5.800%	14,494.61	58,350.61
4/01/2032	-	-	13,222.78	13,222.78
10/01/2032	46,400.00	5.800%	13,222.78	59,622.78
4/01/2033	-	-	11,877.18	11,877.18
10/01/2033	49,091.00	5.800%	11,877.18	60,968.18
4/01/2034	-	-	10,453.54	10,453.54
10/01/2034	51,938.00	5.800%	10,453.54	62,391.54
4/01/2035	-	-	8,947.34	8,947.34
10/01/2035	54,951.00	5.800%	8,947.34	63,898.34
4/01/2036	-	-	7,353.76	7,353.76
10/01/2036	58,138.00	5.800%	7,353.76	65,491.76
4/01/2037	-	-	5,667.76	5,667.76
10/01/2037	61,510.00	5.800%	5,667.76	67,177.76
4/01/2038	-	-	3,883.97	3,883.97
10/01/2038	65,078.00	5.800%	3,883.97	68,961.97
4/01/2039	-	-	1,996.71	1,996.71
10/01/2039	68,852.00	5.800%	1,996.71	70,848.71
Total	**1,100,000.00**	**-**	**1,602,195.91**	**2,702,195.91**

YIELD STATISTICS

Bond Year Dollars	$27,624.07
Average Life	25.113 Years
Average Coupon	5.8000002%
Net Interest Cost (NIC)	5.8000002%
True Interest Cost (TIC)	5.8005632%
Bond Yield for Arbitrage Purposes	5.8005632%
All Inclusive Cost (AIC)	5.8005632%

IRS FORM 8038

Net Interest Cost	5.8000002%
Weighted Average Maturity	25.113 Years

Ferris, Baker Watts
West Virginia Public Finance Office

File = wdalns99.sf-Charles Town
8/12/2002 11:52 AM

SCHEDULE Z

None.

IC-1
(06/06/02)

LOAN AGREEMENT

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

CITY OF CHARLES TOWN
(Governmental Agency)

W I T N E S S E T H:

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

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

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

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

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

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

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

ARTICLE I

Definitions

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

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

1.3 "Consulting Engineers" means the professional engineer, licensed by the State, designated in the Application and any qualified successor thereto; provided, however, when a Loan is made for a Project financed, in part, by the Office of Abandoned Mine Lands, "Consulting Engineers" shall mean the West Virginia Department of Environmental Protection, or any successor thereto.

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

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

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

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

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

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

2.4 The Governmental Agency agrees that the Authority and the Council and their duly authorized agents shall have the right at all reasonable times to enter upon the Project site and Project facilities and to examine and inspect the same. The Governmental Agency further agrees that the Authority and the Council and their duly authorized agents

and representatives shall, prior to, during and after completion of construction and commencement of operation of the Project, have such rights of access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority and the Council with respect to the System pursuant to the pertinent provisions of the Act.

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

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

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

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

also obtain, and maintain so long as any of the Local Bonds are outstanding, business interruption insurance if available at a reasonable cost.

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

2.10 The Governmental Agency shall at all times provide operation and maintenance of the System in compliance with any and all State and federal standards. The Governmental Agency shall employ qualified operating personnel properly certified by the State to operate the System during the entire term of this Loan Agreement.

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

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

(c) The Governmental Agency shall either have received bids or entered 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 Governmental Agency must either be constructing or have constructed its Project for a cost and as otherwise compatible with the plan of financing described in the Application; and, in either case, the Authority and the Council shall have received a certificate of the Consulting Engineers to such effect, the form of which certificate is attached hereto as Exhibit A;

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

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

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

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

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

(i) The net proceeds of the Local Bonds, together with all moneys on deposit or to be simultaneously deposited (or, with respect to proceeds of grant anticipation notes or other indebtedness for which a binding purchase contract has been entered, to be deposited on a date certain) and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, shall be sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and the Authority shall have received a certificate of the Consulting Engineers, or such other person or firm experienced in the financing of projects and satisfactory to the Authority and the Council, to such effect, such certificate to be in form and substance satisfactory to the Authority and the Council, and evidence satisfactory to the Authority and the Council 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, the Council or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government, it is hereby agreed that the Authority shall make the Loan to the Governmental Agency and the Governmental Agency shall accept the Loan from the Authority, and in furtherance thereof it is agreed that the Governmental Agency shall sell to the Authority and the Authority shall make the Loan by purchasing the Local Bonds in the principal amount and at the price set forth in Schedule X hereto. The Local Bonds shall have such further terms and provisions as described in Article IV hereof.

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

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

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

ARTICLE IV

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

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

(a) That the gross revenues of the System shall always be used for purposes of the System. Such gross revenues shall 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 (which, with an approving opinion of bond counsel to the Governmental Agency, may be with a letter of credit or surety) 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 Governmental Agency has existing outstanding indebtedness which has greater coverage or renewal and replacement fund requirements, then the greater requirements will prevail until said existing indebtedness is paid in full.

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by a pledge of either the gross or net revenues of the System, as more fully set forth in Schedule X attached hereto and 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 Governmental Agency shall complete the Project and operate and maintain the System in good condition;

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

(v) That the Governmental Agency shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, 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 the Council; provided, however, that additional parity bonds may be issued to complete the Project, as described in the Application as of the date hereof, without regard to the foregoing;

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

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

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

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

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

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

(xii) That the Governmental Agency 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 the Council 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, must (a) be deposited in a construction fund, which, except as otherwise agreed to in writing by the Authority, shall be held separate and apart from all other funds of the Governmental Agency and on which the owners of the Local Bonds shall have a lien until such proceeds are applied to the construction of the Project (including the repayment of any incidental interim financing) and/or (b) be used to pay (or redeem) bond anticipation notes or other interim financing of such Governmental Agency, the proceeds of which were used

to finance the construction of the Project; provided that, with the prior written consent of the Authority and the Council, the proceeds of the Local Bonds may be used to fund all or a portion of the Reserve Account, on which the owner of the Local Bonds shall have a lien as provided herein;

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

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

(xvii) That the Governmental Agency 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 Governmental Agency shall complete the Monthly Payment Form, attached hereto as Exhibit D 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 Governmental Agency 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 Governmental Agency shall take any and all action, or shall refrain from taking any action regarding the use of the proceeds of the Local Bonds, as shall be deemed necessary by the Authority to maintain the exclusion from gross income for federal income tax purposes of interest on the State's general obligation bonds or any bonds secured by the Local Bonds;

(xx) That the Governmental Agency shall have obtained the certificate of the Consulting Engineer in the form attached hereto as Exhibit A, 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 the Council, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the Council 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;

(xxi) That the Governmental Agency 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 Governmental Agency, then the Governmental Agency shall enter into a termination agreement with the water provider;

(xxii) That the Governmental Agency shall furnish to the Authority such information with respect to earnings on all funds constituting "gross proceeds" of the Local Bonds (as that term is defined in the Internal Revenue Code of 1986, as amended) from time to time as the Authority may request;

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

(xxiv) That the Governmental Agency shall list the funding provided by the Authority and the Council 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 groundbreaking or dedication of the Project; and

(xxv) That, unless it qualifies for an exception, the Governmental Agency shall comply with all the requirements of Chapter 21, Article 1C of the Code of West Virginia, 1931, as amended (the "West Virginia Jobs Act") and shall require its contractors and subcontractors to comply with the West Virginia Jobs Act. The Governmental Agency shall provide the Council and the Authority with a certificate stating that (I) the Governmental Agency will comply with all the requirements of the West Virginia Jobs Act; (II) the Governmental Agency has included the provisions of the West Virginia Jobs Act in each contract and subcontract for the Project; (III) the Governmental Agency has received or will receive, prior to entering into contracts or subcontracts, from each contractor or subcontractor a certificate demonstrating compliance with Section 4 of the West Virginia Jobs Act or waiver certificates from the West Virginia Division of Labor ("DOL"); and (IV) the Governmental Agency will file with the DOL and the Council copies of the waiver certificates and certified payrolls or comparable documents that include the number of employees, the county and state wherein the employees reside and their occupation, following the procedures established by the DOL. The monthly requisitions submitted to the Council shall also certify that the Governmental Agency is monitoring compliance by its contractors and subcontractors and that the required information has been submitted.

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

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

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

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

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

4.6 The Governmental Agency agrees to expend the net proceeds of the Local Bonds for the Project within 3 years of the issuance of the bonds which are the source of money used to purchase the Local Bonds, unless otherwise agreed to by the Council.

ARTICLE V

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

5.1 The Governmental Agency hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Loan Agreement and the Local Act. The Governmental Agency hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to make the Loan, it has fixed and collected, or will fix and collect, the rates, fees and other charges for the use of the System 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 Governmental Agency hereby covenants and agrees that it will, to the extent

or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges (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 Governmental Agency defaults in the payment due to the Authority pursuant to this Loan Agreement, the amount of such default shall bear interest at the interest rate of the installment of the Loan next due, from the date of the default until the date of the payment thereof.

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under the Act and State law, including, without limitation, the right to an appointment of a receiver.

ARTICLE VI

Other Agreements of the Governmental Agency

6.1 The Governmental Agency hereby warrants and represents that all information provided to the Authority and the Council 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 the Council 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 the Council by the Governmental Agency in connection with the Loan shall be incorrect or incomplete in any material respect or (b) the Governmental Agency has violated any commitment made by it in its Application or in any supporting documentation or has violated any of the terms of the Act or this Loan Agreement.

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

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

6.4 The Governmental Agency hereby agrees to give the Authority and the Council 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.

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

ARTICLE VII

Miscellaneous

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

7.2 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 Governmental Agency supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority and the Council.

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

7.4 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.

7.5 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.

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

7.7 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.

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

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

7.10 This Loan Agreement shall terminate upon the earlier of:

(i) the end of ninety (90) days after the date of execution hereof by the Authority or such later date as is agreed to in writing by the Council if the Governmental Agency has failed to deliver the Local Bonds to the Authority;

(ii) termination by the Authority and the Council pursuant to Section 6.1 hereof; or

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

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

(SEAL)

By: J Randolph Hilton
Its: Mayor

Attest:

Date: 8/19/02

Brenda J Hamilton
Its: City Clerk

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

By: Daniel B. Yorkey
Its: Director

Attest:

Date: 8/22/02

Barbara B Meadows
Its: Secretary-Treasurer

000832/00466
08/09/02

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

I, _____, Registered Professional Engineer, West Virginia License No. _____, of _____, Consulting Engineers,_____, _____ hereby certify 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 meanings set forth in the bond _____ adopted or enacted by the Issuer on _____, and the Loan Agreement by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), 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/BPH/PSC] and any change orders approved by the Issuer, the Council 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 the Schedule B attached hereto as Exhibit A and my firm[1] has ascertained that

[1]If another responsible party, such as the Issuer's attorney, reviews the insurance and payment bonds, then insert the following: [and in reliance upon the opinion of

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/BPH/PSC] 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 thereof, [2]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 set forth in the Schedule B attached hereto and approved by the Council; and (xi) attached hereto as Exhibit A is the final amended "Schedule B - Final Total Cost of Project, Sources of Funds and Costs of Financing" for the Project.

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

[SEAL]

_____

By: _____
West Virginia License No. _____

_____, Esq.] and delete "my firm has ascertained that".

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

EXHIBIT B

OPINION OF BOND COUNSEL FOR GOVERNMENTAL AGENCY

[To Be Dated as of Date of Loan Closing]

West Virginia Infrastructure and
Jobs Development Council
300 Summers Street, Suite 980
Charleston, West Virginia 25301

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

Ladies and Gentlemen:

We are bond counsel to _____ (the "Governmental Agency"), a _____.

We have examined a certified copy of proceedings and other papers relating to the authorization of (i) a loan agreement dated _____, _____, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and (ii) the issue of a series of revenue bonds of the Governmental Agency, 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 interest and principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, beginning _____, 1, _____, and ending _____, 1, _____, 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 Governmental Agency on _____, as supplemented by the supplemental resolution duly adopted by the Governmental Agency 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 Governmental Agency and is a valid and binding special obligation of the Governmental Agency, enforceable in accordance with the terms thereof.

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

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

4. The Local Act and all other necessary orders and resolutions have been legally and effectively adopted or enacted by the Governmental Agency and constitute valid and binding obligations of the Governmental Agency, enforceable against the Governmental Agency 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 Governmental Agency to the Authority and are valid, legally enforceable and binding special obligations of the Governmental Agency, 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,

EXHIBIT C

MONTHLY FINANCIAL REPORT

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

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

_____
Name of Person Completing Form

_____
Address

_____
Telephone

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

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

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

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

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

The Governmental Agency must complete the Monthly Financial Report and forward it to the Water Development Authority by the 10th day of each month, commencing on the date contracts are executed for the acquisition or construction of the Project and for two years following the completion of acquisition or construction of the Project.

EXHIBIT D

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 Governmental Agency] on [Date].

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

Witness my signature this ___ day of_____.

[Name of Governmental Agency]

By: _____
Authorized Officer

Enclosure: copy of check(s)

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds $3,600,000
Purchase Price of Local Bonds $3,600,000

The Local Bonds shall bear no interest. Commencing March 1, 2004, principal of the Local Bonds is payable quarterly. 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 Governmental Agency shall submit its payments monthly to the Commission which will make quarterly payments to the Authority at such address as is given to the Commission in writing by the Authority.

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

The Governmental Agency may prepay the Local Bonds in full at any time at the price of par but only with the Council's written consent. The Governmental Agency shall request approval from the Authority and Council in writing of any proposed debt which will be issued by the Governmental Agency on a parity with 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 Governmental Agency:

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.

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.

7. Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated June 22, 2000, issued in the original aggregate principal amount of $3,163,781.

8. Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 A (West Virginia Water Development Authority), dated August 22, 2002, issued in the original aggregate principal amount of $1,100,000.

SCHEDULE Y

City of Charles Town (West Virginia)

Loan of $3,600,000
40 Years from Closing Date, 0% Interest Rate
Closing Date: August 22, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
9/01/2002	-	-	-
12/01/2002	-	-	-
3/01/2003	-	-	-
6/01/2003	-	-	-
9/01/2003	-	-	-
12/01/2003	-	-	-
3/01/2004	23,376.63	-	23,376.63
6/01/2004	23,376.63	-	23,376.63
9/01/2004	23,376.63	-	23,376.63
12/01/2004	23,376.63	-	23,376.63
3/01/2005	23,376.63	-	23,376.63
6/01/2005	23,376.63	-	23,376.63
9/01/2005	23,376.63	-	23,376.63
12/01/2005	23,376.63	-	23,376.63
3/01/2006	23,376.63	-	23,376.63
6/01/2006	23,376.63	-	23,376.63
9/01/2006	23,376.63	-	23,376.63
12/01/2006	23,376.63	-	23,376.63
3/01/2007	23,376.63	-	23,376.63
6/01/2007	23,376.63	-	23,376.63
9/01/2007	23,376.63	-	23,376.63
12/01/2007	23,376.63	-	23,376.63
3/01/2008	23,376.63	-	23,376.63
6/01/2008	23,376.63	-	23,376.63
9/01/2008	23,376.63	-	23,376.63
12/01/2008	23,376.63	-	23,376.63
3/01/2009	23,376.63	-	23,376.63
6/01/2009	23,376.63	-	23,376.63
9/01/2009	23,376.63	-	23,376.63
12/01/2009	23,376.63	-	23,376.63
3/01/2010	23,376.63	-	23,376.63
6/01/2010	23,376.63	-	23,376.63
9/01/2010	23,376.63	-	23,376.63
12/01/2010	23,376.63	-	23,376.63
3/01/2011	23,376.63	-	23,376.63
6/01/2011	23,376.63	-	23,376.63
9/01/2011	23,376.63	-	23,376.63
12/01/2011	23,376.63	-	23,376.63
3/01/2012	23,376.63	-	23,376.63
6/01/2012	23,376.63	-	23,376.63
9/01/2012	23,376.63	-	23,376.63
12/01/2012	23,376.63	-	23,376.63
3/01/2013	23,376.63	-	23,376.63
6/01/2013	23,376.63	-	23,376.63
9/01/2013	23,376.63	-	23,376.63
12/01/2013	23,376.63	-	23,376.63
3/01/2014	23,376.63	-	23,376.63

City of Charles Town (West Virginia)

Loan of $3,600,000
40 Years from Closing Date, 0% Interest Rate
Closing Date: August 22, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2014	23,376.63	-	23,376.63
9/01/2014	23,376.63	-	23,376.63
12/01/2014	23,376.63	-	23,376.63
3/01/2015	23,376.63	-	23,376.63
6/01/2015	23,376.63	-	23,376.63
9/01/2015	23,376.63	-	23,376.63
12/01/2015	23,376.63	-	23,376.63
3/01/2016	23,376.63	-	23,376.63
6/01/2016	23,376.63	-	23,376.63
9/01/2016	23,376.63	-	23,376.63
12/01/2016	23,376.63	-	23,376.63
3/01/2017	23,376.62	-	23,376.62
6/01/2017	23,376.62	-	23,376.62
9/01/2017	23,376.62	-	23,376.62
12/01/2017	23,376.62	-	23,376.62
3/01/2018	23,376.62	-	23,376.62
6/01/2018	23,376.62	-	23,376.62
9/01/2018	23,376.62	-	23,376.62
12/01/2018	23,376.62	-	23,376.62
3/01/2019	23,376.62	-	23,376.62
6/01/2019	23,376.62	-	23,376.62
9/01/2019	23,376.62	-	23,376.62
12/01/2019	23,376.62	-	23,376.62
3/01/2020	23,376.62	-	23,376.62
6/01/2020	23,376.62	-	23,376.62
9/01/2020	23,376.62	-	23,376.62
12/01/2020	23,376.62	-	23,376.62
3/01/2021	23,376.62	-	23,376.62
6/01/2021	23,376.62	-	23,376.62
9/01/2021	23,376.62	-	23,376.62
12/01/2021	23,376.62	-	23,376.62
3/01/2022	23,376.62	-	23,376.62
6/01/2022	23,376.62	-	23,376.62
9/01/2022	23,376.62	-	23,376.62
12/01/2022	23,376.62	-	23,376.62
3/01/2023	23,376.62	-	23,376.62
6/01/2023	23,376.62	-	23,376.62
9/01/2023	23,376.62	-	23,376.62
12/01/2023	23,376.62	-	23,376.62
3/01/2024	23,376.62	-	23,376.62
6/01/2024	23,376.62	-	23,376.62
9/01/2024	23,376.62	-	23,376.62
12/01/2024	23,376.62	-	23,376.62
3/01/2025	23,376.62	-	23,376.62
6/01/2025	23,376.62	-	23,376.62
9/01/2025	23,376.62	-	23,376.62
12/01/2025	23,376.62	-	23,376.62

City of Charles Town (West Virginia)

Loan of $3,600,000
40 Years from Closing Date, 0% Interest Rate
Closing Date: August 22, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
3/01/2026	23,376.62	-	23,376.62
6/01/2026	23,376.62	-	23,376.62
9/01/2026	23,376.62	-	23,376.62
12/01/2026	23,376.62	-	23,376.62
3/01/2027	23,376.62	-	23,376.62
6/01/2027	23,376.62	-	23,376.62
9/01/2027	23,376.62	-	23,376.62
12/01/2027	23,376.62	-	23,376.62
3/01/2028	23,376.62	-	23,376.62
6/01/2028	23,376.62	-	23,376.62
9/01/2028	23,376.62	-	23,376.62
12/01/2028	23,376.62	-	23,376.62
3/01/2029	23,376.62	-	23,376.62
6/01/2029	23,376.62	-	23,376.62
9/01/2029	23,376.62	-	23,376.62
12/01/2029	23,376.62	-	23,376.62
3/01/2030	23,376.62	-	23,376.62
6/01/2030	23,376.62	-	23,376.62
9/01/2030	23,376.62	-	23,376.62
12/01/2030	23,376.62	-	23,376.62
3/01/2031	23,376.62	-	23,376.62
6/01/2031	23,376.62	-	23,376.62
9/01/2031	23,376.62	-	23,376.62
12/01/2031	23,376.62	-	23,376.62
3/01/2032	23,376.62	-	23,376.62
6/01/2032	23,376.62	-	23,376.62
9/01/2032	23,376.62	-	23,376.62
12/01/2032	23,376.62	-	23,376.62
3/01/2033	23,376.62	-	23,376.62
6/01/2033	23,376.62	-	23,376.62
9/01/2033	23,376.62	-	23,376.62
12/01/2033	23,376.62	-	23,376.62
3/01/2034	23,376.62	-	23,376.62
6/01/2034	23,376.62	-	23,376.62
9/01/2034	23,376.62	-	23,376.62
12/01/2034	23,376.62	-	23,376.62
3/01/2035	23,376.62	-	23,376.62
6/01/2035	23,376.62	-	23,376.62
9/01/2035	23,376.62	-	23,376.62
12/01/2035	23,376.62	-	23,376.62
3/01/2036	23,376.62	-	23,376.62
6/01/2036	23,376.62	-	23,376.62
9/01/2036	23,376.62	-	23,376.62
12/01/2036	23,376.62	-	23,376.62
3/01/2037	23,376.62	-	23,376.62
6/01/2037	23,376.62	-	23,376.62
9/01/2037	23,376.62	-	23,376.62

City of Charles Town (West Virginia)

Loan of $3,600,000
40 Years from Closing Date, 0% Interest Rate
Closing Date: August 22, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2037	23,376.62	-	23,376.62
3/01/2038	23,376.62	-	23,376.62
6/01/2038	23,376.62	-	23,376.62
9/01/2038	23,376.62	-	23,376.62
12/01/2038	23,376.62	-	23,376.62
3/01/2039	23,376.62	-	23,376.62
6/01/2039	23,376.62	-	23,376.62
9/01/2039	23,376.62	-	23,376.62
12/01/2039	23,376.62	-	23,376.62
3/01/2040	23,376.62	-	23,376.62
6/01/2040	23,376.62	-	23,376.62
9/01/2040	23,376.62	-	23,376.62
12/01/2040	23,376.62	-	23,376.62
3/01/2041	23,376.62	-	23,376.62
6/01/2041	23,376.62	-	23,376.62
9/01/2041	23,376.62	-	23,376.62
12/01/2041	23,376.62	-	23,376.62
3/01/2042	23,376.62	-	23,376.62
6/01/2042	23,376.62	-	23,376.62
Total	**3,600,000.00**	**-**	**3,600,000.00**

YIELD STATISTICS

Bond Year Dollars	$74,339.99
Average Life	20.650 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	6.94E-11
Bond Yield for Arbitrage Purposes	6.94E-11
All Inclusive Cost (AIC)	6.94E-11

IRS FORM 8038

Net Interest Cost	-
Weighted Average Maturity	20.650 Years

Ferris, Baker Watts
West Virginia Public Finance Office

File = City of Charles Town Loans.SF-SRF 8-12-02
8/13/2002 11:49 AM

SCHEDULE Z

None.

020160alj060502.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
06-25-02

Entered: June 5, 2002

CASE NO. 02-0160-W-CN

CITY OF CHARLES TOWN WATER DEPARTMENT
Application for a certificate of convenience and necessity to construct improvements to its existing water distribution system and the erection of a new water storage tank in Jefferson County.

RECOMMENDED DECISION

On February 7, 2002, the City of Charles Town (Utility) filed an application for a certificate of convenience and necessity to make improvements to its existing water system, including the construction of a storage tank. The Utility estimates that the construction will cost approximately $3,300,000 and plans to finance the construction with a $2,200,000 loan from the West Virginia Infrastructure Jobs and Development Council (Infrastructure Council) and a $1,100,000 loan from the West Virginia Water Development Authority (WDA). The Utility does not anticipate any increase in its rates associated with the project.

On February 14, 2002, the Commission ordered that the Utility publish a notice of filing. The Utility provided an affidavit of publication indicating that it published the notice in the Spirit of Jefferson Advocate on February 28, 2002.

The Commission received a letter from Ernest and Mary Mitchem which referenced two case numbers. The Mitchems were opposed to an increase in the Utility's rates. Since no increase in the Utility's rates is proposed in this proceeding, it is assumed that the Mitchem letter relates to the other case number referenced by the letter. The Commission received no other protests.

On April 8, 2002, the Commission referred the matter establishing a decision due date of September 12, 2002.

By Procedural Order issued May 8, 2002, the matter was set for hearing on August 6, 2002.

On June 4, 2002, Staff recommended that the Commission grant the certificate of convenience and necessity without hearing.

FINDINGS OF FACT

1. On February 7, 2002, the Utility filed an application for a certificate of convenience and necessity to make improvements to its existing water system, including the construction of a storage tank. (See application).

2. On February 14, 2002, the Commission ordered the Utility to publish a notice of filing. The Utility published the notice of filing on February 28, 2002. (See Procedural Order and affidavit of publication).

3. The Commission received no protests. (See file generally).

4. The project involves the replacement of 22,000 linear feet of water main and the erection of a new 332,000 gallon storage tank at 6th Avenue in Ranson. (See application and Final Joint Staff Memorandum).

5. The Utility suffers from low pressure in certain higher elevations which will be improved by the project. (See Final Joint Staff Memorandum).

6. The Utility suffers from inadequate flow capabilities needed for fire protection due to certain mains being too small. (Id.).

7. The project will replace many of the lines that are too small, alleviating the problems related to fire flow. (Id.).

8. The Utility currently has insufficient storage capacity at its existing 6th Avenue tank when fire flow scenarios are calculated. (Id.).

9. The project will remedy the inadequate storage problem at the existing 6th Avenue tank. (Id.).

10. The project is estimated to cost $3,300,000. (See application and Final Joint Staff Memorandum).

11. Staff indicated that the cost of the proposed project is feasible. (See Final Joint Staff Memorandum).

12. The Utility has been issued a permit from the State Office of Environmental Health Services to construct the project. (Id.).

13. Staff reported that the project plans and specifications are in general conformance to the Commission's rules and regulations. (Id.).

14. To finance the project, the Utility will rely on a WDA loan in the amount of $1,100,0000 for 40 years at 5.8% interest and an Infrastructure Council loan in the amount of $2,200,000 for 20 years at 0% interest. (Id.).

15. The Utility's current rates will provide adequate cash flow to meet the additional debt service required by the project. (Id.).

16. Staff recommended that the Utility receive a certificate of convenience and necessity. (Id.).

17. Staff recommended that the financing package be approved. (Id.).

CONCLUSIONS OF LAW

1. The Utility's application for a certificate of convenience and necessity should be granted.

2. The hearing scheduled for August 6, 2002, should be cancelled.

3. The Utility should file a copy of its bids with the Commission as soon as they are tabulated.

4. If there is any change in the scope, plans or financing of the project, the Utility should be required to petition the Commission to reopen the case to approve the changes.

5. The Utility's proposed financing should be approved.

ORDER

IT IS, THEREFORE, ORDERED that the City of Charles Town Water Department be, and hereby is, granted a certificate of convenience and necessity to construct the project described in its application filed on February 14, 2002.

IT IS FURTHER ORDERED that the funding proposed by the City of Charles Town Water Department of a $1,100,000 loan from the Water Development Authority for 40 years at 5.8% interest and a $2,200,000 loan from the Infrastructure and Jobs Development Council for 20 years at 0% interest be, and hereby is, approved.

IT IS FURTHER ORDERED that the hearing scheduled on August 6, 2002, be, and hereby is, cancelled.

IT IS FURTHER ORDERED that the City of Charles Town Water Department file with the Commission a copy of the bids as soon as they are tabulated.

IT IS FURTHER ORDERED that the City of Charles Town Water Department petition the Commission to review any modifications to the plans, scope or financing of the project.

IT IS FURTHER ORDERED that the City of Charles Town Water Department notify the Commission when its engineer has performed the substantial completion inspection.

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

Leave is hereby 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 said exceptions.

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

Any party may request waiver of the right to file exceptions to an Administrative Law Judge's Order by filing an appropriate petition in writing with the 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.

K. A. George

Keith A. George
Administrative Law Judge

KAG:pst
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020160coma081602.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 August, 2002.

CASE NO. 02-0160-W-CN (REOPENED)
CITY OF CHARLES TOWN WATER DEPARTMENT, a public utility, Jefferson County.
Request to reopen the above proceeding for approval
of a revision to the certificate of convenience and necessity
and for approval for the City to borrow funds for the project (filed 8/05/02).

COMMISSION ORDER

By a Final Order issued on June 25, 2002, the Commission granted the City of Charles Town Water Department, a public utility, Jefferson County, (City) a certificate application to improve its water system and construct a storage tank. The City did not anticipate any increase in rates associated with this project. The Commission approved construction costs and financing of:

West Virginia Infrastructure and Jobs Development Council (Council)	$2,200,000 (0.0% interest/20 yrs.)
West Virginia Water Development Authority (WDA)	$1,100,000 (5.8% interest/40 yrs.)
Total	$3,300,000

The Commission's Order, among other things, required the District to seek the Commission's approval of changes in plans, scope or financing of the project.

On August 5, 2002, the City filed a petition to reopen this certificate case for approval of a revised total project budget reflecting revised financing costs from $3,300,000 to $4,700,000. The petition is supported by a revised financing budget and the Council's commitment letter, filed on August 8, 2002, committing to the loan increase of $1,400,000. The City requests the following revised financing budget be approved:

West Virginia Infrastructure and Jobs Development Council	$3,600,000 (0.0% interest/40 yrs.)
West Virginia Water Development Authority	$1,100,000 (5.8% interest/40 yrs.)
Total	$4,700,000

Additionally, the City notes that a bond closing has been scheduled for August 20, 2002, thus the City would like the petition granted in order to meet construction and financing time lines.

On August 13, 2002, Commission Staff (Staff) filed a Final Joint Staff Memorandum in this matter. Staff recommends that the Commission grant the petition to reopen and the revised financing be approved. Staff noted that the revised financing will be supported by adequate cash flow generated from current rates based on the financial information submitted by the applicant. Staff further notes that if the City needs any further changes in the scope of the project or additional increased financing, then the City must seek Commission approval before proceeding. Staff also requests that the Commission retain this proceeding for expedited treatment.

DISCUSSION

The Commission's Order of June 25, 2002, among other things, approved a certificate to improve its water system and construct a storage tank. Additionally, the Order directed, "the City to petition the Commission to review any modifications to the plans, scope or financing of the project."

The City received bids in excess of its estimated costs of $3,300,000. The revised financing costs increased by $1,400,000 to $4,700,000. Staff notes that the increase will be covered by the Council's increase in its loan commitment to $3,600,000. The Commission approves the petition to reopen and the City's revised financing budget since it will not affect the City's rates.

FINDINGS OF FACT

1. The City seeks approval to reopen this case to approve a revised financing budget reflecting an increase in costs from $3,300,000 to $4,700,000.

Public Service Commission
of West Virginia
Charleston

2. The City's revised financing costs will be covered by the Council's increased commitment to loan a total amount of $3,600,000 over 40 years at 0.0% interest.

3. The Council has committed to provide a loan for the revised financing.

4. The revised financing will not affect the City's rates.

CONCLUSIONS OF LAW

The City has not changed the scope of the project, the revised financing will be covered by the Council's loan commitment and these changes will not affect the City's rates.

ORDER

IT IS THEREFORE ORDERED that the City's petition to reopen this proceeding is hereby granted and the revised financing is approved as follows:

West Virginia Infrastructure and Jobs Development Council	$3,600,000 (0.0% interest/40 yrs.)
West Virginia Water Development Authority	$1,100,000 (5.8% interest/40 yrs.)
Total	$4,700,000

IT IS FURTHER ORDERED that should any future change in plans, scope or terms of financing for the project become necessary, the District must seek prior Commission approval of such change, by filing a petition to reopen this proceeding.

IT IS FURTHER ORDERED that upon entry hereof, this case is dismissed and shall be removed from the Commission's docket of open cases.

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

AKB/ljm
020160ca.wpd

A True Copy, Teste:

Sandra Squire

Sandra Squire
Executive Secretary

Public Service Commission
of West Virginia
Charleston

Public Service Commission of West Virginia
Cassius H. Toon, Staff Attorney

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

Phone: (304) 340-0409
Fax: (304) 340-0372
ctoon@psc.state.wv.us

August 16, 2002

FAXED

Hoy Shingleton, Esquire
115 Aikens Center, Suite 24
Martinsburg, WV 25401-6210

Re: Case No. 02-0160-W-CN
City of Charles Town Water Department

Dear Hoy:

The Commission Staff has no authority, statutory or otherwise, to appeal an order of the Public Service Commission. The Public Service Commission and its Staff are created by statute and it is a well settled principal of law that entities created by statute have no authority other than that given to them by statute. Secondly, when a final order of the Commission is appealed, the Staff lawyers represent the Commission and defend the order. Moreover, the Commission's Procedural Rules [25.2.(a)(1)] specifically prohibit the appeal of a Commission order.

For those reasons, the Staff of the Public Service Commission will not file an appeal of the Order entered on August 16, 2002, by the Public Service Commission in the above captioned case.

Very truly yours,

Cassius H. Toon

CASSIUS H. TOON
Staff Attorney

CHT/jb

020160NOAPEAL.WPD

West Virginia Infrastructure & Jobs Development Coun

Public Members:
James D. Williams, Chairman
St. Albans
Russell L. Isaacs
Cottageville
Dwight Calhoun
Petersburg
William P. Stafford, II, Esquire
Princeton

300 Summers Street, Suite
Charleston, West Virginia 25
Telephone: (304) 558-4
Facsimile: (304) 558-4

Katy Mallory,
Executive Secret

KMallory@ezwv.c

July 11, 2001

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

Re: City of Charles Town
Water Upgrade Project 2001W-623

Dear Ms. Arnett:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") at its July 11, 2001 meeting, voted that the City of Charles Town utilize a $1,100,000 Water Development Authority loan and be offered a binding commitment for an Infrastructure Fund loan of $2,000,000 to finance its $3,100,000 water system upgrade project. The Infrastructure Council proposes to offer this assistance for a term of 20 years with 3% interest.

In order to receive the proposed binding commitment the City must adhere to a certain project schedule. Please contact Katy Mallory at 558-4607 by **September 1, 2001** to establish the necessary schedule and finalize the proposed binding commitment.

Sincerely,

James D. Williams

James D. Williams

cc: Walt Ivey, BPH
Bernie Yonkosky, WDA
Chester Engineers
Region IX Planning & Development Council

West Virginia Infrastructure & Jobs Development Coun

Public Members:
Russell L. Isaacs, Chairman
Cottageville
Henry Harmon
Hurricane
Dwight Calhoun
Petersburg
William P. Stafford, II, Esq.
Princeton

300 Summers Street, Suite 9
Charleston, West Virginia 253
Telephone: (304) 558-46
Facsimile: (304) 558-46

Katy Mallory, I

Executive Secret
KMallory@ezwv.cc

October 10, 2001

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

Re: Binding Commitment Letter
City of Charles Town Water Project
Project 2001W-623

Dear Ms. Arnett:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") provides this binding offer of an Infrastructure Fund loan of approximately $2,200,000 (the "Loan") to the City of Charles Town (the "City") for above referenced water project. (Project). This letter supercedes the Infrastructure Council's September 14, 2001 binding commitment letter which is now null and of no force or effect. The Loan will be subject to the terms set forth on Schedule A attached hereto and incorporated herein by reference. The final Loan amount will be established after the City received acceptable bids for the Project. The Infrastructure Council will set aside a portion of the Infrastructure Fund to make the Loan upon the City's compliance with the program requirements. The Loan agreement will be between the City and the West Virginia Water Development Authority (Authority), acting on behalf of the Infrastructure Council.

This commitment is contingent upon the Project meeting the following schedule:

a. Submit Plans and Specifications to the Bureau for Public Health by December 21, 2001
b. File Certificate Case with the Public Service Commission no later than February 4, 2002
c. Advertise for bids no later than June 4, 2002
(The City must receive authority from the Infrastructure Council before bidding the project.)

The Infrastructure Council reserves the right to withdraw this Loan commitment if any of the above schedule dates are not met. The Infrastructure Council may, when justifiable circumstances occur, offer to modify the schedule. Any decision to modify the schedule is at the sole discretion of the Infrastructure Council.

If the City becomes aware that it will not meet one or more of the above schedule dates, the City should immediately notify the Infrastructure Council of this fact and the circumstances which have caused or will cause the City to be unable to meet the schedule. In addition, please immediately notify the Infrastructure Council if any of the other dates on the attached schedule have or will not be met.

The Authority will enter into Loan agreement with the City following receipt of the completed Schedule B, a final, nonappealable order from the Public Service Commission authorizing construction of the Project, evidence of binding commitments for other funding; evidence of all permits; evidence of acceptable bids; and any other documents requested by the Infrastructure Council.

No statements or representations made before or after the issuance of this contingent commitment by any person, member of the Infrastructure Council, or agent or employee of the Authority shall be construed as approval to alter or amend this commitment, as all such amendments or alterations shall only be made in writing after approval of the Infrastructure Council.

If the City has any questions regarding this commitment, please contact Katy Mallory at the above-referenced telephone number.

Sincerely,

Russell L. Isaacs

RLI/km
Attachments
cc: Samme Gee, Esq., Jackson & Kelly
Larry Johnson, Chester Engineers

NOTE: This letter is sent in triplicate. Please acknowledge receipt on two copies and immediately return one to the Authority at 180 Association Drive, Charleston, WV 25311-1571, and one to the Infrastructure Council.

City of Charles Town

By: Jane E. Arnett

Its: City Manager

Date: 10/15/01

WEST VIRGINIA INFRASTRUCTURE & JOBS DEVELOPMENT COUNCIL

City of Charles Town
Water Project 2001W-623
October 10, 2001

SCHEDULE A

A. Approximate Amount: $2,200,000 Loan

B. Loan: $2,200,000

1.	Maturity Date:	20 years from date of closing.
2.	Interest Rate:	0%
3.	Loan Advancement Date(s)	Monthly, upon receipt of proper requisition
4.	Debt Service Commencement:	The first quarter following completion of construction, which date must be identified prior to closing.
5.	Special Conditions:	None

NOTICE: The terms set forth above are subject to change following the receipt of construction bids.

C. Other Funding
Water Development Authority $1,100,000

D. Total Project Cost: $3,300,000

E. Proposed User Rates: $30.50 / 4500 gallons

West Virginia Infrastructure & Jobs Development Coun

Public Members:
Russell L. Isaacs, Chairman
Cottageville
Henry Harmon
Hurricane
Dwight Calhoun
Petersburg

Received
AUG 12 2002
Jobs Devel Council

300 Summers Street, Su
Charleston, West Virginia
Telephone: (304) 55
Facsimile: (304) 55

Katy Mallo
Executive Sec
KMallory@verizo

August 7, 2002

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

Re: Binding Commitment Letter
City of Charles Town Water Project
Project 2001W-623

Dear Ms. Arnett:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") has reviewed th City of Charles Town's (the "City") request for revision to the Infrastructure Council's binding commitment offer c October 10, 2001 (the "Binding Commitment") to the City for financing its water project. At its August 7, 2002 meetin the Infrastructure Council voted to revise the binding commitment as shown on the attached proposed Schedule A. A other conditions of the Binding Commitment remain in effect. Please contact Katy Mallory if you have any question concerning this matter.

Sincerely,

Russell L. Isaacs

RLI/km
Attachment
NOTE: This letter is sent in triplicate. Please acknowledge receipt on two copies and immediately return one to th Authority at 180 Association Drive, Charleston, WV 25311-1571, and one to the Infrastructure Council.

City of Charles Town

By: Jane E. Arnett
Its: City Manager
Date: 8/8/02

cc: Samme Gee, Jackson & Kelly
John Stump, Steptoe & Johnson
Bernie Yonkosky, WDA

WEST VIRGINIA INFRASTRUCTURE & JOBS DEVELOPMENT COUNCIL

City of Charles Town
Water Project
Project 2001W-623
August 7, 2002

SCHEDULE A

A. Approximate Amount: $3,600,000 Loan

B. Loan: $3,600,000

1. Maturity Date: 40 years from date of closing.
2. Interest Rate: 0%
3. Loan Advancement Date(s) Monthly, upon receipt of proper requisition
4. Debt Service Commencement: The first quarter following completion of constructior which date must be identified prior to closing.
5. Special Conditions: None

C. Other Funding Sources:

Water Development Authority: $1,100,000

D. Total Project Cost: $4,700,000

E. Proposed User Rates: $30.02 / 4500 gallons

CITY OF CHARLES TOWN

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2002 A (West Virginia Water Development Authority) and
Series 2002 B (West Virginia Infrastructure Fund)

CROSS-RECEIPT FOR BOND AND BOND PROCEEDS

On the 22nd day of August, 2002, 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 2002 A (West Virginia Water Development Authority), of the Issuer, in the principal amount of $1,100,000, numbered AR-1 (the "Series 2002 A Bonds"), and the Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 B (West Virginia Infrastructure Fund), of the Issuer, in the principal amount of $3,600,000, numbered BR-1 (the "Series 2002 B Bonds"), both issued as a single, fully registered Bond, and both dated August 22, 2002.

2. At the time of such receipt, all the Series 2002 A Bonds and the Series 2002 B Bonds had been executed by the Mayor, the 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 2002 A Bonds, of the sum of $1,100,000, being the entire principal amount of the Bonds (100% of par value), there being no interest accrued thereon.

4. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2002 B Bonds, of the sum of $44,702, being a portion of the principal amount of the Series 2002 B Bonds. The balance of the principal amount of the Series 2002 B Bonds will be advanced by the Authority and the West Virginia Infrastructure and Jobs Development Council 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

By: _____
Its: Authorized Representative

CITY OF CHARLES TOWN

By: _____
Its: Mayor

08/19/02
144220.00003

CH543639.1

CITY OF CHARLES TOWN

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2002 A (West Virginia Water Development Authority) and
Series 2002 B (West Virginia Infrastructure Fund)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

Branch Banking and Trust Company,
as Bond Registrar
Charleston, West Virginia

Ladies and Gentlemen:

There are delivered to you herewith on this 22nd day of August:

(1) Bond No. AR-1, constituting the entire original issue of the City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 A (West Virginia Water Development Authority), in the principal amount of $1,100,000 (the "Series 2002 A Bonds"), and Bond No. BR-1, constituting the entire original issue of the City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 B (West Virginia Infrastructure Fund), in the principal amount of $3,600,000 (the "Series 2002 B Bonds"), both dated August 22, 2002 (collectively, the "Bonds"), executed by the Mayor, the 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 August 19, 2002, and a Supplemental Resolution duly adopted by the Issuer on August 19, 2002 (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 2002 A Bonds, dated August 22, 2002, by and between the Issuer and the West Virginia Water Development Authority (the "Authority") and a loan agreement for the Series 2002 B Bonds, dated August 22, 2002, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (collectively, the "Loan Agreements"); and

(4) Executed opinions of nationally recognized bond counsel regarding the validity of the Loan Agreements and the Bonds.

You are hereby requested and authorized to deliver the Series 2002 A Bonds to the Authority upon payment to the Issuer of the sum of $1,100,000, representing the aggregate purchase price of the Series 2002 A Bonds, there being no accrued interest thereon. You are further hereby requested and authorized to deliver the Series 2002 B Bonds to the Authority upon payment to the Issuer of the sum of $44,702, representing a portion of the principal amount of the Series 2002 B Bonds. Prior to such delivery of the Bonds, you will please cause the Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the forms of Certificate of Authentication and Registration thereon.

Dated as of the day and year first written above.

CITY OF CHARLES TOWN

By: _____
Its: Mayor

08/19/02
144220.00003

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BOND, SERIES 2002 A
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. AR-1 $1,100,000

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 ONE MILLION ONE HUNDRED THOUSAND DOLLARS ($1,100,000), in annual installments on October 1 of each year, beginning October 1, 2003, as set forth on the "Debt Service Schedule" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, such interest shall be payable semiannually on April 1 and October 1 of each year, beginning October 1, 2002, as set forth on Exhibit A 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 Branch Banking and Trust Company, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority dated August 22, 2002.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the waterworks portion of the existing public combined waterworks and sewerage system of the Issuer (the

"Project"); (ii) to capitalize interest on 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 1 of the West Virginia Code of 1931, as amended (the "Act"), a Bond Ordinance duly enacted by the Issuer on August 19, 2002, and a Supplemental Resolution duly adopted by the Issuer on August 19, 2002 (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"), (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"), (7) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 22, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,163,781 (THE "SERIES 2000 A BONDS"), AND (8) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BOND, SERIES 2002 B (WEST VIRGINIA INFRASTRUCTURE FUND); DATED AUGUST

22, 2002, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,600,000 (THE "SERIES 2002 B 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, THE SERIES 1998 DESIGN BONDS, AND THE SERIES 2000 A 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 the Series 2002 B Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2002 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 monies in the Series 2002 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 on a parity with the Bonds, including the Prior Bonds and the Series 2002 B Bonds; provided however, that so long as there exists in the Series 2002 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 on a parity with the Bonds, including the Prior Bonds and the Series 2002 B 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 monies, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia 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 August 22, 2002.

[SEAL]

J. Randolph Hilton
Mayor

SPECIMEN

James E. Arnett
City Manager

ATTEST:

SPECIMEN

Linda S. Hamilton
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2002 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: August 22, 2002.

BRANCH BANKING AND TRUST COMPANY,

as Registrar

SPECIMEN

By: _____
Its: Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$1,100,000	August 22, 2002	(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 $1,100,000.00

EXHIBIT B

CITY OF CHARLES TOWN

WDA Loan Program II, Series 1999A
Loan of $1,100,000, 5.8% Interest Rate
Closing Date: August 22, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
10/01/2002	-	-	6,911.67	6,911.67
4/01/2003	-	-	31,900.00	31,900.00
10/01/2003	9,046.00	5.800%	31,900.00	40,946.00
4/01/2004	-	-	31,637.67	31,637.67
10/01/2004	9,570.00	5.800%	31,637.67	41,207.67
4/01/2005	-	-	31,360.14	31,360.14
10/01/2005	10,125.00	5.800%	31,360.14	41,485.14
4/01/2006	-	-	31,066.51	31,066.51
10/01/2006	10,712.00	5.800%	31,066.51	41,778.51
4/01/2007	-	-	30,755.86	30,755.86
10/01/2007	11,334.00	5.800%	30,755.86	42,089.86
4/01/2008	-	-	30,427.18	30,427.18
10/01/2008	11,991.00	5.800%	30,427.18	42,418.18
4/01/2009	-	-	30,079.44	30,079.44
10/01/2009	12,687.00	5.800%	30,079.44	42,766.44
4/01/2010	-	-	29,711.52	29,711.52
10/01/2010	13,422.00	5.800%	29,711.52	43,133.52
4/01/2011	-	-	29,322.28	29,322.28
10/01/2011	14,201.00	5.800%	29,322.28	43,523.28
4/01/2012	-	-	28,910.45	28,910.45
10/01/2012	15,025.00	5.800%	28,910.45	43,935.45
4/01/2013	-	-	28,474.72	28,474.72
10/01/2013	15,896.00	5.800%	28,474.72	44,370.72
4/01/2014	-	-	28,013.74	28,013.74
10/01/2014	16,818.00	5.800%	28,013.74	44,831.74
4/01/2015	-	-	27,526.02	27,526.02
10/01/2015	17,793.00	5.800%	27,526.02	45,319.02
4/01/2016	-	-	27,010.02	27,010.02
10/01/2016	18,826.00	5.800%	27,010.02	45,836.02
4/01/2017	-	-	26,464.07	26,464.07
10/01/2017	19,917.00	5.800%	26,464.07	46,381.07
4/01/2018	-	-	25,886.47	25,886.47
10/01/2018	21,073.00	5.800%	25,886.47	46,959.47
4/01/2019	-	-	25,275.36	25,275.36
10/01/2019	22,295.00	5.800%	25,275.36	47,570.36
4/01/2020	-	-	24,628.80	24,628.80
10/01/2020	23,588.00	5.800%	24,628.80	48,216.80
4/01/2021	-	-	23,944.75	23,944.75
10/01/2021	24,956.00	5.800%	23,944.75	48,900.75
4/01/2022	-	-	23,221.03	23,221.03
10/01/2022	26,403.00	5.800%	23,221.03	49,624.03
4/01/2023	-	-	22,455.34	22,455.34
10/01/2023	27,935.00	5.800%	22,455.34	50,390.34
4/01/2024	-	-	21,645.22	21,645.22
10/01/2024	29,555.00	5.800%	21,645.22	51,200.22
4/01/2025	-	-	20,788.13	20,788.13
10/01/2025	31,269.00	5.800%	20,788.13	52,057.13

CITY OF CHARLES TOWN

WDA Loan Program II,Series 1999A
Loan of $1,100,000, 5.8% Interest Rate
Closing Date: August 22, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
4/01/2026	-	-	19,881.33	19,881.33
10/01/2026	33,083.00	5.800%	19,881.33	52,964.33
4/01/2027	-	-	18,921.92	18,921.92
10/01/2027	35,002.00	5.800%	18,921.92	53,923.92
4/01/2028	-	-	17,906.86	17,906.86
10/01/2028	37,032.00	5.800%	17,906.86	54,938.86
4/01/2029	-	-	16,832.93	16,832.93
10/01/2029	39,180.00	5.800%	16,832.93	56,012.93
4/01/2030	-	-	15,696.71	15,696.71
10/01/2030	41,452.00	5.800%	15,696.71	57,148.71
4/01/2031	-	-	14,494.61	14,494.61
10/01/2031	43,856.00	5.800%	14,494.61	58,350.61
4/01/2032	-	-	13,222.78	13,222.78
10/01/2032	46,400.00	5.800%	13,222.78	59,622.78
4/01/2033	-	-	11,877.18	11,877.18
10/01/2033	49,091.00	5.800%	11,877.18	60,968.18
4/01/2034	-	-	10,453.54	10,453.54
10/01/2034	51,938.00	5.800%	10,453.54	62,391.54
4/01/2035	-	-	8,947.34	8,947.34
10/01/2035	54,951.00	5.800%	8,947.34	63,898.34
4/01/2036	-	-	7,353.76	7,353.76
10/01/2036	58,138.00	5.800%	7,353.76	65,491.76
4/01/2037	-	-	5,667.76	5,667.76
10/01/2037	61,510.00	5.800%	5,667.76	67,177.76
4/01/2038	-	-	3,883.97	3,883.97
10/01/2038	65,078.00	5.800%	3,883.97	68,961.97
4/01/2039	-	-	1,996.71	1,996.71
10/01/2039	68,852.00	5.800%	1,996.71	70,848.71
Total	**1,100,000.00**	**-**	**1,602,195.91**	**2,702,195.91**

YIELD STATISTICS

Bond Year Dollars	$27,624.07
Average Life	25.113 Years
Average Coupon	5.8000002%
Net Interest Cost (NIC)	5.8000002%
True Interest Cost (TIC)	5.8005632%
Bond Yield for Arbitrage Purposes	5.8005632%
All Inclusive Cost (AIC)	5.8005632%

IRS FORM 8038

Net Interest Cost	5.8000002%
Weighted Average Maturity	25.113 Years

ASSIGNMENT

SPECIMEN

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

Dated: _____, _____.

_____

In the presence of:

_____

08/19/02
144220.00003

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BOND, SERIES 2002 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-1 $3,600,000

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 SIX HUNDRED THOUSAND DOLLARS ($3,600,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2004, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council dated August 22, 2002.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the waterworks portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); and (ii) 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 31, Article 15A of the West Virginia Code of 1931, as amended (the "Act"), a Bond Ordinance duly enacted by the Issuer on August 19, 2002, and a Supplemental Resolution duly adopted by the Issuer on August 19, 2002 (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"), (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"), (7) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 22, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,163,781 (THE "SERIES 2000 A BONDS"), AND (8) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BOND, SERIES 2002 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED AUGUST 22, 2002, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,100,000 (THE "SERIES 2002 A 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, THE SERIES 1998 DESIGN BONDS AND THE SERIES 2000 A 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 the Series 2002 A Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2002 B 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, if any, hereon, except from said special fund provided from the Gross Revenues, the monies in the Series 2002 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds and the Series 2002 A Bonds; provided however, that so long as there exists in the Series 2002 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds and the Series 2002 A 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 monies, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia 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 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 August 22, 2002.

[SEAL]

SPECIMEN

Mayor

City Manager

ATTEST:

SPECIMEN

City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2002 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: August 22, 2002.

BRANCH BANKING AND TRUST COMPANY,
as Registrar

SPECIMEN

By: _____
Its: Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$ 44,702.00	August 22, 2002	(19)	$	
(2)	$		(20)	$	
(3)	$		(21)	$	
(4)	$		(22)	$	
(5)	$		(23)	$	
(6)	$		(24)	$	
(7)	$		(25)	$	
(8)	$		(26)	$	
(9)	$		(27)	$	
(10)	$		(28)	$	
(11)	$		(29)	$	
(12)	$		(30)	$	
(13)	$		(31)	$	
(14)	$		(32)	$	
(15)	$		(33)	$	
(16)	$		(34)	$	
(17)	$		(35)	$	
(18)	$		(36)	$	

TOTAL $

EXHIBIT B

City of Charles Town (West Virginia)

Loan of $3,600,000
40 Years from Closing Date, 0% Interest Rate
Closing Date: August 22, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total D/S
9/01/2002	-	-	-
12/01/2002	-	-	-
3/01/2003	-	-	-
6/01/2003	-	-	-
9/01/2003	-	-	-
12/01/2003	-	-	-
3/01/2004	23,376.63	-	23,376.63
6/01/2004	23,376.63	-	23,376.63
9/01/2004	23,376.63	-	23,376.63
12/01/2004	23,376.63	-	23,376.63
3/01/2005	23,376.63	-	23,376.63
6/01/2005	23,376.63	-	23,376.63
9/01/2005	23,376.63	-	23,376.63
12/01/2005	23,376.63	-	23,376.63
3/01/2006	23,376.63	-	23,376.63
6/01/2006	23,376.63	-	23,376.63
9/01/2006	23,376.63	-	23,376.63
12/01/2006	23,376.63	-	23,376.63
3/01/2007	23,376.63	-	23,376.63
6/01/2007	23,376.63	-	23,376.63
9/01/2007	23,376.63	-	23,376.63
12/01/2007	23,376.63	-	23,376.63
3/01/2008	23,376.63	-	23,376.63
6/01/2008	23,376.63	-	23,376.63
9/01/2008	23,376.63	-	23,376.63
12/01/2008	23,376.63	-	23,376.63
3/01/2009	23,376.63	-	23,376.63
6/01/2009	23,376.63	-	23,376.63
9/01/2009	23,376.63	-	23,376.63
12/01/2009	23,376.63	-	23,376.63
3/01/2010	23,376.63	-	23,376.63
6/01/2010	23,376.63	-	23,376.63
9/01/2010	23,376.63	-	23,376.63
12/01/2010	23,376.63	-	23,376.63
3/01/2011	23,376.63	-	23,376.63
6/01/2011	23,376.63	-	23,376.63
9/01/2011	23,376.63	-	23,376.63
12/01/2011	23,376.63	-	23,376.63
3/01/2012	23,376.63	-	23,376.63
6/01/2012	23,376.63	-	23,376.63
9/01/2012	23,376.63	-	23,376.63
12/01/2012	23,376.63	-	23,376.63
3/01/2013	23,376.63	-	23,376.63
6/01/2013	23,376.63	-	23,376.63
9/01/2013	23,376.63	-	23,376.63
12/01/2013	23,376.63	-	23,376.63
3/01/2014	23,376.63	-	23,376.63

City of Charles Town (West Virginia)

Loan of $3,600,000
40 Years from Closing Date, 0% Interest Rate
Closing Date: August 22, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2014	23,376.63	-	23,376.63
9/01/2014	23,376.63	-	23,376.63
12/01/2014	23,376.63	-	23,376.63
3/01/2015	23,376.63	-	23,376.63
6/01/2015	23,376.63	-	23,376.63
9/01/2015	23,376.63	-	23,376.63
12/01/2015	23,376.63	-	23,376.63
3/01/2016	23,376.63	-	23,376.63
6/01/2016	23,376.63	-	23,376.63
9/01/2016	23,376.63	-	23,376.63
12/01/2016	23,376.63	-	23,376.63
3/01/2017	23,376.62	-	23,376.62
6/01/2017	23,376.62	-	23,376.62
9/01/2017	23,376.62	-	23,376.62
12/01/2017	23,376.62	-	23,376.62
3/01/2018	23,376.62	-	23,376.62
6/01/2018	23,376.62	-	23,376.62
9/01/2018	23,376.62	-	23,376.62
12/01/2018	23,376.62	-	23,376.62
3/01/2019	23,376.62	-	23,376.62
6/01/2019	23,376.62	-	23,376.62
9/01/2019	23,376.62	-	23,376.62
12/01/2019	23,376.62	-	23,376.62
3/01/2020	23,376.62	-	23,376.62
6/01/2020	23,376.62	-	23,376.62
9/01/2020	23,376.62	-	23,376.62
12/01/2020	23,376.62	-	23,376.62
3/01/2021	23,376.62	-	23,376.62
6/01/2021	23,376.62	-	23,376.62
9/01/2021	23,376.62	-	23,376.62
12/01/2021	23,376.62	-	23,376.62
3/01/2022	23,376.62	-	23,376.62
6/01/2022	23,376.62	-	23,376.62
9/01/2022	23,376.62	-	23,376.62
12/01/2022	23,376.62	-	23,376.62
3/01/2023	23,376.62	-	23,376.62
6/01/2023	23,376.62	-	23,376.62
9/01/2023	23,376.62	-	23,376.62
12/01/2023	23,376.62	-	23,376.62
3/01/2024	23,376.62	-	23,376.62
6/01/2024	23,376.62	-	23,376.62
9/01/2024	23,376.62	-	23,376.62
12/01/2024	23,376.62	-	23,376.62
3/01/2025	23,376.62	-	23,376.62
6/01/2025	23,376.62	-	23,376.62
9/01/2025	23,376.62	-	23,376.62
12/01/2025	23,376.62	-	23,376.62

City of Charles Town (West Virginia)

Loan of $3,600,000
40 Years from Closing Date, 0% Interest Rate
Closing Date: August 22, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
3/01/2026	23,376.62	-	23,376.62
6/01/2026	23,376.62	-	23,376.62
9/01/2026	23,376.62	-	23,376.62
12/01/2026	23,376.62	-	23,376.62
3/01/2027	23,376.62	-	23,376.62
6/01/2027	23,376.62	-	23,376.62
9/01/2027	23,376.62	-	23,376.62
12/01/2027	23,376.62	-	23,376.62
3/01/2028	23,376.62	-	23,376.62
6/01/2028	23,376.62	-	23,376.62
9/01/2028	23,376.62	-	23,376.62
12/01/2028	23,376.62	-	23,376.62
3/01/2029	23,376.62	-	23,376.62
6/01/2029	23,376.62	-	23,376.62
9/01/2029	23,376.62	-	23,376.62
12/01/2029	23,376.62	-	23,376.62
3/01/2030	23,376.62	-	23,376.62
6/01/2030	23,376.62	-	23,376.62
9/01/2030	23,376.62	-	23,376.62
12/01/2030	23,376.62	-	23,376.62
3/01/2031	23,376.62	-	23,376.62
6/01/2031	23,376.62	-	23,376.62
9/01/2031	23,376.62	-	23,376.62
12/01/2031	23,376.62	-	23,376.62
3/01/2032	23,376.62	-	23,376.62
6/01/2032	23,376.62	-	23,376.62
9/01/2032	23,376.62	-	23,376.62
12/01/2032	23,376.62	-	23,376.62
3/01/2033	23,376.62	-	23,376.62
6/01/2033	23,376.62	-	23,376.62
9/01/2033	23,376.62	-	23,376.62
12/01/2033	23,376.62	-	23,376.62
3/01/2034	23,376.62	-	23,376.62
6/01/2034	23,376.62	-	23,376.62
9/01/2034	23,376.62	-	23,376.62
12/01/2034	23,376.62	-	23,376.62
3/01/2035	23,376.62	-	23,376.62
6/01/2035	23,376.62	-	23,376.62
9/01/2035	23,376.62	-	23,376.62
12/01/2035	23,376.62	-	23,376.62
3/01/2036	23,376.62	-	23,376.62
6/01/2036	23,376.62	-	23,376.62
9/01/2036	23,376.62	-	23,376.62
12/01/2036	23,376.62	-	23,376.62
3/01/2037	23,376.62	-	23,376.62
6/01/2037	23,376.62	-	23,376.62
9/01/2037	23,376.62	-	23,376.62

City of Charles Town (West Virginia)

Loan of $3,600,000
40 Years from Closing Date, 0% Interest Rate
Closing Date: August 22, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2037	23,376.62	-	23,376.62
3/01/2038	23,376.62	-	23,376.62
6/01/2038	23,376.62	-	23,376.62
9/01/2038	23,376.62	-	23,376.62
12/01/2038	23,376.62	-	23,376.62
3/01/2039	23,376.62	-	23,376.62
6/01/2039	23,376.62	-	23,376.62
9/01/2039	23,376.62	-	23,376.62
12/01/2039	23,376.62	-	23,376.62
3/01/2040	23,376.62	-	23,376.62
6/01/2040	23,376.62	-	23,376.62
9/01/2040	23,376.62	-	23,376.62
12/01/2040	23,376.62	-	23,376.62
3/01/2041	23,376.62	-	23,376.62
6/01/2041	23,376.62	-	23,376.62
9/01/2041	23,376.62	-	23,376.62
12/01/2041	23,376.62	-	23,376.62
3/01/2042	23,376.62	-	23,376.62
6/01/2042	23,376.62	-	23,376.62
Total	**3,600,000.00**	**-**	**3,600,000.00**

YIELD STATISTICS

Bond Year Dollars	$74,339.99
Average Life	20.650 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	6.94E-11
Bond Yield for Arbitrage Purposes	6.94E-11
All Inclusive Cost (AIC)	6.94E-11

IRS FORM 8038

Net Interest Cost	-
Weighted Average Maturity	20.650 Years

SPECIMEN

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:

_____

08/19/02
144220.00003

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW
Clarksburg Charleston Morgantown Martinsburg Wheeling Parkersburg

Bank One Center, Seventh Floor
P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
www.steptoelaw.com

Writer's Contact Information

August 22, 2002

City of Charles Town
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2002 A (West Virginia Water Development Authority)

City of Charles Town
Charles Town, West Virginia

West Virginia Water Development Authority
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 $1,100,000 Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 A (West Virginia Water Development Authority), 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 August 22, 2002, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), 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 payable April 1 and October 1 of each year, commencing October 1, 2002, at the rate of 5.8% per annum, and with principal installments payable on October 1 of each year, commencing October 1, 2003, and ending October 1, 2039, 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 1 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 additions, betterments and improvements to the waterworks portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); (ii) capitalizing interest on the Bonds; and (iii) paying certain costs of issuance of the Bonds and related costs.

We have also examined the applicable provisions of the Act, the Bond Ordinance duly enacted by the Issuer on August 19, 2002, as supplemented by a Supplemental Resolution duly adopted by the Issuer on August 19, 2002 (collectively, the "Bond Legislation"), pursuant to and under which Act and

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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. All capitalized terms used herein and not defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

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 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 cannot be amended so as to affect adversely the rights of the Authority or diminish the obligations of the Issuer without the written consent of the Authority.

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 and secured by a first lien on and pledge of the Gross Revenues of the System on a parity with the Issuer's (i) Combined Waterworks and Sewerage System Revenue Bonds, Series 1987 B, dated November 18, 1987, issued in the original aggregate principal amount of $413,629; (ii) 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; (iii) 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; (iv) Combined Waterworks and Sewerage System Revenue Bonds, Series 1989 B, dated April 13, 1989, issued in the original aggregate principal amount of $117,480; (v) 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; (vi) 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; (vii) Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated June 22, 2000, issued in the original aggregate principal amount of $3,163,781 (collectively, the "Prior Bonds"); and (viii) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 B (West Virginia Infrastructure Fund), issued simultaneously herewith in the original aggregate principal amount of $3,600,000, 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 Prior Bonds coverage and parity requirements for issuance of the Series 2002 A 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. Except as set forth in paragraph 6 below, we express no opinion regarding other federal tax consequences arising with respect to the Bonds.

6. Based upon the certifications of the Issuer set forth in the Certificate as to Arbitrage and under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, the proceeds of the Bonds are not subject to the arbitrage rebate requirements set forth in Section 148(f) of the Code. The opinion set forth above is subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Code relating to the applicable exceptions to rebate. The Issuer has covenanted to comply with all such requirements. Failure to comply with such requirements could cause proceeds of the Bonds to be subject to such arbitrage rebate requirements retroactive to the date of issuance of the Bonds.

7. 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 PLLC

08/19/02
144220.00003

CH543687.1

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW
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Writer's Contact Information

August 22, 2002

City of Charles Town
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2002 B (West Virginia Infrastructure Fund)

City of Charles Town
Charles Town, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs
Development Council
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 $3,600,000 Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 B (West Virginia Infrastructure Fund), 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 August 22, 2002, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), 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 to the Authority, bearing no interest, and with principal installments payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2004, and ending June 1, 2042, 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 31, Article 15A 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 additions, betterments and improvements to the waterworks portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); and (iii) paying certain costs of issuance and related costs.

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We have also examined the applicable provisions of the Act, the Bond Ordinance duly enacted by the Issuer on August 19, 2002, as supplemented by a Supplemental Resolution duly adopted by the Issuer on August 19, 2002 (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. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

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 Council and cannot be amended so as to affect adversely the rights of the Authority or the Council or diminish the obligations of the Issuer without the written consent of the Authority and the Council.

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 and secured by a first lien on and pledge of the Gross Revenues of the System on a parity with the Issuer's (i) Combined Waterworks and Sewerage System Revenue Bonds, Series 1987 B, dated November 18, 1987, issued in the original aggregate principal amount of $413,629; (ii) 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; (iii) 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; (iv) Combined Waterworks and Sewerage System Revenue Bonds, Series 1989 B, dated April 13, 1989, issued in the original aggregate principal amount of $117,480; (v) 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; (vi) 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; (vii) Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated June 22, 2000, issued in the original aggregate principal amount of $3,163,781 (collectively, the "Prior

Bonds"); and (viii) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 A (West Virginia Water Development Authority), issued simultaneously herewith in the original aggregate principal amount of $1,100,000, 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 Prior Bonds coverage and parity requirements for issuance of the Series 2002 B Bonds.

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

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 BR-1, and in our opinion the form of said Bond and its execution and authentication are regular and proper.

Very truly yours,

STEPTOE & JOHNSON PLLC

08/19/02
144220.00003

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Law Offices of Hoy Shingleton, L.C.

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August 22, 2002

City of Charles Town
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2002 A (West Virginia Water Development Authority) and
Series 2002 B (West Virginia Infrastructure Fund)

City of Charles Town
Charles Town, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs
Development Council
Charleston, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

I am counsel to the City of Charles Town in Jefferson County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinions of Steptoe & Johnson PLLC, as bond counsel, a loan agreement for the Series 2002 A Bonds, dated August 22, 2002, including all schedules and exhibits attached thereto, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), a loan agreement for the Series 2002 B Bonds, dated August 22, 2002, including all schedules and exhibits attached thereto, by and between the Issuer and the Authority on behalf of the West Virginia Infrastructure and Jobs Development Council (collectively, the "Loan Agreement"), a Bond Ordinance duly enacted by the Issuer on August 19, 2002, as supplemented by a Supplemental Resolution duly adopted by the Issuer on August 19, 2002 (collectively, the "Bond Legislation"), and other documents relating to the above-captioned Bonds (the "Bonds") and the Issuer. 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.

I am of the opinion that:

1. The Issuer has been duly created and is validly existing as a municipal corporation and political subdivision of the State of West Virginia, and the Mayor, 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.

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

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

4. The 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 Bureau for Public Health, the West Virginia Infrastructure and Jobs Development Council and the Public Service Commission of West Virginia, and has taken all required actions for the imposition of such rates and charges, including, without limitation, the enactment of an ordinance prescribing such rates and charges. The Issuer has received the Final Order of the Public Service Commission of West Virginia entered June 25, 2002, and the Commission Order entered August 16, 2002, in Case No. 02-0160-W-CN, among other things, 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. The time for appeal of the Commission Order has not expired prior to the date hereof. However, the parties thereto have stated that they will not appeal such Order.

7. To the best of my knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Loan Agreement, the Bonds, 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 for the payment of the Bonds.

8. Prior to the execution of construction contracts by the Issuer, I will verify that all successful bidders have made required provisions for all insurance and payment and performance bonds and I will verify such insurance policies or binders and such bonds for accuracy. Prior to the execution of construction contracts by the Issuer, I will review the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project and verify that such contracts, 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 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,

Hoy G. Shingleton, Jr.

HGS/lpt

RESERVED

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COPY

August 15, 2002

Katy Mallory, Executive Secretary
West Virginia Infrastructure and Jobs Development Council
980 One Valley Square
Charleston, West Virginia 25301

Re: City of Charles Town
Downtown Water Improvement Project

Dear Ms. Mallory:

This firm represents the City of Charles Town with regard to proposed improvements to its water system (the "Project"), and provides this title opinion on behalf of the City to satisfy the requirements of the West Virginia Infrastructure and Jobs Development Council (the "Council") with regard to the Infrastructure Fund financing proposed for the Project. Please be advised of the following:

1. That I am of the opinion that the City of Charles Town is a duly created and existing municipal corporation possessed with all the powers and authority granted to municipal corporations under the laws of the State of West Virginia and through its utility board has the full power and authority to construct, operate and maintain the Project as approved by the Bureau for Public Health.

2. That the City has obtained all necessary permits and approvals for the construction of the Project.

3. That 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 Engineers, the consulting engineers for the Project.

4. That 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.

5. That any 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.

6. The City has obtained from the West Virginia Department of Highways approval for a permit authorizing the construction of the Project as described in the plans upon, over and through public rights of way as shown in the plans.

If you have any questions regarding any of the information contained in this title opinion, please contact this office.

Very truly yours,

Hoy G. Shingleton, Jr.

HGS/lpt

CC: Samme L. Gee, Esquire
Jane Arnett, City of Charles Town

CITY OF CHARLES TOWN

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2002 A (West Virginia Water Development Authority) and
Series 2002 B (West Virginia Infrastructure Fund)

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 ORDERS
16. SPECIMEN BONDS
17. CONFLICT OF INTEREST
18. PROCUREMENT OF ENGINEERING SERVICES
19. EXECUTION OF COUNTERPARTS
20. COMPLIANCE WITH THE WEST VIRGINIA JOBS ACT

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 2002 A (West Virginia Water Development Authority) and Series 2002 B (West Virginia Infrastructure Fund), both dated the date hereof (collectively, the "Bonds" or individually, the "Series 2002 A Bonds" and the "Series 2002 B Bonds," respectively), 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 August 19, 2002, and the Supplemental Resolution duly adopted August 19, 2002 (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 2002 A Bonds and the Series 2002 B Bonds as to liens, pledge and source of and security for payment, being the Issuer's (i) Combined Waterworks and Sewerage System Revenue Bonds, Series 1987 B, dated November 18, 1987, issued in the original aggregate principal amount of $413,629; (ii) 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; (iii) 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; (iv) Combined Waterworks and Sewerage System Revenue Bonds, Series 1989 B, dated April 13, 1989, issued in the original aggregate principal amount of $117,480; (v) 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; (vi) 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; and (vii) Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated June 22, 2000, issued in the original aggregate principal amount of $3,163,781 (collectively, the "Prior Bonds").

The Issuer has obtained (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consent of the Holders of the Prior Bonds (other than the Series 1998 Refunding Bonds) to the issuance of the Series 2002 A Bonds and the Series 2002 B Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

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

WDA Loan Agreement

IC Loan Agreement

Public Service Commission Order

Infrastructure Council Approval

City Charter, with Amendments

Oaths of Office of Officers and Councilmembers

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

Environmental Health Services Permit

Prior Bond Ordinances

Consent of Prior Bondholder

Evidence of Insurance

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:

Name			Date of Commencement of Office	Date of Termination of Office
J. Randolph Hilton	-	Mayor	June 1, 2001	May 30, 2005
Violet Lowery	-	Councilmember	June 1, 2001	May 30, 2005
Randy Breeden	-	Councilmember	June 1, 1999	May 30, 2003
John A. Ward	-	Councilmember	June 1, 1999	May 30, 2003
Timothy Robinson	-	Councilmember	June 1, 2001	May 30, 2005
Matthew W. Ward	-	Councilmember	June 1, 2001	May 30, 2005
Russell C. Miller, Jr.	-	Councilmember	June 1, 2001	May 30, 2005
William F. Jordan, Jr.	-	Councilmember	June 1, 1999	May 30, 2003
Geraldine Willingham	-	Councilmember	June 1, 2001	May 30, 2005

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
Bill Kline	-	Member
Thomas Stocks	-	Member
Pete Kubic	-	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 City Attorney 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.

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 has duly enacted a water rate ordinance on September 4, 2001, and a sewer rate ordinance on September 7, 1999, setting rates and charges for the services of the System. The time for appeal of such orders has expired prior to the date hereof without any appeal, and such rates 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 his or her manual signature, 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 $1,100,000 from the Authority, being the entire principal amount of the Series 2002 A Bonds (100% of par value) and $44,702 from the Authority and the Council, being a portion of the principal amount of the Series 2002 B Bonds, there being no interest accrued thereon. The balance of the principal amount of the Series 2002 B 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* and *The Journal*, two qualified newspapers of general circulation in the City of Charles Town, there being no newspaper published therein, 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 Governing Body at the public hearing held at a public meeting of Governing Body on the 19th day of August, 2002, at 7:30 p.m., at the Charles Town City Hall 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 ORDERS: The Issuer has received the Final Order of the Public Service Commission of West Virginia entered on June 25, 2002, and the Commission Order of the Public Service Commission of West Virginia entered on August 16, 2002, in Case No. 02-0160-W-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 Order has not expired prior to the date hereof. Such Commission Order may only be appealed by a party thereto. The Issuer hereby states that it will not appeal such Commission Order. All other parties thereto have stated that they will not appeal such Commission Order.

16. SPECIMEN BONDS: Delivered concurrently herewith are true and accurate specimens 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. PROCUREMENT OF ENGINEERING SERVICES: The Issuer has complied in all respects with the requirements of Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended, in the procurement of engineering services to be paid from proceeds of the Bonds.

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.

20. COMPLIANCE WITH THE WEST VIRGINIA JOBS ACT: The Issuer hereby certifies that it will comply with all the requirements of Chapter 21, Article 1C of the Code of West Virginia, 1931, as amended (the"West Virginia Jobs Act") and has required its contractors and subcontractors to comply with the West Virginia Jobs Act; that it will comply with all the requirements of the West Virginia Jobs Act; (ii) the Issuer has included the provisions of the West Virginia Jobs Act in each contract and subcontract for the Project; (iii) that it has received or will receive, prior to entering into contracts or subcontracts, from

each contractor or subcontractor a certificate demonstrating compliance with Section 4 of the West Virginia Jobs Act or waiver certificates from the West Virginia Division of Labor ("DOL"); and (iv) that it will file with the DOL and the Council copies of the waiver certificates and certified payrolls or comparable documents that include the number of employees, the county and state wherein the employees reside and their occupation, following the procedures established by the DOL. The monthly requisitions submitted to the Council shall also certify that the Issuer is monitoring compliance by its contractors and subcontractors and that the required information has been submitted.

WITNESS our signatures and the official seal of the CITY OF CHARLES TOWN on this 22nd day of August, 2002.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
_____	Mayor
_____	City Manager
_____	City Clerk
_____	City Attorney

08/16/02
144220.00003

CH543689.1

WITNESS our signatures and the official seal of the CITY OF CHARLES TOWN on this 22nd day of August, 2002.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
_____	Mayor
_____	City Manager
_____	City Clerk
_____	City Attorney

CITY OF CHARLES TOWN

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2002 A (West Virginia Water Development Authority)

CERTIFICATE AS TO ARBITRAGE FOR SERIES 2002 A BONDS

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 $1,100,000 Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 A (West Virginia Water Development Authority) (the "Series 2002 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, as amended and the temporary and permanent regulations thereunder or under any predecessor thereto (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 August 19, 2002 (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 August 22, 2002, the date on which the Bonds are to be physically delivered in exchange for all 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 2002 A Bonds were sold on August 22, 2002, to the Authority, pursuant to a loan agreement dated August 22, 2002, by and between the Issuer and the Authority, for an aggregate purchase price of $1,100,000 (100% of par), at which time the Issuer received the entire principal amount of the Series 2002 A Bonds. No accrued interest has been or will be paid on the Series 2002 A Bonds.

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 certain additions, betterments and improvements to the waterworks portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); (ii) paying capitalized interest for the Series 2002 A Bonds; and (iii) paying costs of issuance and related costs thereof. On the date hereof, the Issuer also issued its Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 B (West Virginia Infrastructure Fund), in the principal amount of $3,600,000 (the "Series 2002 B Bonds"), to pay the remaining costs of acquisition and construction of the Project.

8. Not later than simultaneously with the delivery of the Bonds, the Issuer shall enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Bonds on the Project, constituting a substantial binding commitment. The acquisition and construction of the Project and allocation of the net sale proceeds of the Bonds to expenditures of the Project shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds constituting capitalized interest, if any, and proceeds deposited in the Series 2002 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 November 23, 2003. The acquisition and construction of the Project is expected to be completed by August 23, 2003.

9. The total cost of the Project (including all costs of issuance of the Bonds) is estimated at $4,700,000. Sources and uses of funds for the Project are as follows:

SOURCES

Gross Proceeds of the Series 2002 A Bonds	$ 1,100,000
Gross Proceeds of the Series 2002 B Bonds	$ 3,600,000
Total Sources	$ 4,700,000

USES

Costs of Acquisition and Construction of the Project	$ 4,609,038
Capitalized Interest on Series 2002 A Bonds	$ 70,712
Costs of Issuance of Series 2002 A Bonds	$ 10,250
Costs of Issuance of Series 2002 B Bonds	$ 10,000
Total Uses	$ 4,700,000

The total amount of the costs of the Project is estimated to be at least equal to the gross proceeds of the Series 2002 A Bonds and the Series 2002 B Bonds. 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 reasonably 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 2002 A Bonds Construction Trust Fund;

(4) Series 2002 B Bonds Construction Trust Fund;

(5) Series 2002 A Bonds Sinking Fund;

(7) Series 2002 A Bonds Reserve Account;

(8) Series 2002 B Bonds Sinking Fund; and

(9) Series 2002 B Bonds Reserve Account;

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

(A) Series 2002 A Bonds proceeds in the amount of $70,712 shall be deposited in the Series 2002 A Bonds Sinking Fund, as capitalized interest.

(B) Series 2002 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2002 A Bonds Reserve Account.

(C) The balance of the proceeds of the Series 2002 A Bonds shall be deposited in or credited to the Series 2002 A Bonds Construction Trust Fund for payment of the costs of the Project, including, without limitation, costs of issuance of the Bonds and related costs.

Prior to expenditure, the proceeds of the Bonds in the Series 2002 A Bonds Construction Trust Fund, if invested, will be invested at a yield not to exceed the yield on the Authority's Bonds, the proceeds of which were used to make the loan to the Issuer. The Issuer will expend all proceeds of the Bonds on the costs of the Project as expeditiously as possible.

Except for "preliminary expenditures" as defined in Treasury Regulation §1.150 - 2(f)(2), none of the proceeds of the Series 2002 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 2002 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 2002 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 2002 A Bonds Sinking Fund and Series 2002 A Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2002 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 2002 A Bonds Sinking Fund and the Series 2002 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 2002 A Bonds Reserve Account or any other reserve or replacement fund. The amounts deposited in the Series 2002 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 2002 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 2002 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 5% of the net sale proceeds of the Bonds.

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 2002 A Bonds Sinking Fund for payment of interest on the Bonds and the amount deposited in the

Series 2002 A Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 15 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 2002 A Bonds Sinking Fund (other than the Series 2002 A Bonds Reserve Account therein) is intended primarily to achieve a proper matching of payments of debt service on the Series 2002 A Bonds each year. The Series 2002 A Bonds Sinking Fund (other than the Series 2002 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 2002 A Bonds, or 1 year's interest earnings on the Series 2002 A Bonds Sinking Fund (other than the Series 2002 A Bonds Reserve Account therein). Except as otherwise allowed, any money deposited in the Series 2002 A Bonds Sinking Fund for payment of the principal of or interest on the Bonds (other than the Series 2002 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 2002 A Bonds Sinking Fund (other than in the Series 2002 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 or $5,000,000 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 has either (a) funded the Series 2002 A Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Series 2002 A Bonds in the then current or any succeeding year with the proceeds of the Series 2002 A Bonds, or (b) created the Series 2002 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2002 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 2002 A Bonds in the then current or any succeeding year. Moneys in the Series 2002 A Bonds Reserve Account and the Series 2002 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 2002 A Bonds and will not be available to pay costs of the Project.

31. 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.

32. Except for the Series 2002 B bonds, 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.

33. 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.

34. 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 the required rebate amount and all penalties and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

35. 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.

36. The Issuer shall file Form 8038-G in a timely fashion with the Internal Revenue Service Center.

37. 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.

38. 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.

39. Steptoe & Johnson PLLC 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.

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

WITNESS my signature on this 22nd day of August, 2002.

CITY OF CHARLES TOWN

By: _____
Its: Mayor

08/16/02
144220.00003

CITY OF CHARLES TOWN

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2002 B (West Virginia Infrastructure Fund)

CERTIFICATE AS TO USE OF PROCEEDS FOR SERIES 2002 B BONDS

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 the $3,600,000 Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 B (West Virginia Infrastructure Fund) (the "Series 2002 B Bonds" or the "Bonds"), of the Issuer, dated the date hereof, hereby certifies as follows:

1. I am the officer of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances, and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the same meaning as set forth in the ordinance authorizing the Bonds duly enacted by the Issuer on August 19, 2002 (as supplemented, the "Bond Ordinance").

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

3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on August 22, 2002, the date on which the Bonds are to be physically delivered in exchange for an initial advance of $44,702, being more that a de minimis 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.

4. In the Bond Ordinance pursuant to which the Bonds are issued, the Issuer has covenanted that it shall not take, or permit or suffer to be taken, any action with respect to the proceeds of the Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (collectively, the "Code"), issued by the West Virginia Water Development Authority (the "Authority"), or the West Virginia Infrastructure and Jobs Development Council (the "Council"), as the case may be, from which the proceeds of the Bonds are derived, to lose their status as tax-exempt bonds by reason of the classification of

the Bonds as "private activity bonds" within the meaning of the Code. The Issuer hereby covenants to take all actions necessary to comply with the Code.

5. The Series 2002 B Bonds were sold on August 22, 2002, to the Authority, pursuant to a loan agreement dated August 22, 2002, by and between the Issuer and the Authority, on behalf of the Council, for an aggregate purchase price of $3,600,000 (100% of par), at which time, the Issuer received $44,702 from the Authority and the Council, being the first advance of the principal amount of the Series 2002 B Bonds. No accrued interest has been or will be paid on the Series 2002 B Bonds. The balance of the principal amount of the Series 2002 B Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. 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 certain additions, betterments and improvements to the waterworks portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); and (ii) paying costs of issuance and related costs thereof. On the date hereof, the Issuer also issued its Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 A (West Virginia Water Development Authority), in the principal amount of $1,100,000 (the "Series 2002 A Bonds"), to pay the remaining costs of acquisition and construction of the Project.

7. Not later than simultaneously with the delivery of the Bonds, the Issuer shall enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Bonds on the Project, constituting a substantial binding commitment. The acquisition and construction of the Project and allocation of the net sale proceeds of the Bonds to expenditures of the Project shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds constituting capitalized interest, if any, and proceeds deposited in the Series 2002 B 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 November 23, 2003. The acquisition and construction of the Project is expected to be completed by August 23, 2003.

8. The total cost of the Project (including all costs of issuance of the Bonds) is estimated at $4,700,000. Sources and uses of funds for the Project are as follows:

SOURCES

Gross Proceeds of the Series 2002 A Bonds	$ 1,100,000
Gross Proceeds of the Series 2002 B Bonds	$ 3,600,000
Total Sources	$ 4,700,000

USES

Costs of Acquisition and Construction of the Project	$ 4,609,038
Capitalized Interest on Series 2002 A Bonds	$ 70,712
Costs of Issuance of Series 2002 A Bonds	$ 10,250
Costs of Issuance of Series 2002 B Bonds	$ 10,000
Total Uses	$ 4,700,000

The total amount of the costs of the Project is estimated to be at least equal to the gross proceeds of the Bonds and the Series 2002 A Bonds.

8. 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 2002 A Bonds Construction Trust Fund;

(4) Series 2002 B Bonds Construction Trust Fund;

(5) Series 2002 A Bonds Sinking Fund;

(7) Series 2002 A Bonds Reserve Account;

(8) Series 2002 B Bonds Sinking Fund; and

(9) Series 2002 B Bonds Reserve Account;

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

(1) Series 2002 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 2002 B Bonds Sinking Fund, as capitalized interest.

(2) Series 2002 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 2002 B Bonds Reserve Account.

(3) The balance of the proceeds of the Series 2002 B Bonds shall be deposited in or credited to the Series 2002 B Bonds Construction Trust Fund for payment of the costs of the Project, including, without limitation, costs of issuance of the Bonds and related costs.

10. Moneys held in the Series 2002 B Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Series 2002 B Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on moneys in the Series 2002 B Bonds Sinking Fund and Series 2002 B Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2002 B 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.

11. 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.

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

13. With the exception of the amount deposited in the Series 2002 B Bonds Sinking Fund for payment of interest, if any, on the Bonds and the amount deposited in the Series 2002 B Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 15 months from the date of issuance thereof.

14. 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.

15. 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.

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

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

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

19. 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.

20. The Bonds are not federally guaranteed.

21. The Issuer has retained the right to amend or supplement its authorizing documents if such amendment or supplement is necessary to assure that the Bonds remain public purpose bonds.

22. The Issuer has either (a) funded the Series 2002 B Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Series 2002 B Bonds in the then current or any succeeding year with the proceeds of the Series 2002 B Bonds, or (b) created the Series 2002 B Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2002 B Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Series 2002 B Bonds in the then current or any succeeding year. Moneys in the Series 2002 B Bonds Reserve Account and the Series 2002 B Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 2002 B Bonds and will not be available to pay costs of the Project.

23. 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.

25. Except for the Series 2002 A Bonds, there are no other obligations of the Issuer which (a) are to be issued at substantially the same time as the Bonds, (b) are to be sold pursuant to a common plan of financing together with the Bonds and (c) will be paid out of substantially the same sources of funds of funds or will have substantially the same claim to be paid out of substantially the same sources of funds as the Bonds.

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

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

WITNESS my signature on this 22nd day of August, 2002.

CITY OF CHARLES TOWN

By: _____
Its: Mayor

08/16/02
144220.00003

CITY OF CHARLES TOWN

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2002 A (West Virginia Water Development Authority) and
Series 2002 B (West Virginia Infrastructure Fund)

CERTIFICATE OF ENGINEER

I, Scott P. Recinos, P.E., Registered Professional Engineer, West Virginia License No. 11187, of Chester Engineers, Inc., in Gaithersburg, Maryland, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of certain extensions, additions, betterments and improvements (the "Project") to the waterworks portion of the existing public combined waterworks and sewerage system of the City of Charles Town (the "Issuer"), to be constructed in Jefferson County, West Virginia, which acquisition and construction are being financed in part by the proceeds of the above-captioned bonds (collectively, the "Bonds") of the Issuer. Capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Ordinance enacted by the Issuer on August 19, 2002, as amended by the Supplemental Resolution of the Issuer adopted August 19, 2002 (collectively, the "Bond Legislation"), the WDA Loan Agreement for the Series 2002 A Bonds, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), dated August 22, 2002, and the IC Loan Agreement for the Series 2002 B Bonds, by and between the Issuer and the Authority, on behalf of, the West Virginia Infrastructure and Jobs Development Council (the "Council"), dated August 22, 2002 (collectively, the "Loan Agreements").

2. The Series 2002 A Bonds are being issued (i) to pay a portion of the costs of acquisition and construction of the Project; (ii) to capitalize interest for the Series 2002 A Bonds; and (iii) to pay certain costs of issuance hereof and related costs.

3. The Series 2002 B Bonds are being issued (i) to pay a portion of the costs of acquisition and construction of the Project; and (ii) to pay certain costs of issuance hereof and related costs.

4. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the Council and the Authority and any change orders approved by the Issuer, the Authority, the Council and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least 40 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 and otherwise compatible with the plan of financing set forth in Schedule B attached hereto as Exhibit A and the Issuer's counsel, Hoy G. Shingleton, Jr., Esquire, 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 Council and the bid forms provided to the bidders contain the 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 the operation of the System; (ix) in reliance upon the certificate of the Issuer's certified public accountant, J.C. Kunkle & Associates, of even date herewith, as of the effective date thereof, the rates and charges for the System as enacted by the Issuer will be sufficient to comply with the provisions of the respective Loan Agreements; (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 the Council; and (xi) attached hereto as Exhibit A is the final amended "Schedule B - Final Total Cost of Project, Sources of Funds and Cost of Financing" for the Project.

WITNESS my signature and seal on this 22nd day of August, 2002.

CHESTER ENGINEERS, INC.

(SEAL)

Scott P. Recinos, P.E.
West Virginia License No. 11187

SCOTT P. RECINOS
REGISTERED
No.11187
STATE OF WEST VIRGINIA
PROFESSIONAL ENGINEER

08/16/02
144220.00003

CH543730.1

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL

SCHEDULE B

CITY OF CHARLES TOWN

Water System Improvement Project

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

A. Cost of Project	**Total**	**IJDC**	**WDA**
1. Construction	$4,158,050.00	$3,389,000.00	$769,050.00
2. Engineering Fees	$150,000.00	$150,000.00	$0.00
3. Legal	$20,000.00	$20,000.00	$0.00
4. Administration	$10,000.00	$10,000.00	$0.00
5. Sites and Other Lands	$21,000.00	$21,000.00	$0.00
6. Contingency	$249,988.00	$0.00	$249,988.00
7. Total of Lines 1 through 6	**$4,609,038.00**	**$3,590,000.00**	**$1,019,038.00**
B. Sources of Funds			
8. Local			
9. Net Proceeds Required from Bond Issue (Line 7 minus Line 8)	**$4,609,038.00**	**$3,590,000.00**	**$1,019,038.00**
C. Cost of Financing			
10. Other Costs			
a. Bond Counsel	$20,000.00	$10,000.00	$10,000.00
b. Bond Registrar	$250.00	$0.00	$250.00
c. Capitalized Interest	$70,712.00	$0.00	$70,712.00
11. Total Cost of Financing (Lines 10a and 10b)	**$90,962.00**	**$10,000.00**	**$80,962.00**
12. Size of Bond Issue (Line 9 plus Line 11)		**$3,600,000.00**	**$1,100,000.00**

J Randolph Hill III
GOVERNMENTAL AGENCY

8/19/02
DATE

CONSULTING ENGINEER

7/16/02
DATE

Draft dated: 08/14/02

CH543111.1

J.C. Kunkle & Associates, A.C.
CERTIFIED PUBLIC ACCOUNTING & CONSULTING

August 22, 2002

City of Charles Town
Combined Waterworks and Sewerage System Revenue Bonds
Series 2002 A (West Virginia Water Development Authority) and
Series 2002 B (West Virginia Infrastructure Fund)

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges as set forth in the water rate ordinance of the City of Charles Town (the "Issuer"), enacted September 4, 2001, and the sewer rate ordinance of the Issuer, enacted September 7, 1999, and projected operation and maintenance expenses and anticipated customer usage as furnished to me by Chester Engineers, 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 2002 A (West Virginia Water Development Authority) and the Combined Waterworks and Sewerage System Revenue Bonds, Series 2002B (West Virginia Infrastructure Fund) (collectively, the "Bonds"), to be issued to the West Virginia Water Development Authority on the date hereof, and all other obligations secured by or payable from revenues of the System, specifically including the Prior Bonds, as such term is defined in the Ordinance of the Issuer, enacted August 19, 2002, authorizing the issuance of the Bonds.

It is our further opinion that the Net Revenues actually derived from the System during any 12 consecutive months within the 18 months immediately preceding the date of the actual issuance of the Bonds, plus the estimated average increased annual Net Revenues to be received in each of the three succeeding years after the date of issuance of the Bonds, will not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal year for principal of and interest on the Bonds and the Prior Bonds.

Very truly yours,

J.C. KUNKLE & ASSOCIATES

John C. Kunkle

John C. Kunkle, CPA, MBA
Principal

164 Lina Lane ▪ P.O. Box 925 ▪ Martinsburg, WV 25402
304/263-9299 ▪ Fax 304/267-7032 ▪ e-mail: jckunkle@ix.netcom.com
MEMBER: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

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.

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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 Jan Arnett	
Co./Dept.	Co. City of Charles Town	
Phone #	Phone #	
Fax # [illegible]	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

02-19

RESOLUTION NO. 02-08

A RESOLUTION PROMULGATING RULES OF THE COMMON COUNCIL OF THE CITY OF CHARLES TOWN IN ACCORDANCE WITH WEST VIRGINIA STATE CODE §6-9A-3, *Proceedings to be open; public notice of meetings.*

The Common Council of the City of Charles Town recognizes the right of each citizen to be heard before the Council and;

WHEREAS, the Common Council of the City of Charles Town hereby finds and states the following declaration of policy in accordance with West Virginia State Code §6-9A-1:

> That public agencies in this City exist for the singular purpose of representing citizens of this City in governmental affairs, and it is, therefore, in the best interests of the people of this City for the proceedings of public agencies be conducted openly, with only a few clearly defined exceptions. The Common Council hereby further finds and declares that the citizens of the City do not yield their sovereignty to the governmental agencies that serve them. The people in delegating authority do not give their public servants the right to decide what is good for them to know and what is not good for them to know. The people insist on remaining informed so that they may retain control over the instruments of government created by them.
>
> Open government allows the public to educate itself about government decision-making through individuals' attendance and participation at government functions, distribution of government information by the press or interested citizens, and public debate on issues deliberated within the government.
>
> Public access to information promotes attendance at meetings, improves planning of meetings, and encourages more thorough preparation and complete discussion of issues by participating officials. The government also benefits from openness because better preparation and public input allow government agencies to gauge public preferences accurately and thereby tailor their actions and policies more closely to public needs. Public confidence and understanding ease potential resistance to government programs.

Accordingly, the benefits of openness inure to both the public affected by governmental decision-making and the decision makers themselves. The Common Council finds, however, that openness, public access to information and a desire to improve the operation of government do not require nor permit every meeting to be a public meeting. The Common Council finds that it would be unrealistic, if not impossible, to carry on the business of government should every meeting, every contact and every discussion seeking advice and counsel in order to acquire the necessary information, data or intelligence needed by a governing body were required to be a public meeting. It is the intent of the Common Council to balance these interests in order to allow government to function and the public to participate in a meaningful manner in public agency decision-making.

WHEREAS, the Common Council of the City of Charles Town intends to adhere to West Virginia State Code §6-9A-3, *Proceedings to be open; public notice of meeting,* that states in part:

> Any governing body may make and enforce reasonable rules and regulations for attendance and presentation at any meeting where there is not room enough for all members of the public who wish to attend. This article does not prohibit the removal from a meeting of any member of the public who is disrupting the meeting to the extent that orderly conduct of the meeting is compromised: Provided, That persons who desire to address the governing body may not be required to register to address the body more than fifteen minutes prior to time the scheduled meeting is to commence.

WHEREAS, the Common Council of the City of Charles Town intends to adhere to West Virginia State Code §6-9A-3, *Proceedings to be open; public notice of meeting,* that further states in part:

> Each governing body shall promulgate rules by which the date, time, place and agenda of all regularly scheduled meetings and the date, time, place and purpose of all special meetings are made available, in advance, to the public and news media, except in the event of an emergency requiring immediate official action.

WHEREAS, the Common Council of the City of Charles Town by this Resolution shall establish and enforce as reasonable regulations the following:

1. To constitute a meeting, the Common Council hereby finds that a meeting is the convening of any public agency for which a quorum is required in order to make a decision or to deliberate toward a decision on any matter that results in an official action.

Resolution No. 02-08

2. That when a governing body holds regular meetings every two weeks, or less frequently, a meeting agenda should be made available to the media and public at least three days in advance of the meeting. In calculating the three-day notice period, Saturdays, Sundays, and legal holidays are not counted. The governing body can amend an agenda that was issued three or more days in advance of a meeting, to add additional items that were not known when the agenda was first issued. However, this amended agenda must be made available at least two days in advance of the meeting. Notices required herein shall be placed on the public notice board at 105 S. George Street, Charles Town, WV.

3. That the right of each citizen to be heard before the Council shall be for an initial period of five minutes. Council may upon motion extend this time period with regard to complex subject matter. That persons who desire to address the governing body shall register to address the body fifteen minutes prior to the time the scheduled meeting is to commence.

4. This Resolution shall not be construed to prohibit the removal from a meeting of any member of the public who is disrupting the meeting to the extent that orderly conduct of the meeting is compromised.

5. All Boards and ~~Committees~~ Commissions of the City of Charles Town shall comply with this Resolution.

6. In keeping with past practice and procedure, the standing committees of the Common Council shall not require a quorum to meet.

7. Exceptions set forth in West Virginia State Code §6-9A-4 are applicable herein.

NOW, THEREFORE, BE IT RESOLVED that the Common Council of the City of Charles Town in Jefferson County of the State of West Virginia hereby proclaims this Resolution a promulgation of rules in accordance with West Virginia State Code §6-9A-3, *Proceedings to be open; public notice of meeting.*

ADOPTED by the City of Charles Town at its regular meeting this 15th Day of July, 2002

CITY OF CHARLES TOWN

J. Randolph Hilton

J. Randolph Hilton, Mayor

Attest: Brenda S Hamilton

Clerk

CITY OF CHARLES TOWN OFFICIALS – 2002:

Mayor J. Randolph Hilton	Re-Elected June 24, 2001 Term: 6-1-01 to 6-05
Charles Town, WV 25414	
Brenda S. Hamilton, Clerk	Term: Re-appointed 7-1-01 to 7-1-03

Jane Arnett, City Manager & Treasurer

Chief W. Michael Aldridge, City of Charles Town Chief of Police

CITY OF CHARLES TOWN COUNCIL MEMBERS:

Violet Lowery	Ward I Re-Elected June 24, 2001
Charles Town, WV 25414	Term 6-1-01 to 6-05
Randy Breeden	Ward I Re-elected May 27, 1999
Charles Town, WV 25414	Term 6-1-99 to 6-03
John A. Ward	Ward II Elected May 27, 1999
Charles Town, WV 25414	Term 6-1-99 to 6-03
Timothy Robinson	Ward III Re-Elected June 24, 2001
Charles Town, WV 25414	Term 6-1-01 to 6-05
Matthew W. Ward	Ward III Elected May 27, 1999
Charles town, WV 25414	Term 6-1-99 to 6-03
Russell C. Miller, Jr.	Ward III Re-Elected May 24, 2001
Charles Town, WV 25414	Term 6-1-01 to 6-05
William F. Jordan. Jr.	Ward IV Elected May 27, 1999
Charles Town, WV 25414	Term 6-1-99 to 6-03
Geraldine Willingham	Ward IV Re-elected May 24, 2001
Charles Town WV 25414 Mayor Pro-tem	Term 6-1-01 to 6-05 (Yearly appointment)

State of West Virginia,

COUNTY OF JEFFERSON, SCT.

I, **J, Randolph Hilton**, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia.

I, **J, Randolph Hilton**, do solemnly swear that I will faithfully discharge and perform the duties of the office of **Mayor for the City of Charles Town**, to the best of my skill and judgment, and according to law. So help me God.

J. Randolph Hilton

the above oath was taken and subscribed by Brenda S. Hamilton, Clerk for the City of Charles Town, on this 4th day of June, 2001.

Brenda S. Hamilton

State of West Virginia,

COUNTY OF JEFFERSON, SCT.

I, **Brenda S. Hamilton**, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia.

I, **Brenda S. Hamilton**, do solemnly swear that I will faithfully discharge and perform the duties of the office of **Clerk for the City of Charles Town**, to the best of my skill and judgment, and according to law. So help me God.

Brenda S Hamilton

the above oath was taken and subscribed bv J. Randolph Hilton, Mayor for the City of Charles Town, on this 20th day of August, 2001. (Retroactive July 1, 2001 for a two (2) year term – 7/1/01-6/30/03)

J Randolph Hilton

STATE OF WEST VIRGINIA

COUNTY OF JEFFERSON, SCT.

I, **Jane Arnett**, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia.

I, **Jane Arnett**, do solemnly swear that I will faithfully discharge and perform the duties of the office of the **City of Charles Town City Manager, Treasurer & Utility Board Memeber**, to the best of my skill and judgment, and according to law. So help me God.

Jane E. Arnett
Jane Arnett

The above oath was taken and subscribed by Brenda S. Hamilton, Deputy Clerk for the City of Charles Town, West Virginia on this 19th day of August, 2002.

Brenda S. Hamilton
Brenda S. Hamilton
Clerk

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 judgment, and according to law. So help me God.

Violet M. Lowery

the above oath was taken and subscribed by the Honorable Mayor, J. Randolph Hilton, on this 4th day of June, 2001.

J. Randolph Hilton

ate of West Virginia,

COUNTY OF JEFFERSON, SCT.

Randy A. Breeden, do solemnly swear that I will support Constitution of the United States and the Constitution of the State of West Virginia.

Randy A. Breeden, do solemnly swear that I will faithfully ge and perform the duties of the office of Councilmember Ward I to the best of my skill and judgement, and ing to law, So help me God.

Randy A Breeden

Randy A. Breeden

ove oath was taken and subscribed to before the Judge of the Circuit Court of Jefferson County, this 2nd day of June, 1997.

Judge

COPY
EST:

Hamilton

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

Judge

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 judgment, and according to law. So help me God.

Timothy W. Robinson

the above oath was taken and subscribed by the Honorable Mayor, J. Randolph Hilton, on this 4th day of June, 2001.

J. Randolph Hilton

State of West Virginia,

COUNTY OF JEFFERSON, SCT.

I, Matt Ward, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia.

I, Matt Ward, do solemnly swear that I will faithfully discharge and perform the duties of the office of Councilmember Ward III to the best of my skill and judgement, and according to law, So help me God.

Matt Ward

Matt 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

Judge

State of West Virginia,

COUNTY OF JEFFERSON, SCT.

I, Randy 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 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 Breeden

Randy Breeden

the above oath was taken and subscribed on this 7th day of June, 1999 before the Judge of the Circuit Court of Jefferson County, W.Va.

Judge

State of West Virginia,

COUNTY OF JEFFERSON, SCT.

I, **Russell Miller**, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia.

I, **Russell Miller**, do solemnly swear that I will faithfully discharge and perform the duties of the office of **Councilmember Ward III for the City of Charles Town**, to the best of my skill and judgment, and according to law. So help me God.

Russell C. Miller

the above oath was taken and subscribed by the Honorable Mayor, J. Randolph Hilton, on this 4th day of June, 2001.

J. Randolph Hilton

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

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 judgment, and according to law. So help me God.

Geraldine Willingham

the above oath was taken and subscribed by the Honorable Mayor, J. Randolph Hilton, on this 4th day of June, 2001.

J Randolph Hilton

STATE OF WEST VIRGINIA

COUNTY OF JEFFERSON, SCT.

I, **John Kastanek**, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia.

I, **John Kastanek**, do solemnly swear that I will faithfully discharge and perform the duties of the office of the **City of Charles Town Utility Board**, to the best of my skill and judgment, and according to law. So help me God.

John Kastanek

John Kastanek

The above oath was taken and subscribed by Michaela S. Hilley, Deputy Clerk for the City of Charles Town, West Virginia on this 14th day of August, 2002.

Michaela S. Hilley

Michaela S. Hilley
Deputy Clerk

STATE OF WEST VIRGINIA

COUNTY OF JEFFERSON, SCT.

I, **Bill Kline**, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia.

I, **Bill Kline**, do solemnly swear that I will faithfully discharge and perform the duties of the office of the **City of Charles Town Utility Board**, to the best of my skill and judgment, and according to law. So help me God.

Bill Kline

The above oath was taken and subscribed by Michaela S. Hilley, Deputy Clerk for the City of Charles Town, West Virginia on this 14th day of August, 2002.

Michaela S. Hilley
Deputy Clerk

STATE OF WEST VIRGINIA

COUNTY OF JEFFERSON, SCT.

I, **Tommy Stocks**, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia.

I, **Tommy Stocks**, do solemnly swear that I will faithfully discharge and perform the duties of the office of the **City of Charles Town Utility Board**, to the best of my skill and judgment, and according to law. So help me God.

Tommy Stocks

The above oath was taken and subscribed by Michaela S. Hilley, Deputy Clerk for the City of Charles Town, West Virginia on this 14th day of August, 2002.

Michaela S. Hilley
Deputy Clerk

STATE OF WEST VIRGINIA

COUNTY OF JEFFERSON, SCT.

I, **Pete Kubic**, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia.

I, **Pete Kubic**, do solemnly swear that I will faithfully discharge and perform the duties of the office of the **City of Charles Town Utility Board**, to the best of my skill and judgment, and according to law. So help me God.

Pete Kubic

The above oath was taken and subscribed by Michaela S. Hilley, Deputy Clerk for the City of Charles Town, West Virginia on this 14th day of August, 2002.

Michaela S. Hilley
Deputy Clerk

Public Service Commission
of W. Va. Tariff Office
OCT 26 2001
01 OCT 25 AM 9:38
Special Studies Section

P.S.C. W. Va. No. 7
Canceling P.S.C. W. Va. No. 6

CITY OF CHARLES TOWN, a municipal corporation

OF

CHARLES TOWN, WEST VIRGINIA

RATES, RULES AND REGULATIONS FOR FURNISHING

WATER

at Charles Town, Ranson and vicinity, Jefferson County, West Virginia

Filed with THE PUBLIC SERVICE COMMISSION
of
WEST VIRGINIA

Issued October 22, 2001

Effective for service rendered on and after October 19, 2001
or as otherwise provided herein

Adopted by City Council

Issued by CITY OF CHARLES TOWN, a municipal corporation

By J. Randolph Hilton

Mayor
Title

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.

APPLICABILITY

Applicable to entire area served

AVAILABILITY

Available for general domestic, commercial and industrial service

(C,A) RATES

First 10,000 gallons used per month	$6.67 per 1,000 gallons
Next 30,000 gallons used per month	$5.67 per 1,000 gallons
Over 40,000 gallons used per month	$4.48 per 1,000 gallons

MINIMUM CHARGE

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

(A)	5/8 inch or 5/8 inch x 3/4 inch meter	$ 16.68 per month
(A)	3/4 inch meter	25.02 per month
(A)	1 inch meter	41.70 per month
(O)		
(R)	1 -1/2 inch meter	83.40 per month
(R)	2 inch meter	133.40 per month
(R)	3 inch meter	250.20 per month
(R)	4 inch meter	417.00 per month
(R)	6 inch meter	834.00 per month

(C,A) FLAT RATE

For Domestic, Commercial or Industrial Customers
$30.02 for 4,500 gallons per month

MULTIPLE OCCUPANCY

In apartment buildings, shopping centers or other multiple occupancy buildings, ea[illegible] shall be required to pay not less than the minimum monthly charge provided above

(C,A) CONNECTION CHARGE

A service connection charge of $350.00 shall be paid for all new service connections

(C) Indicates change in text
(A) Indicates increase
(O) Indicates omission
(R) Indicates reduction

(N) DISCONNECT FOR NON-PAYMENT

Whenever water service has been discontinued for non-payment of sewe bills, a disconnection fee of $10.00 shall be charged.

(N) RECONNECTION SERVICE CHARGE

Whenever water service which has been previously disconnected or otherwise withheld for non-payment of sewer bills is reconnected, a fee of $10.00 shall be charged.

(C,A) DELAYED PAYMENT PENALTY

The above tariff is net. On all current usage billings not paid within twenty (20) days, a ten percent (10%) charge shall be added to the net current amount unpaid. The delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

RATES FOR FIRE PROTECTION - PUBLIC

Fire Hydrants, each	$72.00 per annum

RATES FOR FIRE PROTECTION - PRIVATE

Fire Hydrants, each	$72.00 per annum
Sprinkler Heads, each	$00.20 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 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:

(N) Indicates new
(C) Indicates change in text
(A) Indicates increase

RESIDENTIAL USAGE EQUIVALENTS FOR CAPACITY IMPROVEMENT CAPITAL COST FEE

	UNIT	RESIDENTIAL GALLONS PER DAY	USAGE EQUIVALENT
	Apartments	150/unit	1.0/unit
	Bowling Alleys	200/alley	1.33/alley
	Churches with kitchen	8/member	0.05/member
	Churches w/o kitchen	2/member	0.013/member
	Food Service	32/seat	0.213/seat
	Fast Food Restaurant	35/seat	0.23/seat
	Bar & Cocktail Lounge (additive)	2/patron	0.013/patron
	Tavern-Little or no-food	20/seat	0.132/per seat
(C)	Hotel	120/room	0.8/per room
	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 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.

(C) Indicates change in text

Public Service Commission
of W.Va. Tariff Office

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

RECEIVED

Passed by City Council

OCT 29 1999

Public Service Commission of WV
Utilities Division
Special Studies Section

Issued by CITY OF CHARLES TOWN, a public utility

By J. Randolph Hilton

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

September 4, 2001

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 4, 2001 at 7:30 p.m. due to the Labor Day Holiday on Monday, September 3, 2001. The following members of Council were present: Randy Breeden, Violet Lowery, Russell Miller, John Ward, Matthew Ward and Geraldine Willingham. Mayor J. Randolph Hilton presided 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 20, 2001. It was moved by Councilman John Ward, seconded by Councilwoman Lowery and unanimously voted to approve said minutes as received.

Mayor Hilton read by title and opened the floor for comments regarding the second reading of the proposed Ordinance, "AN ORDINANCE TO AMEND AND RE-ENACT AN ORDINANCE ESTABLISHING A SCHEDULE OF JUST AND EQUITABLE RATES, CHARGES AND PENALTIES FOR THE USE OF AND SERVICES RENDERED BY THE WATER SYSTEM OF THE CITY OF CHARLES TOWN, THE PURPOSE AND EFECT OF THIS ORDINANCE BEING TO PROVIDE A NEW INCREASED SCHEDULE OF RATES AS HEREINAFTER STATED". It is noted that no one from the public appeared to comment or object. Upon discussion, it was moved by Councilman Breeden, seconded by Councilman John Ward and unanimously voted to approve and adopt said ordinance effective immediately as hereinafter stated and as follows:

Water Rate Ordinance

AN ORDINANCE TO AMEND AND RE-ENACT AN ORDINANCE
ESTABLISHING A SCHEDULE OF JUST AND
EQUITABLE RATES, CHARGES AND PENALTIES
FOR THE USE OF AND 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 COUNCIL OF THE CITY OF CHARLES TOWN THAT THE PREVIOUS WATE RATE ORDINANCE BE AMENDED AND RE-ENACTED TO READ AS FOLLOWS:

ESTABLISHMENT OF A SCHEDULE OF JUST AND EQUITABLE RATES, CHARGES AND PENALTIES FOR WATER SERIVE: USE OF WATER METERS: PROVISION FOR FLAT RATE

For the payment of the proper and reasonable expense of operation, repair, replacements, improvements, additions, betterments, 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, charges and penalties for the use of and services rendered by the municipal water system and works of the city of Charles Town, West Virginia, which schedule, based upon the metered amount of water supplied to the premises, where possible, but providing for a flat rate when no meter is available, shall be as follows:

APPLICABILITY

Applicable to entire area served.

AVAILABILITY

Available for general domestic, commercial and industrial service.

RATES

First	10,000 gallons used per month	$6.67	per 1,000 gallons
Next	30,000 gallons used per month	$5.67	per 1,000 gallons
Over	40,000 gallons used per month	$4.48	per 1,000 gallons

MINIMUM CHARGE

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

5/8" or 5/8" x ¾"	Meter	$16.68 per month
¾"	Meter	$25.02 per month
1"	Meter	$41.70 per month
1-1/2"	Meter	$83.40 per month
2"	Meter	$133.40 per month
3"	Meter	$250.20 per month
4"	Meter	$417.00 per month
6"	Meter	$834.00 per month

FLAT RATE

For Domestic, Commercial or Industrial Customers - $30.02 for 4,500 gallons per month.

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.

CONNECTION CHARGE

A service connection charge of $350.00 shall be paid for all new service connections.

DISCONNECT FEE FOR NON-PAYMENT

Whenever water service has been disconnected for non-payment of sewer bills, a disconnection fee of $10.00 shall be charged.

RECONNECTION SERVICE CHARGE

Whenever water service which has been previously disconnected or otherwise withheld for non-payment of sewer bills is reconnected, a fee of $10.00 shall be charged.

DELAYED PAYMENT PENALTY

The above tariff is net. On all current usage billings not paid within twenty (20) days, a ten percent (10%) charge shall be added to the net current amount unpaid. The delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

RATES FOR FIRE PROTECTION – PUBLIC

Fire Hydrants, each	$72.00 per annum

RATES FOR FIRE PROTECTION – PRIVATE

Fire Hydrants, each	$72.00 per annum
Sprinkler Heads, each	$00.20 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:

RESIDENTIAL USAGE EQUIVALENTS
FOR CAPACITY IMPROVEMENT CAPITAL COST FEE

UNIT	GALLONS PER DAY	RESIDENTIAL USAGE EQUIVALENT
Apartments	150/unit	1.0/unit
Bowling Alleys	200/alley	1.33/alley
Churches with kitchen	8/member	0.05/member
Churches w/o kitchen	2/member	0.013/member
Food Service	32/seat	0.213/seat
Fast Food Restaurant	35/seat	0.23/seat
Bar & Cocktail Lounge (additive)	2/patron	0.032/patron
Tavern-Little or no food	20/seat	0.132/per seat
Hotel	120/room	0.8/per room
Industry, sanitary	15/person/shift	0.1/person per shift
Institutions:		

Hospital	[illegible]/bed	[illegible]/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

UNIT	GALLONS PER DAY	RESIDENTIAL USAGE EQUIVALENT
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.

EFFECTIVE DATE

The rate and charges provided herein shall become effective forty-five (45) days after final enactment hereof.

SEPARABILITY; REPEAL OF CONFLICTING ORDINANCES

The provisions of this Ordinance are separable, and if any clause, provision or section hereof shall be held void or unenforceable by the West Virginia Public Service Commission or any court of competent jurisdiction, such holding shall not affect the remainder of this Ordinance. Upon the effective date hereof, all ordinances, resolutions, orders or parts thereof in conflict with the provisions of this Ordinance are, to the extend of such conflicts, hereby repealed, and to the extend that the provisions of this Ordinance do not touch upon the provisions of prior ordinances, resolutions, orders or parts thereof, the same shall remain in full force and effect.

STATUTORY NOTICE AND PUBLIC HEARING

Upon introduction hereof, the City Clerk shall cause to be published a copy of this Ordinance once a week for two (2) successive weeks within a period of fourteen (14) consecutive days, with at least six (6) days between each publication, in the Spirit of Jefferson Farmer's Advocate and The Journal, being two qualified newspapers of general circulation in the City of Charles Town, and said notice shall state that this Ordinance has

been introduced, and that any person interested my appear before Council Chambers, Charles town, West Virginia, on September 4, 2001, at 7:30 p.m., which date is not less than ten days after the date of the first publication of the Ordinance and notice, and present any comment or protest thereto, following which hearing, Council shall take such action as it shall deem proper. Copies of this Ordinance shall be available to the public for inspection at the office of the City Clerk, Charles Town, West Virginia.

Passed on First Reading:	August 6, 2001
Passed on Second Reading: (following Public Hearing)	September 5, 2001

By: /s/ J. Randolph Hilton
Mayor

CERTIFICATION AND NOTICE

I hereby certify that the foregoing is a true and accurate copy of an Ordinance which has been introduced and adopted on first reading at a meeting of the City Council of the City of Charles town held on August 6, 2001, pursuant to proper notice, at which meeting a quorum was present and acting throughout. Any person interested may appear before the City Council of the City of Charles Town at the City Hall, 101 East Washington Street, Charles Town, West Virginia, on September 4, 2001 at 7:30 p.m., being the date, time and place of the proposed final adoption of this Ordinance, and be heard. The Council will then take such action as it shall deem proper in the premises. The proposed ordinance may be inspected by the public at the Office of the Clerk in the City Hall, Charles Town, West Virginia during regular office hours.

By: /s/ Brenda S. Hamilton
City Clerk

Mrs. Arnett requested approval of Council to publish the General Fund Financial Statement in the local newspaper. Upon discussion, it was moved by Councilman John Ward, seconded by Councilwoman Willingham and unanimously voted to sign and publish the General Fund Financial Statement in the local newspaper.

Mayor Hilton informed that he was in receipt of a Special Activity Permit #01-14 from Robbie Nick of the Jefferson Junior Wrestling Association to conduct a "Tag Day Fundraiser" (Center line collection) at the main downtown intersection on September 29, 2001 from 9:00 a.m. –1:00 p.m. Chief Aldridge informed that the location had been changed to Charles and Washington Streets. Upon discussion, it was moved by Councilman John Ward, seconded by Councilwoman Willingham and unanimously voted to approve said request as stipulated.

Chief Aldridge informed that he and the Jefferson County Preservation Alliance to Save Our Heritage had come to an agreement to conduct their activity at the City Permit Parking Lot on September 8, 2001 from 2:00 p.m. to 6:00 p.m. in lieu of closing the streets previously requested. Upon discussion, it was moved by Councilwoman

Lowery, seconded by Councilman Miller and unanimously voted to approve said request as stipulated.

Mrs. Arnett informed Council that the packet was completed to distribution for the "Proposal For Downtown Improvements Program 2001". She stated that this program would provide grants of up to $1,500.00 per business or building to local businesses located within the principal business are of the city (portion of the city zoned CBD), concentrating on Washington Street and on George Street, with secondary emphasis on commercial properties located within the Downtown Charles town Historic District for exterior improvements in keeping with the historic character of the buildings. She added that grants would be provided upon completion of the work and would be for not more than half the cost. The Mayor stated that this was a great incentive for property owners and recommended to focus on signage also in the package. Upon discussion, it was moved by Councilman Matthew Ward, seconded by Councilwoman Willingham and unanimously voted to approve the Proposal For Downtown Improvements Program 2001 with the change of adding to focus on signage and that funding for the grants would come from the Capital Reserve Account.

Mayor Hilton commended Chief Aldridge and the department for their success in last weeks drug raid. Chief Aldridge gave a brief update on the arrests and also the success of the booth sponsored by the Charles Town Police Department at the Jefferson County Fair.

COMMITTEE REPORTS:

Finance Committee:

Mrs. Arnett informed that the Finance Committee recommends the hiring of Jenny Sue Potts as Assistant Court Clerk and Cashier at the rate of $9.50 per hour. It was moved by Councilwoman Willingham, seconded by Councilman John Ward and unanimously voted to accept and approve the recommendation.

Mayor Hilton informed that John Rendeiro agreed to accept the appointment to the Zoning Board of Appeals. It was moved by Councilman Breeden, seconded by Councilman Matthew Ward and unanimously voted to appoint John Rendeiro to the City of Charles Town Zoning Board of Appeals for a term of two (2) years.

Mayor Hilton read by title and opened for discussion regarding the first reading of the proposed ordinance, "AMENDMENT TO THE CODIFIED ORDINANCE OF THE CITY OF CHARLES TOWN, WEST VIRGINIA WITH REGARD TO PART NINE STREETS, UTILITIES AND PUBLIC SERVICES CODE ARTICLE 951, GARBAGE

COLLECTION". Upon discussion, it was moved by Councilman John Ward, seconded by Councilwoman Lowery and unanimously voted to approve the first reading of the proposed amendment, , "AMENDMENT TO THE CODIFIED ORDINANCE OF THE CITY OF CHARLES TOWN, WEST VIRGINIA WITH REGARD TO PART NINE STREETS, UTILITIES AND PUBLIC SERVICES CODE ARTICLE 951, GARBAGE COLLECTION".

Mayor Hilton read by title and opened the floor for discussion regarding the first reading of the proposed ordinance, "AMENDMENT TO THE CODIFIED BUILDING CODES OF THE CITY OF CHARLES TOWN, WEST VIRIGNIA WITH REGARD TO PART ELEVEN HEALTH AND SANITATION CODE ARTICLE 1101-NUISANCES". Upon discussion, it was moved by Councilman John Ward, seconded by Councilman Breeden and unanimously voted to approve the first reading of the proposed amendment, "AMENDMENT TO THE CODIFIED BUILDING CODES OF THE CITY OF CHARLES TOWN, WEST VIRIGNIA WITH REGARD TO PART ELEVEN HEALTH AND SANITATION CODE ARTICLE 1101-NUISANCES".

Mayor Hilton read by title and opened the floor for discussion regarding the first reading of the proposed ordinance, "AMENDMENT TO THE CODIFIED BUILDING CODES OF THE CITY OF CHARLES TOWN, WEST VIRIGNIA WITH REGARD TO PART ELEVEN HEALTH AND SANITATION CODE ARTICLE 1101-NUISANCES". Upon discussion, it was moved by Councilwoman Lowery, seconded by Councilman John Ward and unanimously voted to approve the first reading of the proposed amendment, , "AMENDMENT TO THE CODIFIED BUILDING CODES OF THE CITY OF CHARLES TOWN, WEST VIRIGNIA WITH REGARD TO PART ELEVEN HEALTH AND SANITATION CODE ARTICLE 1101-NUISANCES".

Mayor Hilton read by title and opened the floor for discussion regarding the first reading of the proposed ordinance, "AMENDMENT TO THE CODIFIED BUILDING CODES OF THE CITY OF CHARLES TOWN, WEST VIRGINIA WITH REGARD TO PART ELEVEN HEALTH AND SANITATION CODE ARTICLE 1102-ANIMALS AND FOWL". Upon discussion, it was moved by Councilman Matthew Ward, seconded by Councilman John Ward and unanimously voted to approve the first reading of the proposed amendment, "AMENDMENT TO THE CODIFIED BUILDING CODES OF

THE CITY OF CHARLES TOWN, WEST VIRGINIA WITH REGARD TO PART ELEVEN HEALTH AND SANITATION CODE ARTICLE 1102-ANIMALS AND FOWL".

Mayor Hilton read by title and opened the floor for discussion regarding the first reading of the proposed ordinance, "AMENDMENT TO THE CODIFIED BUILDING CODES OF THE CITY OF CHARLES TOWN, WEST VIRGINIA WITH REGARD TO PART ELEVEN HEALTH AND SANITATION CODE ARTICLE 1103-WEEDS, TREES AND SHRUBS". Upon discussion, it was moved by Councilman Matthew Ward, seconded by Councilman John Ward and unanimously voted to approve the first reading of the proposed amendment, , "AMENDMENT TO THE CODIFIED BUILDING CODES OF THE CITY OF CHARLES TOWN, WEST VIRGINIA WITH REGARD TO PART ELEVEN HEALTH AND SANITATION CODE ARTICLE 1103-WEEDS, TREES AND SHRUBS".

Street Committee:

Mrs. Arnett informed that the Street Committee had met and makes the following recommendations:

1. To accept the Prism Group's bid for services to prepare the accumulated yard waste and grind into usable mulch at a price of not to exceed $14,000.00 from the FY00 Contingency Fund; and
2. To begin replacement of street signs with a white sign/black reflecting lettering. Mrs. Arnett recommended to begin at West Street and move west and onto Eagle Avenue, then concentrate on the downtown area with the revitalization project. She added that this project would be performed in phases.

Upon discussion, it was moved by Councilman John Ward, seconded by Councilman Breeden and unanimously voted to accept and approve the recommendations of the Street Committee as stipulated above.

It is further noted that further review of the dump truck will be referred to the Street Committee and Utility Board.

It was moved by Councilman Matthew Ward, seconded by Councilman John Ward and unanimously voted to approve all bills as received.

At 8:18 p.m., it was moved by Councilman John Ward, seconded by Councilman Matthew Ward and unanimously voted to adjourn.

MAYOR: Randolph Hilton Date: 9-17-01

CLERK: Brenda A Hamilton Date: 9-17-01

Certificate of Publication

JEFFERSON PUBLISHING COMPANY, INC., Publisher

SPIRIT OF JEFFERSON ADVOCATE

Charles Town, WV, August 23, 2001

I hereby certify that the annexed Notice of public hearing

in the case of City of Charles Town Water Rate Ordinance

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 23 and August 30, 2001

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.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
CARA D. YOUNG
JEFFERSON PUBLISHING CO., INC.
P. O. BOX 966
CHARLES TOWN, WV 25414
My Commission Expires January 27, 2009

Cara D. Young
Notary Public

Commission expires

Legal Advertisements

NOTICE OF PUBLIC HEARING ON
CITY OF CHARLES TOWN WATER RATE ORDINANCE

A public hearing will be held on Tuesday, September 4, 2001, at 7:30 p.m. on the following ordinance which has been introduced on August 6, 2001. Any person interested may appear before the City Council of the City of Charles Town at the Charles Town City Hall, 101 East Washington Street, Charles Town, West Virginia, and present any comment or protest thereto. Following which hearing Council shall take such action as it shall deem proper.

* * * * *

AN ORDINANCE TO AMEND AND RE-ENACT AN ORDINANCE ESTABLISHING A SCHEDULE OF JUST AND EQUITABLE RATES, CHARGES AND PENALTIES FOR THE USE OF AND 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 COUNCIL OF THE CITY OF CHARLES TOWN THAT THE PREVIOUS WATER RATE ORDINANCE BE AMENDED AND RE-ENACTED TO READ AS FOLLOWS:

ESTABLISHMENT OF A SCHEDULE OF JUST AND EQUITABLE RATES, CHARGES AND PENALTIES 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, betterments, 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, charges and penalties for the use of and services rendered by the municipal water system and works of the City of Charles Town, West Virginia, which schedule, based upon the metered amount of water supplied to the premises, where possible, but providing for a flat rate when no meter is available, shall be as follows:

APPLICABILITY

Applicable to entire area served.

AVAILABILITY

Available for general domestic, commercial and industrial service.

RATES

First	10,000 gallons used per month	$6.67 per 1,000 gallons
Next	30,000 gallons used per month	$5.67 per 1,000 gallons
Over	40,000 gallons used per month	$4.48 per 1,000 gallons

MINIMUM CHARGE

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

5/8" or 5/8" x 3/4"	Meter	$16.68 per month
3/4"	Meter	25.02 per month
1"	Meter	41.70 per month
1-1/2"	Meter	83.40 per month
2"	Meter	133.40 per month
3"	Meter	250.20 per month
4"	Meter	417.00 per month
6"	Meter	834.00 per month

FLAT RATE

For Domestic, Commercial or Industrial Customers - $30.02 for 4,500 gallons per month.

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.

CONNECTION CHARGE

A service connection charge of $350.00 shall be paid for all new service connections.

DISCONNECT FOR NON-PAYMENT

Whenever water service has been discontinued for non-payment of sewer bills, a disconnection fee of $10.00 shall be charged.

RECONNECTION SERVICE CHARGE

Whenever water service which has been previously disconnected or otherwise withheld for non-payment of sewer bills is reconnected, a fee of $10.00 shall be charged.

DELAYED PAYMENT PENALTY

The above tariff is net. On all current usage billings not paid within twenty (20) days, a ten percent (10%) charge shall be added to the net current amount unpaid. The delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

RATES FOR FIRE PROTECTION - PUBLIC

Fire Hydrants, each	$72.00 per annum

RATES FOR FIRE PROTECTION - PRIVATE

Fire Hydrants, each	$72.00 per annum
Sprinkler Heads, each	$00.20 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 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:

RESIDENTIAL USAGE EQUIVALENTS
FOR CAPACITY IMPROVEMENT CAPITAL COST FEE

UNIT	GALLONS PER DAY	RESIDENTIAL USAGE EQUIVALENT
Apartments	150/unit	1.0/unit
Bowling Alleys	200/alley	1.33/alley
Churches with kitchen	8/member	0.05/member
Churches w/o kitchen	2/member	0.013/member
Food Service	32/seat	0.213/seat
Fast Food Restaurant	35/seat	0.23/seat
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/per room
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 Service	250/washer	1.67/washer
Mobile Home Park	150/unit space	1.0/unit space
Motels	120/room	0.8/room
Retail Stores	100/toilet room	2.67/toilet room
Residence	150/residence	1.0/residence

School:

Day, no cafetria/showers	15/pupil	0.1/pupil

UNIT	GALLONS PER DAY	RESIDENTIAL USAGE EQUIVALENT
Day with cafeteria	18/pupil	0.12/pupil
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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	0.67/swimmer design capacity
Theaters:		
Drive In	4/car space	0.27/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.

EFFECTIVE DATE

The rates and charges provided herein shall become effective forty-five (45) days after final enactment hereof.

SEPARABILITY: REPEAL OF CONFLICTING ORDINANCES

The provisions of this Ordinance are separable, and if any clause, provision or section hereof shall be held void or unenforceable by the West Virginia Public Service Commission or any court of competent jurisdiction, such holding shall not affect the remainder of this Ordinance. Upon the effective date hereof, all ordinances, resolutions, orders or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflicts, hereby repealed, and to the extent that the provisions of this Ordinance do not touch upon the provisions of prior ordinances, resolutions, orders or parts thereof, the same shall remain in full force and effect.

STATUTORY NOTICE AND PUBLIC HEARING

Upon introduction hereof, the City Clerk shall cause to be published a copy of this Ordinance once a week for two (2) successive weeks within a period of fourteen (14) consecutive days, with at least six (6) days between each publication in the Spirit of Jefferson Farmer's Advocate and The Journal, being two qualified newspapers of general circulation in the City of Charles Town, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before Council Chambers, Charles Town, West Virginia, on September 4, 2001, at 7:30 p.m., which date is not less than ten days after the date of the first publication of the Ordinance and notice, and present any comment or protest thereto, following which hearing, Council shall take such action as it shall deem proper. Copies of this Ordinance shall be available to the public for inspection at the office of the City Clerk, Charles Town, West Virginia.

Passed on First Reading: August 6, 2001

Passed on Second Reading (following Public Hearing): _____, 2001.

By:_____
Mayor

CERTIFICATION AND NOTICE

I hereby certify that the foregoing is a true and accurate copy of an Ordinance which has been introduced and adopted on first reading at a meeting of the City Council of the City of Charles Town held on August 6, 2001, pursuant to property notice, at which meeting a quorum was present and acting throughout. Any person interested may appear before the City Council of the City of Charles Town at the City Hall, 101 East Washington Street, Charles Town, West Virginia, on September 4, 2001, at 7:30 p.m., being the date, time and place of the proposed final adoption of this Ordinance, and be heard. The Council will then take such action as it shall deem proper in the premises. The proposed ordinance may be inspected by the public at the Office of the Clerk in the City Hall, Charles Town, West Virginia during regular office hours.

8/23/2t

/s/ Brenda S. Hamilton
City Clerk

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2"	Meter	133.40 per month
3"	Meter	250.20 per month
4"	Meter	417.00 per month
6"	Meter	834.00 per month

FLAT RATE

For Domestic, Commercial or Industrial Customers - $30.02 for 4,500 gallons per month.

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.

CONNECTION CHARGE

A service connection charge of $350.00 shall be paid for all new service connections.

DISCONNECT FOR NON-PAYMENT

Whenever water service has been discontinused for non-payment of sewer bills, a disconnection fee of $10.00 shall be charged.

RECONNECTION SERVICE CHARGE

Whenever water service which has been previously disconnected or otherwise withheld for non-payment of sewer bills is reconnected, a fee of $10.00 shall be charged.

DELAYED PAYMENT PENALTY

The above tariff is net. On all current usage billings not paid within twenty (20) days, a ten percent (10%) charge shall be added to the net current amount unpaid. The delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

RATES FOR FIRE PROTECTION : PUBLIC

Fire Hydrants, each	$72.00 per annum

RATES FOR FIRE PROTECTION : PRIVATE

Fire Hydrants, each	$72.00 per annum
Sprinkler Heads, each	$00.20 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 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 th 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 as as follows:

RESIDENTIAL USAGE EQUIVALENTS FOR CAPACITY IMPROVEMENT CAPITAL COST FEE

UNIT	GALLONS PER DAY	RESIDENTIAL USAGE EQUIVALENT
Apartments	150/unit	1.0/unit
Bowling Alleys	200/alley	1.33/alley
Churches with kitchen	8/member	0.05/member
Churches w/o kitchen	2/member	0.013/member
Food service	32/seat	0.213/seat
Fast Food Restaurant	35/seat	0.23/seat
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/per room
Indsutry, 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 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
UNIT	GALLONS PER DAY	RESIDENTIAL USAGE EQUIVALENT
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 Inn	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.

EFFECTIVE DATE

The rates and charges provided herein shall become effective forty-five (45) days after final enactment hereof.

SEPARABILITY: REPEAL OF CONFLICTING ORDINANCES

The provisions of this Ordinance are separable, and if any cause, provision or section hereof shall be held void or unenforceable by the West Virginia Public Service Commission or any court of competent jurisdiction, such holding shall not effect the remainder of this Ordinance. Upon the effective date hereof, all ordinances, resolutions, orders of parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflicts, hereby repealed, and to the extent that the provisions of this Ordinance do not touch upon the provisions of prior ordinances, orders or parts thereof, the same shall remain in full force and effect.

STATUTORY NOTICE AND PUBLIC HEARING

Upon introduction hereof, the City Clerk shall cause to be published a copy of this Ordinance once a week for two (2) successive weeks within a period of fourteen (14) consecutive days, with at least six (6) days between each publication, in the **Spirit of Jefferson Farmer's Advocate** and **The Journal**, being two qualified newspapers of general circulation in the City of Charles Town, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before Council Chambers, Charles Town, West Virginia, on September 4, 2001, at 7:30 p.m., which date is not less than ten days after the date of the first publication of the Ordinance and notice, and present any comment or protest thereto, following which hearing, Council shall takes such action as it shall deem proper. Copies of this Ordinance shall be available to the public for inspection at the office of the City Clerk, Charles Town, West Virginia.

Passing on First Reading: August 6, 2001.

Passed on Second Reading
(following Public Hearing): _____, 2001.

By: _____
Mayor

CERTIFICATION AND NOTICE

I hereby certify that the foregoing is a true and accurate copy of an Ordinance which has been introduced and adopted on first reading at a meeting of City Council of the City of Charles Town held on August 6, 2001, pursuant to proper notice, at which meeting a quorum was present and acting throughout. Any person interested may appear before the City Council of the City of Charles Town at the City Hall, 101 East Washington Street, Charles Town, West Virginia, on September 4, 2001, at 7:30 p.m. being the date, time and place of the proposed final adoption of this Ordinance, and be heard. The Council will then take such action as it shall deem proper in the premises. The proposed ordinance may be inspected by the public at the Office of the Clerk in the City Hall, Charles Town, West Virginia during regular office hours.

/s/ Brenda S. Hamilton
City Clerk

8:24,31(2t)

Certificate of Publication

This is to certify the annexed advertisement

Steptoe & Johnson
Public Hearing: City of Charles
Town Water Rate Ordinance

appeared for 2 consecutive days/weeks in The Journal Publishing Company, a newspaper published in the City of Martinsburg, WV in its issue beginning:

8/24

and ending

8/31

The Journal
207 W. King Street
Martinsburg, WV 25401

Fee $ 552.07

THE STATE OF WEST VIRGINIA
COUNTY OF BERKELEY

The foregoing instrument was acknowledged before me this 9/4/01 by Debra Jo Smith.

My commission expires 8/16/05.

Notary Public

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
SANDRA B. SPERRY
ROUTE 4, BOX 296
HEDGESVILLE, WV 25427
My Commission Expires August 16, 2005

CITY OF CHARLES TOWN

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2002 A (West Virginia Water Development Authority), and
Series 2002 B (West Virginia Infrastructure Fund)

MINUTES ON ENACTMENT OF BOND ORDINANCE
AND ADOPTION OF SUPPLEMENTAL RESOLUTION

I, Brenda S. Hamilton, City 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 August, 2002, in Charles Town, West Virginia, at the hour of 7:30 p.m.

PRESENT:	J. Randolph Hilton	-	Mayor
	Violet Lowery	-	Councilmember
	Randy Breeden	-	Councilmember
	John A. Ward	-	Councilmember
	Timothy Robinson	-	Councilmember
	Matthew W. Ward	-	Councilmember
	Russell C. Miller, Jr.	-	Councilmember
	William F. Jordan, Jr.	-	Councilmember
	Geraldine Willingham	-	Councilmember
ABSENT:	None.		

The Mayor announced that a quorum of members was present and that the meeting was open for any business properly before it.

Next, the Mayor stated that the proposed Bond Ordinance heretofore passed on first and second readings would be subject to protests and suggestions from any interested person at this time in accordance with the publication of an abstract of said Bond Ordinance and a Notice of Hearing, which publication has been duly made, and the Mayor called for protests and suggestions as to said Bond Ordinance and all persons desiring to protest the said Bond Ordinance or to make any suggestions with reference thereto were heard.

There being no protests or suggestions made as to said Bond Ordinance, the Mayor thereupon stated that it would be in order to consider the said Bond Ordinance for final enactment and the Mayor caused the said Bond Ordinance to be read as follows:

> ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATERWORKS 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 $2,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), AND NOT MORE THAN $3,600,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA INFRASTRUCTURE FUND); 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 LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

Thereupon, on motion duly made and seconded, it was unanimously ordered that the said Bond Ordinance be finally enacted and put into effect immediately.

The Mayor then presented a proposed Supplemental Resolution in writing entitled:

> SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) AND COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA INFRASTRUCTURE FUND) , OF THE CITY OF CHARLES TOWN; APPROVING AND RATIFYING THE LOAN AGREEMENTS 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 be in full force and effect on and from the date hereof.

* * * * * * * * *

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

CERTIFICATION

I, Brenda Hamilton, duly appointed City Clerk of the City of Charles Town do hereby certify that the foregoing is a true and accurate copy of a Resolution adopted by the City Council of the City of Charles Town at a regular meeting of City Council held August 19, 2002, pursuant to proper notice, at which meeting a quorum was present and acting throughout.

Dated this 22nd day of August, 2002.

[SEAL]

Brenda S Hamilton

City Clerk

08/19/02
144420.00003

CH544024.1

Certificate of Publication

JEFFERSON PUBLISHING COMPANY, INC., Publisher
SPIRIT OF JEFFERSON ADVOCATE

Charles Town, W. Va. July 4 2002

I hereby certify that the annexed Notice of public hearing

in the case of City of Charles Town Combined Waterworks and Sewerage System Revenue

Bonds, Series 2002 A

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

July 4 and July 11, 2002,

as required by law.

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.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
CARA D. YOUNG
JEFFERSON PUBLISHING CO., INC.
P. O. BOX 966
CHARLES TOWN, WV 25414
My Commission Expires January 27, 2009

Cara D. Young

Commission expires

Notary Public

NOTICE OF PUBLIC HEARING ON
CITY OF CHARLES TOWN 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 Monday, July 15, 2002, at 7:30 p.m. in the Council Chambers at the City Hall, 101 East Washington Street, 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 ACQUISTION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATERWORKS 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 $1,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) AND NOT MORE THAN $3,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA INFRASTRUCTURE FUND); 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 LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

The above-entitled Ordinance was approved by the Council on July 1, 2002.

The above-quoted title of the Ordinance describes generally the contents thereof and the purposes of the Bonds contemplated thereby. The City contemplates the issuance of the Bonds described in the Ordinance. The proceeds of the Bonds will be used to provide permanent financing of the costs of acquisition and construction of betterments, additions and improvements to the waterworks system of the combined waterworks and sewerage system of the City and to pay certain costs of issuance of the Bonds and related costs. The Bonds are payable solely from revenues to be derived from the ownership and operation of the waterworks and sewerage system of the City. No taxes may at any time be levied for the payment of the Bonds or the interest thereon.

A certified copy of the above-entitled Ordinance is on file with the Council at the office of the City Clerk for review by interested parties during regular office hours.

Following the public hearing, the Council intends to enact the Ordinance upon final reading.

Dated: July 1, 2002.

/s/ Brenda Hamilton
City Clerk

7/4/2t

The above-entitled Ordinance was approved by the Council on August 5, 2002.

The above-quoted title of the Ordinance describes generally the contents thereof and the purposes of the Bonds contemplated thereby. The City contemplates the issuance of the Bonds described in the Ordinance. The proceeds of the Bonds will be used to provide permanent financing of the costs of acquisition and construction of betterments, additions and improvements to the waterworks system of the combined waterworks and sewerage system of the City and to pay certain costs of issuance of the Bonds and related costs. The Bonds are payable solely from revenues to be derived from the ownership and operation of the waterworks and sewerage system of the City. No taxes may at any time be levied for the payment of the Bonds or the interest thereon.

A certified copy of the above-entitled Ordinance is on file with the Council at the office of the City Clerk for review by interested parties during regular office hours.

Following the public hearing, the Council intends to enact the Ordinance upon final reading.

Dated: August 5, 2002

/s/ Brenda Hamilton
City Clerk

8:8;15 (2t)

NOTICE OF PUBLIC HEARING ON CITY OF CHARLES TOWN 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 Monday, August 19, 2002, at 7:30 p.m. in the Council Chambers at the City Hall, 101 East Washington Street, 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 WATERWORKS 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 $2,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEEM REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) AND NOT MORE THAN $3,600,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA INFRASTRUCTURE FUND); 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 LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

Certificate of Publication

This is to certify the annexed advertisement

Steptoe & Johnson

Charles Town Bond Ordinance

appeared for 2 consecutive days/weeks in The Journal Publishing Company, a newspaper published in the City of Martinsburg, WV in its issue beginning:

8/8

and ending

8/15

The Journal
207 W. King Street
Martinsburg, WV 25401

Fee $ 113.17

THE STATE OF WEST VIRGINIA
COUNTY OF BERKELEY

The foregoing instrument was acknowledged before me this 8/15/02 by Charlotte Packer.

My commission expires 10/13/10.

Deborah E. Spaulding
Notary Public

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
DEBORAH E. SPAULDING
114 Running Wood Drive
Inwood, WV 25428
My Commission Expires Oct. 13, 2010

Form **8038-G** (Rev. November 2000) Department of the Treasury Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

▶ Under Internal Revenue Code section 149(e)

▶ See separate Instructions.

Caution: *If the issue price is under $100,000, use Form 8038-GC.*

OMB No. 1545-0720

Part I Reporting Authority

If Amended Return, check here ▶ ☐

1 Issuer's name: City of Charles Town

2 Issuer's employer identification number: 55 6000159

3 Number and street (or P.O. box if mail is not delivered to street address): Post Office Box 14 — Room/suite:

4 Report number: 3 2002-1

5 City, town, or post office, state, and ZIP code: Charles Town, West Virginia 25414

6 Date of issue: August 22, 2002

7 Name of issue: Combined Waterworks and Sewerage System Rev. Bonds, Series 2002 A (WDA)

8 CUSIP number: N/A

9 Name and title of officer or legal representative whom the IRS may call for more information: Jane Arnett, CPA, City Manager

10 Telephone number of officer or legal representative: (304) 725-2311

Part II Type of Issue (check applicable box(es) and enter the issue price) See instructions and attach schedule

11	☐ Education	11	
12	☐ Health and hospital	12	
13	☐ Transportation	13	
14	☐ Public safety	14	
15	☑ Environment (including sewage bonds)	15	1,100,000
16	☐ Housing	16	
17	☐ Utilities	17	
18	☐ Other. Describe ▶	18	

19 If obligations are TANs or RANs, check box ▶ ☐ If obligations are BANs, check box ▶ ☐

20 If obligations are in the form of a lease or installment sale, check box ▶ ☐

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	10-1-2039	$ 1,100,000	$ 68,852	25.113 years	5.8005632 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22	Proceeds used for accrued interest			22	-0-
23	Issue price of entire issue (enter amount from line 21, column (b))			23	1,100,000
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	10,250.00		
25	Proceeds used for credit enhancement	25	-0-		
26	Proceeds allocated to reasonably required reserve or replacement fund	26	-0-		
27	Proceeds used to currently refund prior issues	27	-0-		
28	Proceeds used to advance refund prior issues	28	-0-		
29	Total (add lines 24 through 28)			29	10,250.00
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	1,089.750.00

Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)

31 Enter the remaining weighted average maturity of the bonds to be currently refunded ▶ N/A years

32 Enter the remaining weighted average maturity of the bonds to be advance refunded ▶ N/A years

33 Enter the last date on which the refunded bonds will be called ▶ N/A

34 Enter the date(s) the refunded bonds were issued ▶ N/A

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	-0-
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a	-0-
b	Enter the final maturity date of the guaranteed investment contract ▶		
37	Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	37a	-0-

b If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☑ and enter the name of the issuer ▶ West Virginia Water Development Authority and the date of the issue ▶ June 15, 1999

38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶ ☐

39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶ ☐

40 If the issuer has identified a hedge, check box ▶ ☐

Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

J Randolph Hilton 8/22/02

Signature of issuer's authorized representative — Date

J. Randolph Hilton, Mayor

Type or print name and title

WV MUNICIPAL BOND COMMISSION
8 Capitol Street
Suite 500
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: August 22, 2002

ISSUE: City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 A (West Virginia Water Development Authority)

ADDRESS: P. O. Box 14, Charles Town, West Virginia 25414 COUNTY: Jefferson

PURPOSE OF ISSUE: New Money: X
Refunding: ____

REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: August 22, 2002

CLOSING DATE: August 22, 2002

ISSUE AMOUNT: $1,100,000

RATE: 5.8%

1ST DEBT SERVICE DUE: October 1, 2002

1ST PRINCIPAL DUE: October 1, 2003

1ST DEBT SERVICE AMOUNT: $6,911.67

PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: Steptoe & Johnson PLLC
Contact Person: Vincent A. Collins, Esquire
Phone: (304) 624-8161

UNDERWRITERS COUNSEL: Jackson & Kelly PLLC
Contact Person: Samme Gee, Esquire
Phone: (304) 340-1318

CLOSING BANK: Branch Banking and Trust Company
Contact Person: Eileen Sealey
Phone: (304) 728-4200

ESCROW TRUSTEE: ____
Contact Person: ____
Phone: ____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Jane Arnett, CPA
Position: City Manager
Phone: (304)725.2311 Ext. 221

OTHER: WV Water Development Authority
Contact Person: Daniel B. Yonkosky
Function: Director
Phone: (304) 558-3612

DEPOSITS TO MBC AT CLOSE:

By: X Wire
____ Check

____ Accrued Interest: $____
X Capitalized Interest: $ 70,712
____ Reserve Account: $____
____ 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: ____

CH543790.1

29A

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 specificed 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.

WV MUNICIPAL BOND COMMISSION
8 Capitol Street
Suite 500
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: August 22, 2002

ISSUE: City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 B (West Virginia Infrastructure Fund)

ADDRESS: P. O. Box 14, Charles Town, West Virginia 25414 COUNTY: Jefferson

PURPOSE OF ISSUE: New Money: X
Refunding: ____

REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: August 22, 2002 CLOSING DATE: August 22, 2002

ISSUE AMOUNT: $3,600,000 RATE: 0%

1ST DEBT SERVICE DUE: March 1,2004 1ST PRINCIPAL DUE: March 1, 2004

1ST DEBT SERVICE AMOUNT: $23,376.63 PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: Steptoe & Johnson PLLC
Contact Person: Vincent A. Collins, Esquire
Phone: (304) 624-8161

UNDERWRITERS COUNSEL: Jackson & Kelly PLLC
Contact Person: Samme Gee, Esquire
Phone: (304) 340-1318

CLOSING BANK: Branch Banking and Trust Company
Contact Person: Eileen Sealey
Phone: (304) 728-4200

ESCROW TRUSTEE: ____
Contact Person: ____
Phone: ____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Jane Arnett, CPA
Position: City Manager
Phone: (304)725.2311 Ext. 221

OTHER: WV Infrastructure & Jobs Development Council
Contact Person: Katy Mallory, P.E.
Function: Executive Secretary
Phone: (304) 558-4607

DEPOSITS TO MBC AT CLOSE:
By: ____ Wire
____ Check

____ Accrued Interest: $____
____ Capitalized Interest: $____
____ Reserve Account: $____
____ Other: ____ $____

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: ____ Wire
____ Check
____ IGT

____ To Escrow Trustee: $____
____ To Issuer $____
____ To Cons. Invest. Fund $____
____ To Other: ____ $____

NOTES: ____

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED: ____
TRANSFERS REQUIRED: ____

CH543801.1

29B

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 specificed 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.

CITY OF CHARLES TOWN

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2002 A (West Virginia Water Development Authority) and
Series 2002 B (West Virginia Infrastructure Fund)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

Branch Banking and Trust Company, Ranson, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Ordinance of the City of Charles Town (the "Issuer") enacted by the Issuer on August 19, 2002, and a Supplemental Resolution adopted by the Issuer on August 19, 2002 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 A (West Virginia Water Development Authority) and Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 B (West Virginia Infrastructure Fund), both dated August 22, 2002, in the respective aggregate principal amounts of $1,100,000 and $3,600,000 (collectively the "Bonds"), and agrees to serve as Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

WITNESS my signature on this 22nd day of August, 2002.

BRANCH BANKING AND TRUST COMPANY

By: Joyce Parker
Its: Authorized Officer

08/19/02
144220.00003

CITY OF CHARLES TOWN

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2002 A (West Virginia Water Development Authority) and
Series 2002 B (West Virginia Infrastructure Fund)

ACCEPTANCE OF DUTIES AS REGISTRAR

BRANCH BANKING AND TRUST COMPANY, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 A (West Virginia Water Development Authority) and Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 B (West Virginia Infrastructure Fund), both dated August 22, 2002, in the respective aggregate principal amounts of $1,100,000 and $3,600,000 (collectively the "Bonds"), and agrees to perform all duties of Registrar in connection with the Bonds, all as set forth in the Bond Legislation authorizing issuance of the Bonds.

WITNESS my signature on this 22nd day of August, 2002.

BRANCH BANKING AND TRUST
COMPANY

By: _____
Its: Assistant Vice President

08/15/02
144220.00003

CITY OF CHARLES TOWN

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2002 A (West Virginia Water Development Authority) and
Series 2002 B (West Virginia Infrastructure Fund)

CERTIFICATE OF REGISTRATION OF BONDS

BRANCH BANKING AND TRUST COMPANY, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned Bonds of the City of Charles Town (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Combined Waterworks and Sewerage System Revenue Bond, Series 2002 A (West Virginia Water Development Authority), of the Issuer, dated August 22, 2002, in the principal amount of $1,100,000, numbered AR-1, was registered as to principal and interest, and the single, fully registered Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 B (West Virginia Infrastructure Fund), of the Issuer, dated August 22, 2002, in the principal amount of $3,600,000 numbered BR-1, was registered as to principal only in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of Branch Banking and Trust Company, as Registrar.

WITNESS my signature on this 22nd day of August, 2002.

BRANCH BANKING AND TRUST COMPANY

By: Charlotte S Morgan
Its: Assistant Vice President

08/19/02
144220.00003

CITY OF CHARLES TOWN

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2002 A (West Virginia Water Development Authority) and
Series 2002 B (West Virginia Infrastructure Fund)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 22nd day of August, 2002, by and between the CITY OF CHARLES TOWN, a municipal corporation and political subdivision of the State of West Virginia (the "Issuer"), and BRANCH BANKING AND TRUST COMPANY, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $1,100,000 principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 A (West Virginia Water Development Authority) and $3,600,000 principal amount of Combined Waterworks and Sewerage Revenue Bonds, Series 2002 B (West Virginia Infrastructure Fund), in fully registered form (collectively the "Bonds"), pursuant to a Bond Ordinance of the Issuer duly enacted August 19, 2002, and a Supplemental Resolution of the Issuer duly adopted August 19, 2002 (collectively, the "Bond Legislation");

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

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Bond Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

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

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

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

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule.

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

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Bond Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER: City of Charles Town
Post Office Box 14
Charles Town, West Virginia 25414
Attention: Mayor

REGISTRAR: Banking Branching and Trust Company
300 Summers St., 5th Floor
Post Office Box 1793
Charleston, West Virginia 25326
Attention: Corporate Trust Department

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

IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

CITY OF CHARLES TOWN

By: _____
Its: Mayor

BRANCH BANKING AND TRUST COMPANY

By: _____
Its: Assistant Vice President

08/16/02
144220.00003

CH543818.1

EXHIBIT A

Bond Legislation included in bond transcript as Documents No. 1 and No. 2

SCHEDULE OF COMPENSATION

(See Attached)

BB&T

Branch Banking & Trust Co.

Trust Department
300 Summers Street
P.O. Box 1793
Charleston, WV 25326
(304) 348-7081
(800) 336-5450

August 22, 2002

Jane Arnett, CPA, City Manager
City of Charles Town
101 East Washington Street
Post Office Box 14
Charles Town, WV 25414

RE: Invoice

CITY OF CHARLES TOWN, WV COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 A (WV WATER DEVELOPMENT AUTHORITY) AND SERIES 2002 B (WV INFRASTRUCTURE FUND)

ONE TIME FEE FOR SERVICES AS REGISTRAR AND AUTHENTICATING AGENT.....$250.00

Please forward remittance to:

Branch Banking and Trust Co.
Attn: Charlotte S. Morgan
P. O. Box 1793
Charleston WV 25326
Telephone: (304) 348-7239

State of West Virginia

OFFICE OF ENVIRONMENTAL HEALTH SERVICES

815 QUARRIER STREET, SUITE 418 CHARLESTON, WEST VIRGINIA 25301-2616
TELEPHONE 304-558-2981

PERMIT

PROJECT: (Water)
Water System Improvements, Phase I
332,000 Gallon Water Storage Tank

PERMIT NO.: 15,192

LOCATION: Charles Town COUNTY: Jefferson DATE: 3-25-2002

THIS IS TO CERTIFY that after reviewing plans, specifications, application forms, and other essential information that

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

is hereby granted approval to: install approximately 13,700 LF of 12", 6,100 LF of 10" and 2,000 LF of 8" water line; one (1) 332,000 gallon water storage tank; and all necessary valves, controls and appurtenances.

Facilities are being installed to improve the hydraulics in the existing distribution system and to provide for future expansions in and around the City of Charles Town.

NOTE: This permit is contingent upon: 1) All new water line and the water storage tank being disinfected, flushed and bacteriologically tested, prior to use; and 2) Maintaining a minimum ten (10) feet horizontal separation between sewer and water lines and a minimum 18" vertical separation between crossing sewer and water lines, with the water line above the sewer line.

The Environmental Engineering Division of the OEHS-Kearneysville District Office, telephone (304) 725-9453, is to be notified when construction begins.

Validity of this permit is contingent upon conformity with plans, specifications, application forms, and other information submitted to the West Virginia Bureau for Public Health.

FOR THE DIRECTOR

William S. Herold, Jr., P.E., Assistant Manager
Infrastructure/Capacity Development
Environmental Engineering Division

WSH:sec
pc: Chester Engineers, Inc
James W. Ellars, P.E., PSC-. :ering Division
Amy Swann, PSC
Jefferson County Health Dep .tment
OEHS-EED Kearneysville District Office

Prior Ordinances (Please see transcripts):

(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");

(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"); and

(7) Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated June 22, 2000, issued in the original aggregate principal amount of $3,163,781 (the "Series 2000 A Bonds").

State of West Virginia
WATER DEVELOPMENT AUTHORITY

180 Association Drive, Charleston, WV 25311-1217
(304) 558-3612 - (304) 558-0299 (Fax)
Internet: www.wvwda.org - Email: contact@wvwda.org

August 22, 2002

City of Charles Town
Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 A
(West Virginia Water Development Authority) and
Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 B
(West Virginia Infrastructure Fund)

TO WHOM IT MAY CONCERN:

In reliance upon the certificate of the certified public accountant of the Issuer, the undersigned duly authorized representative for the West Virginia Water Development Authority, the registered owner of the entire outstanding aggregate principal amount of the Prior Bonds, hereinafter defined and described, hereby consents to the issuance of the Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 A (West Virginia Water Development Authority), in the original aggregate principal amount of $1,100,000, and the Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 B (West Virginia Infrastructure Fund), in the original aggregate principal amount of $3,600,000 (collectively, the "Bonds") by the City of Charles Town (the "Issuer"), under the terms of the bond ordinance authorizing the Bonds, on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's outstanding (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 Design Revenue Bonds, Series 1998 (West Virginia SRF Program), dated September 29, 1998, issued in the original aggregate principal amount of $437,601; and (6) Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated June 22, 2000, issued in the original aggregate principal amount of $3,163,781 (collectively, the "Prior Bonds").

Authorized Representative

CLOSING MEMORANDUM

To: **Financing Team**

From: **John C. Stump, Esquire**

Date: **August 22, 2002**

Re: **City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 A (West Virginia Water Development Authority) and Series 2002 B (West Virginia Infrastructure Fund)**

---

1. DISBURSEMENTS TO CITY OF CHARLES TOWN

A.

Payor:	West Virginia Water Development Authority
Source:	Series 2002 A Bonds Proceeds
Amount:	$1,029,288
Form:	Wire
Payee:	City of Charles Town
ABA #:	057000668
Account #:	5173367017
Bank:	Branch Banking and Trust Company
Contact:	Eileen Sealey (304) 728-4200
Memo:	Series 2002 A Bonds Construction Trust Fund

B.

Payor:	West Virginia Infrastructure and Jobs Development Council
Source:	Series 2002 B Bonds Proceeds
Amount:	$44,702
Form:	Wire
Payee:	City of Charles Town
ABA #:	057000668
Account #:	5173367068
Bank:	Branch Banking and Trust Company
Contact:	Eileen Sealey (304) 728-4200
Memo:	Series 2002 B Bonds Construction Trust Fund

2. DISBURSEMENTS TO MUNICIPAL BOND COMMISSION

A.

Payor:	West Virginia Water Development Authority
Source:	Series 2002 A Bond Proceeds (West Virginia WDA)
Amount:	$70,712.00
Form:	Wire
Payee:	West Virginia Municipal Bond Commission
ABA #:	051503394
Account #:	5270517317
Bank:	Branch Banking and Trust Company
Contact:	West Virginia State Treasurer for Municipal Bond Commission
Memo:	Series 2002 A Bonds Sinking Fund for Capitalized Interest

State of West Virginia

WATER DEVELOPMENT AUTHORITY

180 Association Drive, Charleston, WV 25311-1217
(304) 558-3612 - (304) 558-0299 (Fax)
Internet: www.wvwda.org - Email: contact@wvwda.org

BOND CLOSING ATTENDANCE LIST

Date August 22, 2002 Time 9:00 a.m. LGA City of Charles Town Program WDA/IF

NAME	COMPANY, AGENCY, OR ORGANIZATION	TELEPHONE	FAX	E-MAIL
Sharme L. Gee	Jackson & Kelly PLLC	340.1318	340.1080	sgee@jacksonkelly.com
Barbara B. Meadows	Water Development Authority	558-3612	558-0299	bmeadows@wvwda.org
Doug Olds	Water Development Authority	558-3612	558-0299	dolds@wvwda.org
BERNIE YONKOSKY	WV WATER DEV AUTH	558-3612	558-0299	dyonkosky@wvwda.org
John C. Stump	Steptoe & Johnson PLLC	353-8196	353-8181	stumpjc@steptoe-johnson.com

The Authority requests that the following information concerning the individual who will be responsible for sending Debt Service Payments to the Municipal Bond Commission be provided. (If that individual is in attendance, he/she should also sign above.) Please Print:

Name Jane Arnett Telephone 725.2311 (ext. 221) E-Mail charlest@wvnet.edu
Address P.O. Box 14, Charles Town, West Virginia 25414

REMINDER: As a participant in this program, the Local Governmental Agency (LGA) agrees and is required to submit annually to the WDA a copy of its audited financial statements and a copy of its adopted budget. Also, pursuant to the Loan Agreement and the NonArbitrage Certificate (both of which are contained in the bond transcript) you are to provide annually to the WDA a rebate calculation certificate or an exception opinion showing whether a rebate amount is due to the US Government under arbitrage requirements in Section 148(f) of the US Internal Revenue Code, 1986, as amended.

ACORD INSURANCE BINDER

OP ID DT | DATE 07/31/02

IS BINDER IS A TEMPORARY INSURANCE CONTRACT, SUBJECT TO THE CONDITIONS SHOWN ON THE REVERSE SIDE OF THIS FORM.

ODUCER | PHONE (A/C, No, Ext): 304-345-8000 304-345-8014

mmercial Insurance Services
0 MacCorkle Ave. Ste #200
arleston WV 25314

net L. Buckley, AAI, CPIW

DE: | SUB CODE:

ENCY TOMER ID: CHAR-11

URED

City Of Charles Town
P. O. Box 14
Charles Town WV 25414

COMPANY: Clarendon Insurance Group

BINDER # 4608

EFFECTIVE DATE	EFFECTIVE TIME		EXPIRATION DATE	EXPIRATION TIME	
08/01/02	12:01	X AM / PM	09/29/02	X 12:01 AM / NOON	

THIS BINDER IS ISSUED TO EXTEND COVERAGE IN THE ABOVE NAMED COMPANY PER EXPIRING POLICY #: APR11-00108-02

DESCRIPTION OF OPERATIONS/VEHICLES/PROPERTY (Including Location)

VERAGES

TYPE OF INSURANCE	COVERAGE/FORMS	LIMITS: DEDUCTIBLE	COINS %	AMOUNT
PERTY — CAUSES OF LOSS: BASIC ☐ BROAD ☐ SPEC ☐				
ERAL LIABILITY — COMMERCIAL GENERAL LIABILITY; CLAIMS MADE ☐ OCCUR ☐	RETRO DATE FOR CLAIMS MADE:	EACH OCCURRENCE		$
		FIRE DAMAGE (Any one fire)		$
		MED EXP (Any one person)		$
		PERSONAL & ADV INJURY		$
		GENERAL AGGREGATE		$
		PRODUCTS - COMP/OP AGG		$
OMOBILE LIABILITY — ANY AUTO; ALL OWNED AUTOS; SCHEDULED AUTOS; HIRED AUTOS; NON-OWNED AUTOS		COMBINED SINGLE LIMIT		$1,000,000
		BODILY INJURY (Per person)		$
		BODILY INJURY (Per accident)		$
		PROPERTY DAMAGE		$
		MEDICAL PAYMENTS		$
		PERSONAL INJURY PROT		$
		UNINSURED MOTORIST		$1,000,000
		Underinsured Mot		$1,000,000
O PHYSICAL DAMAGE — DEDUCTIBLE; COLLISION: 500; OTHER THAN COL: 250	☐ ALL VEHICLES ☒ SCHEDULED VEHICLES	ACTUAL CASH VALUE; STATED AMOUNT; OTHER		$
AGE LIABILITY — ANY AUTO		AUTO ONLY - EA ACCIDENT		$
		OTHER THAN AUTO ONLY: EACH ACCIDENT		$
		AGGREGATE		$
ESS LIABILITY — UMBRELLA FORM; OTHER THAN UMBRELLA FORM	RETRO DATE FOR CLAIMS MADE:	EACH OCCURRENCE		$
		AGGREGATE		$
		SELF-INSURED RETENTION		$
WORKER'S COMPENSATION AND EMPLOYER'S LIABILITY		WC STATUTORY LIMITS		
		E.L. EACH ACCIDENT		$
		E.L. DISEASE - EA EMPLOYEE		$
		E.L. DISEASE - POLICY LIMIT		$
CIAL DITIONS/ ER ERAGES		FEES		$
		TAXES		$
		ESTIMATED TOTAL PREMIUM		$

ME & ADDRESS

☐ MORTGAGEE ☐ LOSS PAYEE ☐ ADDITIONAL INSURED

LOAN #

AUTHORIZED REPRESENTATIVE

© ACORD CORPORATION 1993

CITY OF CHARLES TOWN

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2002 A (West Virginia Water Development Authority)

ASSIGNMENT SEPARATE FROM BOND

FOR VALUE RECEIVED, the West Virginia Water Development Authority (the "Authority") hereby sells, assigns and transfers unto The Bank of New York, New York, New York, the Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 A (West Virginia Water Development Authority), of the City of Charles Town (the "Governmental Agency"), dated August 22, 2002, issued in the principal amount of $1,100,000, numbered AR-1, standing in the name of the Authority on the books of registration of the Governmental Agency.

Dated this 22nd day of August, 2002.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Barbara B Meadows
Authorized Representative

08/14/02
000832/00724

M0371926.1

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY
LOAN PROGRAM II
REQUISITION AS TO LOAN TO GOVERNMENTAL AGENCY

TO: THE BANK OF NEW YORK, Trustee

A. Name of Governmental Agency to which payment is to be made: City of Charles Town (the "Governmental Agency").

B. (i) Par amount: $1,100,000
(ii) Total amount to be paid: $1,100,000

C. Certification by West Virginia Water Development Authority (the "Authority") for its Loan Program II.

I hereby certify that under the terms and provisions of the Loan Agreement providing for the Loan to the Governmental Agency, dated as of August 22, 2002 (the "Loan Agreement"), the Governmental Agency has sold its Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 A (West Virginia Water Development Authority) (the "Local Bonds"), to the Authority in the principal amount equal to the amount of the Loan set forth in (B) (i) above, that the Governmental Agency is obligated to make Local Bond Payments and to pay Fees and Charges in accordance with Section 9.09 of the General Resolution and that the Governmental Agency is not in default under any of the terms or provisions of the Loan Agreement.

I further certify that the Local Bond Payments, and other moneys available therefor, will be sufficient to pay interest on and Principal Installments of the Local Bonds, the proceeds of which were used to fund the Loan Obligations, as such interest and Principal Installments come due.

The above certification complies with Subsections 6.06(2)(a)(ii) and (v) of the General Resolution.

Dated this 22nd day of August, 2002.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Barbara B Meadows
Authorized Representative

08/14/02
000832/00724

M0371928.1