

1 TOWN OF HANDLEY

3 ORDINANCE

5 ORDINANCE AUTHORIZING THE ACQUISITION, CONSTRUCTION,  
7 IMPROVEMENT AND BETTERMENT OF PUBLIC SEWERAGE SYSTEM  
9 FACILITIES OF THE TOWN OF HANDLEY AND THE FINANCING OF  
11 THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE  
13 ISSUANCE BY THE TOWN OF NOT MORE THAN \$160,000.00 IN  
15 AGGREGATE PRINCIPAL AMOUNT OF WATER AND SEWER REVENUE  
17 BONDS, SERIES 1990 A, NOT MORE THAN \$10,000.00 IN  
19 AGGREGATE PRINCIPAL AMOUNT OF WATER AND SEWER REVENUE  
BONDS, SERIES 1990 B; PROVIDING FOR THE RIGHTS AND  
REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF  
SUCH BONDS; APPROVING AND RATIFYING A LOAN AGREEMENT  
AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH  
BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE  
TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER  
PROVISIONS RELATING THERETO.

21 BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE TOWN  
23 OF HANDLEY:

25 ARTICLE I

27 STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

39 A. The Town of Handley (the "Issuer") is a municipal  
41 corporation and political subdivision of the State of West  
Virginia in Kanawha County of said State.

43 B. The Issuer presently owns and operates a public  
45 sewer collection system. However, it is deemed necessary and  
desirable for the health and welfare of the inhabitants of the  
47 Issuer that there be constructed certain additions, betterments  
and improvements for the existing sewerage facilities of the  
49 Issuer consisting of the construction of feeder and main  
collection lines and pump grinder stations within the  
51 jurisdiction of the Issuer, and all appurtenant facilities (the  
"Project") which constitute properties for the collection and  
53 transportation of wastewater (the existing sewerage system  
facilities of the Issuer, the Project and any further additions

1 thereto or extensions thereof is herein called the "System") at  
2 an estimated cost of \$1,809,865.00, in accordance with the  
3 plans and specifications prepared by the Consulting Engineers,  
4 which plans and specifications have heretofore been filed with  
5 the Issuer.

7 C. The estimated revenues to be derived in each year  
8 after completion of the Project from the operation of the  
9 System will be sufficient to pay all the costs of the operation  
10 and maintenance of said System, the principal of and interest  
11 on the Bonds and all Sinking Fund, Reserve Account and other  
12 payments provided for herein, all as such terms are hereinafter  
13 defined.

15 D. It is deemed necessary for the Issuer to issue  
16 its Sewer Revenue Bonds in the total aggregate principal amount  
17 of not more than \$170,000.00 in two series, being the Series  
18 1990 A Bonds in the aggregate principal amount of not more than  
19 \$160,000.00, and the Series 1990 B Bonds in the aggregate of  
20 not more than \$10,000.00 (collectively, the "Original Bonds"),  
21 to finance temporarily costs of construction and acquisition of  
22 the Project. Said costs shall be deemed to include the cost of  
23 all property rights, easements and franchises deemed necessary  
24 or convenient therefor; interest and upon the Bonds prior to  
25 and during construction or acquisition and for a period not  
26 exceeding 6 months after completion of construction of the  
27 Project; amounts which may be deposited in the Reserve  
28 Accounts; engineering, and legal expenses; expenses for  
29 estimates of costs and revenues, expenses for plans,  
30 specifications and surveys; other expenses necessary or  
31 incident to determining the feasibility or practicability of  
32 the enterprise, administrative expense, commitment fees, fees  
33 of the Authority (as hereinafter defined), discount, initial  
34 fees for the services of registrars, paying agents,  
35 depositories or trustees or other costs in connection with the  
36 sale of the Bonds and such other expenses as may be necessary  
37 or incidental to the financing herein authorized, the  
38 construction or acquisition of the Project and the placing of  
39 same in operation, and the performance of the things herein  
40 required or permitted, in connection with any thereof;  
41 provided, that reimbursement to the Issuer for any amounts  
42 expended by it for allowable costs prior to the issuance of the  
43 Bonds or the repayment of indebtedness incurred by the Issuer  
44 for such purposes, shall be deemed Costs of the Project, as  
45 hereinafter defined.

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

49 F. It is in the best interests of the Issuer that  
50 its Original Bonds be sold to the Authority (as hereinafter  
51 defined) pursuant to the terms and provisions of a loan  
52 agreement and a supplemental loan agreement to be entered into  
53

1 between the Issuer and the Authority, in form satisfactory to  
the Issuer and the Authority, as shall be approved by  
3 supplemental resolution.

5 G. There are not outstanding any obligations of the  
Issuer which will rank prior to or on a parity with the Bonds  
7 as to lien and source of and security for payment. The Series  
1990 B Bonds shall be junior and subordinate to the Series 1990  
9 A Bonds as set forth herein.

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

21 I. The Issuer is a governmental unit which has  
general taxing powers to finance operations of or facilities of  
23 the nature of the Project and System, and the Issuer, all  
subordinate entities, all entities which issue obligations on  
25 behalf of the Issuer, and all entities formed or, to the extent  
provided under Section 148 of the Code, herein defined, availed  
27 of, to avoid the purposes of Section 148(f)(4)(C) of the Code  
and all other entities benefiting thereby reasonably expect to  
29 issue less than \$5,000,000 aggregate principal amount of  
tax-exempt obligations during the calendar year 1990.

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

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

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

1

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

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

9

"Bond Construction Trust Fund" means the Bond  
11 Construction Trust Fund established by Section 4.01 hereof.

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

17

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

21

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

25

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

31

"Bonds" means the Original Bonds, and any bonds on a  
33 parity therewith authorized to be issued hereunder.

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

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

41

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

45

"Consulting Engineers" means Ghosh Engineering, Inc.,  
47 Charleston, West Virginia, or any engineer or firm of engineers  
that shall at any time hereafter be retained by the Issuer as  
49 Consulting Engineers for the System.

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

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

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

"Excess Investment Earnings" means an amount equal to the sum of:

(A) The excess of

(i) The aggregate amount earned from the Closing Date on all Nonpurpose Investments in which Gross Proceeds of the Series 1990 A Bonds are invested [other than amounts attributable to an excess described in this clause (A) of this definition of Excess Investment Earnings], over

(ii) The amount that would have been earned if the Yield on such Nonpurpose Investments [other than amounts attributable to an excess described in this clause (A) of this definition of Excess Investment Earnings] had been equal to the Yield on the Series 1990 A Bonds, plus

(B) Any income attributable to the excess described in clause (A) of this definition of Excess Investment Earnings.

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

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

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

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

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

(i) Original proceeds, namely, net amounts received by or for the Issuer as a result of the sale of the Series 1990 A Bonds, excluding original proceeds which become transferred proceeds (determined in accordance with

1 applicable Regulations) of obligations issued to refund in  
whole or in part the Series 1990 A Bonds;

3  
4 (ii) Investment proceeds, namely, amounts received at  
5 any time by or for the Issuer, such as interest and  
6 dividends, resulting from the investment of any original  
7 proceeds (as referenced in clause (i) above) or investment  
8 proceeds (as referenced in this clause (ii)) in Nonpurpose  
9 Investments, increased by any profits and decreased (if  
10 necessary, below zero) by any losses on such investments,  
11 excluding investment proceeds which become transferred  
12 proceeds (determined in accordance with applicable  
13 Regulations) of obligations issued to refund in whole or in  
part the Series 1990 A Bonds;

15  
16 (iii) Transferred proceeds, namely, original proceeds  
17 of any prior obligations, and interest earnings and profits  
18 less losses resulting from investment of such original  
19 proceeds in Nonpurpose Investments, which are used to  
20 discharge the outstanding principal of any prior bonds and  
21 which are deemed to become proceeds of the Series 1990 A  
22 Bonds ratably as original proceeds of the Series 1990 A  
23 Bonds, and interest earnings and profits resulting from  
24 investment of such original proceeds in Nonpurpose  
25 Investments, which are used to discharge the outstanding  
26 principal of any such prior obligations, all on the date of  
27 such ratable discharge;

29 (iv) Sinking fund proceeds, namely, amounts, other  
than original proceeds, investment proceeds or transferred  
31 proceeds (as referenced in clauses (i) through (iii) above)  
of the Series 1990 A Bonds, which are held in any fund to  
33 the extent that the Issuer reasonably expects to use such  
other fund to pay Debt Service;

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

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40 (vi) Investment Property pledged as security for  
41 payment of Debt Service on the Series 1990 A Bonds by the  
Issuer;

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44 (vii) Amounts, other than as specified in this  
45 definition, used to pay Debt Service on the Series 1990 A  
Bonds; and

47  
48 (viii) Amounts received as a result of investing  
49 amounts described in this definition.

51 "Gross Revenues" means the aggregate gross operating  
and non-operating revenues of the System, as hereinafter  
53 defined, determined in accordance with generally accepted

1 accounting principles, after deduction of prompt payment  
discounts, if any, and reasonable provision for uncollectible  
3 accounts; provided, that "Gross Revenues" does not include any  
gains from the sale or other disposition of, or from any  
5 increase in the value of, capital assets (including Qualified  
Investments, as hereinafter defined, purchased pursuant to  
7 Article 7.01 hereof) or any Tap Fees, as hereinafter defined.

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

11

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

19

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

27

"Issuer" means the Town of Handley, in Kanawha County,  
West Virginia, and, unless the context clearly indicates  
29 otherwise, includes the Governing Body of the Issuer.

31

"Loan Agreement" shall mean, collectively, the Loan  
Agreement and the Supplemental Loan Agreement, to be entered  
33 into between the Authority and the Issuer providing for the  
purchase of the Original Bonds from the Issuer by the  
35 Authority, the forms of which shall be approved, and the  
execution and delivery by the Issuer authorized and directed by  
37 the Supplemental Resolution.

39

"Mayor" means the Mayor of the Issuer.

41

"Net Proceeds" means the face amount of the Series  
1990 A Bonds, plus accrued interest and premium, if any, less  
43 original issue discount, if any, and less proceeds deposited in  
the Reserve Account. For purpose of the Private Business Use  
45 limitations set forth herein, the term Net Proceeds shall  
include any amounts resulting from the investment of proceeds  
47 of the Series 1990 A Bonds, without regard to whether or not  
such investment is made in tax-exempt obligations.

49

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

53

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

5  
7 "Operating Expenses" means the reasonable, proper and  
necessary costs of repair, maintenance and operation of the  
System and includes, without limiting the generality of the  
9 foregoing, administrative, engineering, legal, auditing and  
insurance expenses, other than those capitalized as part of the  
11 Costs, fees and expenses of the Authority, fiscal agents, the  
Depository Bank, Registrar and the Paying Agent (all as herein  
13 defined), other than those capitalized as part of the Costs,  
payments to pension or retirement funds, taxes and such other  
15 reasonable operating costs and expenses as should normally and  
regularly be included under generally accepted accounting  
17 principles; provided, that "Operating Expenses" does not  
include payments on account of the principal of or redemption  
19 premium, if any or interest on the Bonds, charges for  
depreciation, losses from the sale or other disposition of, or  
21 from any decrease in the value of, capital assets, amortization  
of debt discount or such miscellaneous deductions as are  
23 applicable to prior accounting periods.

25 "Original Bonds" or "Bonds originally authorized  
hereby" or similar phrases mean, collectively, the not more  
27 than \$160,000.00 in aggregate principal amount of Series 1990 A  
Bonds and the not more than \$10,000.00 in aggregate principal  
29 amount of Series 1990 B Bonds, issued for the purpose of paying  
a portion of the Costs of the Project and for such other  
31 purposes permitted and authorized by this Bond Legislation.

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

45  
47 "Parity Bonds" means additional Bonds issued under the  
provisions and within the limitations prescribed by Section  
6.07 hereof.

49  
51 "Paying Agent" means the West Virginia Municipal Bond  
Commission, as paying agent for the Bonds.

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

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

21 "Project" means the acquisition and construction of  
22 certain wastewater collection and transportation facilities of  
23 the Issuer, consisting of the construction of feeder and main  
24 collection lines and pump grinder stations within the  
25 jurisdiction of the Issuer, and all necessary appurtenances.

27 "Purchase Price," for the purpose of computation of  
28 the Yield of the Series 1990 A Bonds, has the same meaning as  
29 the term "issue price" in Sections 1273(b) and 1274 of the  
30 Code, and, in general, means the initial offering price of the  
31 Series 1990 A Bonds to the public (not including bond houses  
32 and brokers, or similar persons or organizations acting in the  
33 capacity of underwriters or wholesalers) at which price a  
34 substantial amount of the Series 1990 A Bonds of each maturity  
35 is sold or, if the Series 1990 A Bonds are privately placed,  
36 the price paid by the first buyer of the Series 1990 A Bonds or  
37 the acquisition cost of the first buyer. "Purchase Price," for  
38 purposes of computing Yield of Nonpurpose Investments, means  
39 the fair market value of the Nonpurpose Investments on the date  
40 of use of Gross Proceeds of the Series 1990 A Bonds for  
41 acquisition thereof, or if later, on the date that Investment  
42 Property constituting a Nonpurpose Investment becomes a  
43 Nonpurpose Investment of the Series 1990 A Bonds.

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

47 (a) Government Obligations;

49 (b) Government Obligations which have been stripped  
50 of their unmatured interest coupons, interest coupons  
51 stripped from Government Obligations, and receipts or  
52 certificates evidencing payments from Government  
53

1 Obligations or interest coupons stripped from Government  
Obligations;

3  
4 (c) Bonds, debentures, notes or other evidences of  
5 indebtedness issued by any of the following agencies:  
6 Banks for Cooperatives; Federal Intermediate Credit Banks;  
7 Federal Home Loan Bank System; Export-Import Bank of the  
8 United States; Federal Land Banks; Government National  
9 Mortgage Association; Tennessee Valley Authority; or  
Washington Metropolitan Area Transit Authority;

11  
12 (d) Any bond, debenture, note, participation  
13 certificate or other similar obligations issued by the  
14 Federal National Mortgage Association to the extent such  
15 obligation is guaranteed by the Government National  
16 Mortgage Association or issued by any other federal agency  
17 and backed by the full faith and credit of the United  
States of America;

19  
20 (e) Time accounts (including accounts evidenced by  
21 time certificates of deposit, time deposits or other  
22 similar banking arrangements) which, to the extent not  
23 insured by the FDIC or Federal Savings and Loan Insurance  
24 Corporation, shall be secured by a pledge of Government  
25 Obligations, provided, that said Government Obligations  
26 pledged either must mature as nearly as practicable  
27 coincident with the maturity of said time accounts or must  
28 be replaced or increased so that the market value thereof  
29 is always at least equal to the principal amount of said  
time accounts;

31  
32 (f) Money market funds or similar funds whose only  
33 assets are investments of the type described in paragraphs  
(a) through (e) above;

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

1 (h) The West Virginia "consolidated fund" managed by  
the West Virginia State Board of Investments Pursuant to  
3 Chapter 12, Article 6 of the West Virginia Code of 1931, as  
amended; and

5  
6 (i) Obligations of States or political subdivisions or  
7 agencies thereof, the interest on which is exempt from  
federal income taxation, and which are rated at least "A"  
9 by Moody's Investors Service, Inc. or Standard & Poor's  
Corporation.

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

17 "Registrar" means as appropriate, either the Bond  
Registrar.

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

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

27 "Revenue Fund" means the Revenue Fund established by  
Section 4.01 hereof.

29 "Series 1990 A Bonds" or "Series A Bonds" means the  
31 not more than \$160,000.00 in aggregate principal amount of  
Water and Sewer Revenue Bonds, Series 1990 A, of the Issuer.

33 "Series 1990 A Bonds Reserve Account" means the Series  
35 1990 A Bonds Reserve Account established in the Series 1990 A  
Bonds Sinking Fund pursuant to Section 4.02 hereof.

37 "Series 1990 A Bonds Reserve Requirement" means, as of  
39 any date of calculation, the maximum amount of principal and  
interest which will become due on the Series 1990 A Bonds in  
41 the then current or any succeeding year.

43 "Series 1990 A Bonds Sinking Fund" means the Series  
1990 A Sinking Fund established by Section 4.02 hereof.

45 "Series 1990 B Bonds" or "Series B Bonds" means the  
47 not more than \$25,000.00 in aggregate principal amount of Water  
and Sewer Revenue Bonds, Series 1990 B, of the Issuer.

49 "Series 1990 B Bonds Reserve Account" means the Series  
51 1990 B Bonds Reserve Account established in the Series 1990 B  
Bonds Sinking Fund pursuant to Section 4.02 hereof.

1 "Series 1990 B Bonds Reserve Requirement" means, as of  
the date of calculation, the maximum amount of principal which  
3 will become due on the Series 1990 B Bonds in the then current  
or any succeeding year.

5  
"Series 1990 B Bonds Sinking Fund" means the Series  
7 1990 B Bonds Sinking Fund established by Section 4.02 hereof.

9 "State" means the State of West Virginia.

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

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

27  
"System" means the existing sewerage system facilities  
29 as expanded by the Project, and all facilities and other  
property of every nature, real or personal, now or hereafter  
31 owned, held or used in connection with said sewerage system;  
and shall include any and all additions, extensions,  
33 improvements properties or other facilities at any time  
acquired or constructed for the System after completion of the  
35 Project.

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

39  
"Town Clerk" or "Town Recorder" means the Recorder of  
41 the Issuer.

43 "Yield" means that yield which, when used in computing  
the present worth of all payments of principal and interest (or  
45 other payments in the case of Nonpurpose Investments which  
require payments in a form not characterized as principal and  
47 interest) on a Nonpurpose Investment or on the Series 1990 A  
Bonds produces an amount equal to the Purchase Price of such  
49 Nonpurpose Investment or the Bonds, all computed as prescribed  
in applicable Regulations.

51  
Words importing singular number shall include the

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

5





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

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

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

27 Section 3.04. Authentication and Registration. No  
29 Bond shall be valid or obligatory for any purpose or entitled  
to any security or benefit under this Bond Legislation unless  
31 and until the Certificate of Authentication and Registration on  
such Bond, substantially in the forms set forth in Section 3.09  
33 shall have been manually executed by the Bond Registrar. Any  
such executed Certificate of Authentication and Registration  
35 upon any such Bond shall be conclusive evidence that such Bond  
has been authenticated, registered and delivered under this  
37 Bond Legislation. The Certificate of Authentication and  
Registration on any Bond shall be deemed to have been executed  
39 by the Bond Registrar if manually signed by an authorized  
officer of the Bond Registrar, but it shall not be necessary  
41 that the same officer sign the Certificate of Authentication  
and Registration on all of the Bonds issued hereunder.

43 Section 3.05. Negotiability, Transfer and  
45 Registration. Subject to the provisions for transfer of  
registration set forth below, the Bonds shall be and have all  
47 of the qualities and incidents of negotiable instruments under  
the Uniform Commercial Code of the State of West Virginia, and  
49 each successive Holder, in accepting any of said Bonds shall be  
conclusively deemed to have agreed that such Bonds shall be and  
51 have all of the qualities and incidents of negotiable  
instruments under the Uniform Commercial Code of the State of  
53 West Virginia, and each successive Holder shall further be

1 conclusively deemed to have agreed that said Bonds shall be  
incontestable in the hands of a bona fide holder for value.

3

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

7

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

15

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

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

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

11

Section 3.08. Bonds Secured by Pledge of Net  
12 Revenues; Series 1990 B Bonds to be Junior and Subordinate to  
13 Series 1990 A Bonds. The payment of the debt service of all  
14 the Series 1990 A Bonds shall be secured forthwith equally and  
15 ratably with each other, by a first lien on the Net Revenues  
16 derived from the System. The payment of the debt service of  
17 all the Series 1990 B Bonds shall also be secured forthwith  
18 equally and ratably with each other by a lien on the Net  
19 Revenues derived from the System, but junior and subordinate to  
20 the lien on such Net Revenues in favor of the Holders of the  
21 Series 1990 A Bonds. Such Net Revenues in an amount sufficient  
22 to pay the principal of and interest on and other payments for  
23 the Bonds and to make the payments into the Sinking Funds, the  
24 Reserve Accounts therein and the Renewal and Replacement Fund  
25 hereinafter established, are hereby irrevocably pledged to the  
26 payment of the principal of and interest on the Bonds as the  
27 same become due.

29

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

35

1 [Form of Series 1990 A Bond]

3 UNITED STATES OF AMERICA  
5 STATE OF WEST VIRGINIA  
7 TOWN OF HANDLEY  
SEWER REVENUE BOND  
9 SERIES 1990 A

11 No. AR-\_\_\_\_\_

\$ \_\_\_\_\_

13

15 KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF  
17 HANDLEY, a municipal corporation and political subdivision of  
19 the State of West Virginia in Kanawha 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 \_\_\_\_\_  
21 \_\_\_\_\_ (\$ \_\_\_\_\_), in  
installments on October 1 of each year as set forth on the  
23 "Schedule of Annual Debt Service" attached as Exhibit A hereto  
and incorporated herein by reference with interest on each  
25 installment at the rate per annum set forth on said Exhibit A.

27 The interest rate on each installment shall run from  
the original date of delivery of this Bond to the Authority and  
29 payment therefor, and until payment of such installment, and  
such interest shall be payable on April 1 and October 1 in each  
31 year, beginning October 1, 1990. Principal installments of  
this Bond are payable in any coin or currency which, on the  
33 respective dates of payment of such installments, is legal  
tender for the payment of public and private debts under the  
35 laws of the United States of America, at the office of the West  
Virginia Municipal Bond Commission, Charleston, West Virginia  
37 (the "Paying Agent"). The interest on this Bond is payable by  
check or draft of the Paying Agent mailed to the registered  
39 owner hereof at the address as it appears on the books  
of \_\_\_\_\_, West Virginia, as  
41 registrar (the "Registrar") on the 15th day of the month next  
preceding an interest payment date, or by such other method as  
43 shall be mutually agreeable so long as the Authority is the  
Registered Owner hereof.

45

47 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  
49 prescribed by, and otherwise in compliance with, the Loan  
Agreement between the Issuer and the Authority,  
51 dated \_\_\_\_\_, 1990.

1 This Bond is issued (i) to pay a portion of the costs  
of acquisition and construction of certain additions,  
3 improvements and betterments to the sewerage system facilities  
of the Issuer (the "Project"); (ii) [to pay interest on the  
5 Bonds of this series] (the "Bonds") during the construction of  
the Project and for not more than 6 months thereafter; (iii)  
7 [to fund a reserve account for the Bonds]; and (iv) to pay  
certain costs of issuance hereof and related costs. This Bond  
9 is issued under the authority of and in full compliance with  
the Constitution and statutes of the State of West Virginia,  
11 including particularly Chapter 16, Article 13 of the West  
Virginia Code of 1931, as amended (the "Act"), and an Ordinance  
13 and Supplemental Resolution, duly enacted and adopted,  
respectively, by the Issuer on \_\_\_\_\_, 1990,  
15 and \_\_\_\_\_, 1990, (collectively called the "Bond  
Legislation"), and is subject to all the terms and conditions  
17 thereof. The Bond Legislation provides for the issuance of  
additional bonds under certain conditions, and such bonds would  
19 be entitled to be paid and secured equally and ratably from and  
by the funds and revenues and other security provided for the  
21 Bonds under the Bond Legislation.

23 This Bond is issued concurrently with the Sewer  
Revenue Bonds, Series 1990 B, of the Issuer (the "Series 1990 B  
25 Bonds"), issued in the aggregate principal amount of  
\$ \_\_\_\_\_, which Series 1990 B Bonds are junior and  
27 subordinate with respect to liens and sources of and security  
for payment to the Bonds.

29 This Bond is payable only from and secured by a first  
31 lien pledge of the Net Revenues (as defined in the Bond  
Legislation) to be derived from the operation of the System,  
33 moneys in the Reserve Account created under the Bond  
Legislation for the Bonds (the "Series 1990 A Bonds Reserve  
35 Account"), and unexpended proceeds of the Bonds and the Series  
1990 B Bonds. Such Net Revenues shall be sufficient to pay the  
37 principal of and interest on all bonds which may be issued  
pursuant to the Act and which shall be set aside as a special  
39 fund hereby pledged for such purpose. This Bond does not  
constitute a corporate indebtedness of the Issuer within the  
41 meaning of any constitutional or statutory provisions or  
limitations, nor shall the Issuer be obligated to pay the same  
43 or the interest hereon except from said special fund provided  
from the Net Revenues, the moneys in the Series 1990 A Bonds  
45 Reserve Account and unexpended Bond proceeds and Series 1990 B  
Bonds. Pursuant to the Bond Legislation, the Issuer has  
47 covenanted and agreed to establish and maintain just and  
equitable rates and charges for the use of the System and the  
49 services rendered thereby, which shall be sufficient, together  
with other revenues of the System, to provide for the  
51 reasonable expenses of operation, repair and maintenance of the  
System, and to leave a balance each year equal to at least 115%  
53 of the maximum amount required in any year for principal of and

1 interest on the Bonds, the Series 1990 B Bonds, and all other  
obligations secured by a lien on or payable from such revenues  
3 prior to or on a parity with the Bonds or the Series 1990 B  
Bonds, provided however, that so long as there exists in the  
5 Series 1990 A Bonds Reserve Account an amount at least equal to  
the maximum amount of principal and interest which will become  
7 due on the Bonds in the then current or any succeeding year,  
and in the respective reserve accounts established for the  
9 Series 1990 B Bonds and any other obligations outstanding prior  
to or on a parity with the Bonds or the Series 1990 B Bonds, an  
11 amount at least equal to the requirement therefor, such  
percentage may be reduced to 110%. The Issuer has entered into  
13 certain further covenants with the registered owners of the  
Bonds for the terms of which reference is made to the Bond  
15 Legislation. Remedies provided the registered owners of the  
Bonds are exclusively as provided in the Bond Legislation, to  
17 which reference is here made for a detailed description thereof.

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

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

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

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

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

5  
IN WITNESS WHEREOF, the TOWN OF HANDLEY has caused  
7 this Bond to be signed by its Mayor and its corporate seal to  
be hereunto affixed and attested by its Town Recorder, and has  
9 caused this Bond to be dated \_\_\_\_\_, 1990.

11

[SEAL]

13

\_\_\_\_\_  
Mayor

15

ATTEST:

17

19

\_\_\_\_\_  
Town Recorder

21

1 (Form of)

3 CERTIFICATE OF AUTHENTICATION AND REGISTRATION

5  
7 This Bond is one of the Series 1990 A Bonds described  
9 in the within-mentioned Bond Legislation and has been duly  
11 registered in the name of the registered owner set forth above,  
as of the date set forth below.

13 Date: \_\_\_\_\_

15 \_\_\_\_\_  
17 as Registrar

19 By \_\_\_\_\_  
21 Its Authorized Officer

1

EXHIBIT A

3

SCHEDULE OF ANNUAL DEBT SERVICE

5

1 (Form of)

3 ASSIGNMENT

5  
7 FOR VALUE RECEIVED the undersigned sells, assigns, and  
9 transfers unto

11

13 the within Bond and does hereby irrevocably constitute and  
15 appoint \_\_\_\_\_, Attorney  
17 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.

19 Dated: \_\_\_\_\_.

21

23 \_\_\_\_\_

25 In the presence of:

27

29 \_\_\_\_\_

1 [Form of Series 1990 B Bond]

3 UNITED STATES OF AMERICA  
5 STATE OF WEST VIRGINIA  
7 TOWN OF HANDLEY  
SEWER REVENUE BOND  
9 SERIES 1990 B

11 No. BR-\_\_\_\_\_

\$ \_\_\_\_\_

13  
15 KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF  
HANDLEY, a municipal corporation and political subdivision of  
17 the State of West Virginia in Kanawha County of said State (the  
"Issuer"), for value received, hereby promises to pay, solely  
19 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 \_\_\_\_\_  
21 \_\_\_\_\_ (\$ \_\_\_\_\_), in annual  
installments on October 1 of each year as set forth on the  
23 "Schedule of Annual Debt Service" attached as Exhibit A hereto  
and incorporated herein by reference, without interest.

25  
27 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  
29 and private debts under the laws of the United States of  
America, at the office of the West Virginia Municipal Bond  
31 Commission, Charleston, West Virginia (the "Paying Agent").

33  
35 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  
37 prescribed by, and otherwise in compliance with, the  
Supplemental Loan Agreement between the Issuer and the  
Authority, dated \_\_\_\_\_, 1990.

39  
41 This Bond is issued (i) to pay a portion of the costs  
of acquisition and construction of certain additions,  
improvements and betterments to the sewerage system facilities  
43 of the Issuer (the "Project"); (ii) [to fund a reserve account  
for the Bonds of this Series (the "Bonds")]; and (iii) to pay  
45 certain costs of issuance hereof and related costs. This Bond  
is issued under the authority of and in full compliance with  
47 the Constitution and statutes of the State of West Virginia,  
including particularly Chapter 16, Article 13 of the West  
49 Virginia Code of 1931, as amended (the "Act"), and an Ordinance  
and Supplemental Resolution, duly enacted and adopted,  
51 respectively, by the Issuer on \_\_\_\_\_, 1990,  
and \_\_\_\_\_, 1990 (collectively called the "Bond  
53 Legislation"), and is subject to all the terms and conditions

1 thereof. The Bond Legislation provides for the issuance of  
2 additional bonds under certain conditions, and such bonds would  
3 be entitled to be paid and secured equally and ratably from and  
4 by the funds and revenues and other security provided for the  
5 Bonds under the Bond Legislation.

7 THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO  
8 LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO THE  
9 OUTSTANDING WATER AND SEWER REVENUE BONDS, SERIES 1990 A, OF  
10 THE ISSUER (THE "SERIES 1990 A BONDS"), ISSUED CONCURRENTLY  
11 HEREWITH IN THE AGGREGATE PRINCIPAL AMOUNT OF \$ \_\_\_\_\_.

13 This Bond is payable only from and secured by a pledge  
14 of the Net Revenues (as defined in the Bond Legislation) to be  
15 derived from the operation of the System after there has first  
16 been paid from said Net Revenues all payments then due and  
17 owing on account of the Series 1990 A Bonds herein described  
18 and to all moneys in the Reserve Account created under the Bond  
19 Legislation for the Bonds (the "Series 1990 B Bonds Reserve  
20 Account"), and unexpended proceeds of the Bonds. Such Net  
21 Revenues shall be sufficient to pay the principal of and  
22 interest on all bonds which may be issued pursuant to the Act  
23 and which shall be set aside as a special fund hereby pledged  
24 for such purpose. This Bond does not constitute a corporate  
25 indebtedness of the Issuer within the meaning of any  
26 constitutional or statutory provisions or limitations, nor  
27 shall the Issuer be obligated to pay the same, except from said  
28 special fund provided from the Net Revenues, the moneys in the  
29 Series 1990 B Bonds Reserve Account and unexpended Bond  
30 proceeds. Pursuant to the Bond Legislation, the Issuer has  
31 covenanted and agreed to establish and maintain just and  
32 equitable rates and charges for the use of the System and the  
33 services rendered thereby, which shall be sufficient, together  
34 with other revenues of the System, to provide for the  
35 reasonable expenses of operation, repair and maintenance of the  
36 System, and to leave a balance each year equal to at least 115%  
37 of the maximum amount required in any year for principal of and  
38 interest, if any, on the Bonds, the Series 1990 A Bonds and all  
39 other obligations secured by a lien on or payable from such  
40 revenues prior to or on a parity with the Series 1990 A Bonds  
41 or the Bonds, provided however, that so long as there exists in  
42 the Series 1990 B Bonds Reserve Account and the reserve account  
43 established for the Series 1990 A Bonds, respectively, amounts  
44 at least equal to the maximum amount of principal and interest,  
45 if any, which will become due on the Bonds and the Series 1990  
46 A Bonds in the then current or any succeeding year, and any  
47 reserve account for any such prior or parity obligations is  
48 funded at least at the requirement therefor, such percentage  
49 may be reduced to 110%. The Issuer has entered into certain  
50 further covenants with the registered owners of the Bonds for  
51 the terms of which reference is made to the Bond Legislation.  
52 Remedies provided the registered owners of the Bonds are  
53 exclusively as provided in the Bond Legislation, to which  
reference is here made for a detailed description thereof.

1  
3  
5  
7  
9  
11  
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17  
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41  
43

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owners of the Bonds, which lien is subordinate to the lien in favor of the registered owners of the Series 1990 A Bonds.

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

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

1           IN WITNESS WHEREOF, the TOWN OF HANDLEY has caused  
3 this Bond to be signed by its Mayor and its corporate seal to  
5 be hereunto affixed and attested by its Town Recorder, and has  
caused this Bond to be dated \_\_\_\_\_, 1990.

7 [SEAL]

9

\_\_\_\_\_  
Mayor

11 ATTEST:

13

15 \_\_\_\_\_  
Town Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1990 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: \_\_\_\_\_

\_\_\_\_\_  
as Registrar

By \_\_\_\_\_  
Its Authorized Officer



1

EXHIBIT A

3

SCHEDULE OF ANNUAL DEBT SERVICE

1 (Form of)

3 ASSIGNMENT

5  
7 FOR VALUE RECEIVED the undersigned sells, assigns, and  
9 transfers unto

11

13 the within Bond and does hereby irrevocably constitute and  
15 appoint \_\_\_\_\_  
17 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.

19 Dated: \_\_\_\_\_, \_\_\_\_\_.

21

23 \_\_\_\_\_

25 In the presence of:

27

29 \_\_\_\_\_

1           Section 3.10. Sale of Original Bonds; Ratification  
2           of Execution of Loan Agreement with Authority. The Original  
3 Bonds shall be sold to the Authority, pursuant to the terms and  
4 conditions of the Loan Agreement. If not so authorized by  
5 previous ordinance or resolution, the Mayor is specifically  
6 authorized and directed to execute the Loan Agreement in the  
7 form attached hereto as "Exhibit A" and made a part hereof and  
8 the Recorder is directed to affix the seal of the Issuer,  
9 attest the same and deliver the Loan Agreement to the  
10 Authority, and any such prior execution and delivery is hereby  
11 authorized, ratified and approved.

13           Section 3.11. "Amended Schedule A" Filing; Tender of  
14           Series 1990 B Bonds. Upon completion of acquisition and  
15 construction of the Project, the Issuer will file with the  
16 Authority a schedule substantially in the form of the "Amended  
17 Schedule A" to the Loan Agreement, setting forth the actual  
18 costs of the Project and sources of funding therefor. In the  
19 event such schedule reflects an excess of funding for the  
20 Project, or if the Authority is otherwise advised of an excess,  
21 the Authority may tender the Series 1990 B Bonds to the Issuer  
22 for payment in an amount equal to such excess. Notwithstanding  
23 the foregoing, if the Issuer has construction financing  
24 outstanding upon completion of the acquisition and construction  
25 of the Project, it will advise the Authority of such fact and  
26 submit a second schedule to the Authority upon payment of such  
27 construction financing, and the Authority will not tender its  
28 Series 1990 B Bonds for payment until the outstanding  
29 construction financing have been paid.



1 Series 1990 A Bonds Sinking Fund and the next semiannual  
2 interest payment date is less than 7 months, then such  
3 monthly payments shall be increased proportionately to  
4 provide, one month prior to the next semiannual interest  
5 payment date, the required amount of interest coming due on  
6 such date.

7  
8 (3) The Issuer shall next, on the first day of each  
9 month, commencing 13 months prior to the first date of  
10 payment of principal on the Series 1990 A Bonds, apportion  
11 and set apart out of the Revenue Fund and remit to the  
12 Commission for deposit in the Series 1990 A Bonds Sinking  
13 Fund, a sum equal to 1/12th of the amount of principal  
14 which will mature and become due on said Series 1990 A  
15 Bonds on the next ensuing principal payment date; provided  
16 that, in the event the period to elapse between the date of  
17 such initial deposit in the Series 1990 A Bonds Sinking  
18 Fund and the next annual principal payment date is less  
19 than 13 months then such monthly payments shall be  
20 increased proportionately to provide, one month prior to  
21 the next annual principal payment date, the required amount  
22 of principal coming due on such date.

23  
24 (4) The Issuer shall next, on the first day of each  
25 month, commencing 13 months prior to the first date of  
26 payment of principal of the Series 1990 A Bonds, if not  
27 fully funded upon issuance of the Series 1990 A Bonds,  
28 apportion and set apart out of the Revenue Fund and remit  
29 to the Commission for deposit in the Series 1990 A Bonds  
30 Reserve Account, an amount equal to 1/120 of the Series  
31 1990 A Bonds Reserve Requirement; provided, that no further  
32 payments shall be made into the Series 1990 A Bonds Reserve  
33 Account when there shall have been deposited therein, and  
34 as long as there shall remain on deposit therein, an amount  
35 equal to the Series 1990 A Bonds Reserve Requirement.

36  
37 (5) From the moneys remaining in the Revenue Fund, the  
38 Issuer shall next, on the first day of each month,  
39 commencing with the month succeeding the first full  
40 calendar month after completion of the Project, transfer to  
41 the Renewal and Replacement Fund a sum equal to 2 1/2% of  
42 the Gross Revenues each month, exclusive of any payments  
43 for account of the Series 1990 A Bonds Reserve Account or  
44 the Series 1990 B Bonds Reserve Account. All funds in the  
45 Renewal and Replacement Fund shall be kept apart from all  
46 other funds of the Issuer or of the Depository Bank and  
47 shall be invested and reinvested in accordance with Article  
48 VII hereof. Withdrawals and disbursements may be made from  
49 the Renewal and Replacement Fund for replacements,  
50 emergency repairs, improvements or extensions to the  
51 System; provided, that any deficiencies in the Series 1990  
52 A Bonds Reserve Account [except to the extent such  
53 deficiency exists because the required payments into such

1 account have not, as of the date of determination of a  
2 deficiency, funded such account to the maximum extent  
3 required by Subsection 4.03(A)(4)] shall be promptly  
4 eliminated with moneys from the Renewal and Replacement  
5 Fund.

7 (6) The Issuer shall next, on the first day of each  
8 month, commencing 13 months prior to the first date of  
9 payment of principal on the Series 1990 B Bonds, apportion  
10 and set apart out of the Revenue Fund and remit to the  
11 Commission for deposit in the Series 1990 B Bonds Sinking  
12 Fund, a sum equal to 1/12th of the amount of principal  
13 which will mature and become due on said Series 1990 B  
14 Bonds on the next ensuing principal payment date; provided  
15 that, in the event the period to elapse between the date of  
16 such initial deposit in the Series 1990 B Bonds Sinking  
17 Fund and the next annual principal payment date is less  
18 than 13 months then such monthly payments shall be  
19 increased proportionately to provide, one month prior to  
20 the next annual principal payment date, the required amount  
21 of principal coming due on such date.

23 (7) The Issuer shall next, on the first day of each  
24 month, commencing 13 months prior to the first date of  
25 payment of principal of the Series 1990 B Bonds, if not  
26 fully funded upon issuance of the Series 1990 B Bonds,  
27 apportion and set apart out of the Revenue Fund and remit  
28 to the Commission for deposit in the Series 1990 B Bonds  
29 Reserve Account, an amount equal to 1/120 of the Series  
30 1990 B Bonds Reserve Requirement; provided, that no further  
31 payments shall be made into the Series 1990 B Bonds Reserve  
32 Account when there shall have been deposited therein, and  
33 as long as there shall remain on deposit therein, an amount  
34 equal to the Series 1990 B Bonds Reserve Requirement.

35 Moneys in the Series 1990 A Bonds Sinking Fund and the  
36 Series 1990 B Bonds Sinking Fund shall be used only for the  
37 purposes of paying principal of and interest, if any, on  
38 the respective series of Bonds as the same shall become  
39 due. Moneys in the Series 1990 A Bonds Reserve Account and  
40 the Series 1990 B Bonds Reserve Account shall be used only  
41 for the purpose of paying principal of and interest, if  
42 any, on the respective series of Bonds, as the same shall  
43 come due, when other moneys in the attendant Sinking Fund  
44 are insufficient therefor, and for no other purpose.

47 All investment earnings on moneys in the several  
48 Sinking Funds and Reserve Accounts shall be returned, not  
49 less than once each year, by the Commission to the Issuer,  
50 and such amounts shall, during construction of the Project,  
51 be deposited in the Bond Construction Trust Fund, and  
52 following completion of construction of the Project, shall  
53 be deposited in the Revenue Fund and applied in full, first

1 to the next ensuing interest payments, if any, due on the  
3 respective Series of Bonds, and then to the next ensuing  
principal payments due thereon.

5 Any withdrawals from the Series 1990 A Bonds Reserve  
7 Account which result in a reduction in the balance of the  
Series 1990 A Bonds Reserve Account to below the Series  
9 1990 A Bonds Reserve Requirement shall be subsequently  
restored from the first Net Revenues available after all  
11 required payments to the Series 1990 A Bonds Sinking Fund  
for payment of debt service on the Bonds have been made in  
full.

13 Any withdrawals from the Series 1990 B Bonds Reserve  
15 Account which result in a reduction in the balance of the  
Series 1990 B Bonds Reserve Account to below the Series  
17 1990 B Bonds Reserve Requirement shall be subsequently  
restored from the first Net Revenues available after all  
19 required payments to the Series 1990 A Bonds Sinking Fund,  
21 the Series 1990 A Bonds Reserve Account, the Renewal and  
Replacement Fund and the Series 1990 B Bonds Sinking Fund  
have been made in full.

23 As and when additional Bonds ranking on a parity with  
25 the Bonds are issued, provision shall be made for  
additional payments into the respective Sinking Fund  
27 sufficient to pay the interest on such additional parity  
Bonds and accomplish retirement thereof at maturity and to  
29 accumulate a balance in the appropriate Reserve Account in  
an amount equal to the maximum provided and required to be  
31 paid into the concomitant Sinking Fund in any year for  
account of the Bonds of such series, including such  
33 additional Bonds which by their terms are payable from such  
Sinking Fund.

35 The Issuer shall not be required to make any further  
37 payments into the Series 1990 A Bonds Sinking Fund, or the  
Series 1990 B Bonds Sinking Fund or into the Reserve  
39 Accounts therein when the aggregate amount of funds in said  
respective Sinking Funds and Reserve Accounts are at least  
41 equal to the aggregate principal amount of the respective  
Bonds issued pursuant to this Bond Legislation then  
43 Outstanding and all interest to accrue until the respective  
maturities thereof.

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

51 The payments into the Sinking Funds shall be made on  
53 the first day of each month, except that when the first day

1 of any month shall be a Sunday or legal holiday then such  
2 payments shall be made on the next succeeding business day,  
3 and all such payments shall be remitted to the Commission  
4 with appropriate instructions as to the custody, use and  
5 application thereof consistent with the provisions of this  
6 Bond Legislation.

7  
8 Moneys in the Reserve Accounts shall be invested and  
9 reinvested by the Commission in accordance with Section  
10 7.01 hereof.

11  
12 The Sinking Funds, including the Reserve Accounts  
13 therein, shall be used solely and only for, and are hereby  
14 pledged for, the purpose of servicing the respective Bonds  
15 and any additional Bonds ranking on a parity therewith that  
16 may be issued and Outstanding under the conditions and  
17 restrictions hereinafter set forth.

18 B. Whenever all of the required and provided  
19 transfers and payments from the Revenue Fund into the several  
20 special funds, as hereinbefore provided, are current and there  
21 remains in said Revenue Fund a balance in excess of the  
22 estimated amounts required to be so transferred and paid into  
23 the Sinking Funds, including the Reserve Accounts therein, and  
24 the Renewal and Replacement Fund during the following month or  
25 such other period as required by law, such excess shall be  
26 considered Surplus Revenues. Surplus Revenues may be used for  
27 any lawful purpose of the System.

28  
29 C. The Issuer shall remit from the Revenue Fund to  
30 the Commission, the Registrar or the Depository Bank, on such  
31 dates as the Commission, the Registrar or the Depository Bank,  
32 as the case may be, shall require, such additional sums as  
33 shall be necessary to pay the Depository Bank's charges then  
34 due.

35  
36 D. The moneys in excess of the sum insured by the  
37 maximum amounts insured by FDIC in the Revenue Fund and the  
38 Renewal and Replacement Fund shall at all times be secured, to  
39 the full extent thereof in excess of such insured sum, by  
40 Qualified Investments as shall be eligible as security for  
41 deposits of state and municipal funds under the laws of the  
42 State.

43  
44 E. If on any monthly payment date the revenues are  
45 insufficient to place the required amount in any of the funds  
46 and accounts as hereinabove provided, the deficiency shall be  
47 made up in the subsequent payments in addition to the payments  
48 which would otherwise be required to be made into the funds and  
49 accounts on the subsequent payment dates.

50  
51 F. All remittances made by the Issuer to the  
52 Commission shall clearly identify the fund or account into  
53 which each amount is to be deposited.

1

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

5

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

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Except as provided in Section 5.01 hereof, disbursements from the Bond Construction Trust Fund (except for the costs of issuance of the Original Bonds which shall be made upon request of the Issuer), shall be made only after submission to the Depository Bank of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:

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

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

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

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

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

35 Pending such application, moneys in the Bond  
37 Construction Trust Fund, including any accounts therein, shall  
be invested and reinvested in Qualified Investments at the  
39 written direction of the Issuer.

41 After completion of the Project, as certified by the  
Consulting Engineers, the Depository Bank shall transfer any  
43 moneys remaining in the Bond Construction Trust Fund to the  
Series 1990 A Bonds Reserve Account, and when fully funded to  
45 the Series 1990 B Bonds Reserve Account, and when both Reserve  
Accounts are fully funded, shall return such remaining moneys  
47 to the Issuer for deposit in the Revenue Fund. The Issuer  
shall thereafter, apply such moneys in full, first to the next  
49 ensuing interest payments, if any, due on the respective Series  
of Bonds and thereafter to the next ensuing principal payments  
51 due thereon. Notwithstanding the foregoing, if the Authority  
tenders any of its Series 1990 B Bonds to the Issuer pursuant

1 to the provisions of the Supplemental Loan Agreement, such  
moneys shall be applied to the purchase of such Series 1990 B  
3 Bonds.

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ARTICLE VI

ADDITIONAL COVENANTS OF THE ISSUER

Section 6.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Bonds as hereinafter provided in this Article VI. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of said Bonds or the interest thereon is Outstanding and unpaid.

Section 6.02. Bonds not to be Indebtedness of the Issuer. The Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay said Bonds or the interest thereon.

Section 6.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 1990 A Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System and payment of the debt service of the Series 1990 B Bonds issued hereunder shall be secured forthwith equally and ratably by a second lien on said Net Revenues, but such lien shall be junior and subordinate to the lien on said Net Revenues in favor of the Holders of the Series 1990 A Bonds. The revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Bonds and to make the payments into the Sinking Funds, including the Reserve Accounts therein, and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to the payment of the principal of and interest on the Bonds as the same become due, and for the other purposes provided in the Bond Legislation.

Section 6.04. Initial Schedule of Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the ordinance of the Issuer enacted March 14, 1990.

Section 6.05. Sale of the System. Except as otherwise required by law, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be

1 realized shall be sufficient to pay fully all the Bonds  
2 Outstanding, or to effectively defease this Bond Legislation in  
3 accordance with Section 9.01 hereof. The proceeds from any  
4 such sale, mortgage, lease or other disposition of the System  
5 shall, with respect to the Bonds, immediately be remitted to  
6 the Commission for deposit in the Sinking Funds, and, with the  
7 written permission of the Authority, or in the event the  
8 Authority is no longer a Bondholder, the Issuer shall direct  
9 the Commission to apply such proceeds to the payment of  
10 principal at maturity of and interest on the Bonds. Any  
11 balance remaining after the payment of all the Bonds and  
12 interest thereon shall be remitted to the Issuer by the  
13 Commission unless necessary for the payment of other  
14 obligations of the Issuer payable out of the revenues of the  
15 System.

17 The foregoing provision notwithstanding, the Issuer  
18 shall have and hereby reserves the right to sell, lease or  
19 otherwise dispose of any of the property comprising a part of  
20 the System hereinafter determined in the manner provided herein  
21 to be no longer necessary, useful or profitable in the  
22 operation thereof. Prior to any such sale, lease or other  
23 disposition of such property, if the amount to be received  
24 therefor, together with all other amounts received during the  
25 same Fiscal Year for such sales, leases or other dispositions  
26 of such properties, is not in excess of \$10,000, the Issuer  
27 shall, by resolution, determine that such property comprising a  
28 part of the System is no longer necessary, useful or profitable  
29 in the operation thereof and may then provide for the sale of  
30 such property. The proceeds of any such sale shall be  
31 deposited in the Renewal and Replacement Fund. If the amount  
32 to be received from such sale, lease or other disposition of  
33 said property, together with all other amounts received during  
34 the same Fiscal Year for such sales, leases or other  
35 dispositions of such properties, shall be in excess of \$10,000  
36 but not in excess of \$50,000, the Issuer shall first, determine  
37 upon consultation with the Consulting Engineers that such  
38 property comprising a part of the System is no longer  
39 necessary, useful or profitable in the operation thereof and  
40 may then, if it be so advised, by resolution duly adopted,  
41 authorize such sale, lease or other disposition of such  
42 property upon public bidding. The proceeds derived from any  
43 such sale, lease or other disposition of such property,  
44 aggregating during such Fiscal Year in excess of \$10,000 and  
45 not in excess of \$50,000, shall with the written consent of the  
46 Authority, be remitted by the Issuer to the Commission for  
47 deposit in the Sinking Fund and shall be applied only to the  
48 purchase of Bonds of the last maturities then Outstanding at  
49 prices not greater than the par value thereof plus 3% of such  
50 par value or otherwise. Such payment of such proceeds into the  
51 Sinking Fund or the Renewal and Replacement Fund shall not  
52 reduce the amounts required to be paid into said funds by other  
53 provisions of this Bond Legislation. No sale, lease or other

1 disposition of the properties of the System shall be made by  
the Issuer if the proceeds to be derived therefrom, together  
3 with all other amounts received during the same Fiscal Year for  
such sales, leases, or other dispositions of such properties,  
5 shall be in excess of \$50,000 and insufficient to pay all Bonds  
then Outstanding without the prior approval and consent in  
7 writing of the Holders, or their duly authorized  
representatives, of over 50% in amount of the Bonds then  
9 Outstanding and the Consulting Engineers. The Issuer shall  
prepare the form of such approval and consent for execution by  
11 the then Holders of the Bonds for the disposition of the  
proceeds of the sale, lease or other disposition of such  
13 properties of the System.

15 Section 6.06. Issuance of Other Obligations Payable  
Out of Revenues and General Covenant Against Encumbrances.  
17 Except as provided in this Section 6.06 and in Section 6.07B,  
the Issuer shall not issue any other obligations whatsoever  
19 payable from the revenues of the System which rank prior to, or  
equally, as to lien on and source of and security for payment  
21 from such revenues with the Bonds; provided, however, that  
additional Bonds on a parity with the Series 1990 B Bonds only  
23 may be issued as provided for in Section 6.07 hereof. All  
obligations issued by the Issuer after the issuance of the  
25 Bonds and payable from the revenues of the System, except such  
additional parity Bonds, shall contain an express statement  
27 that such obligations are junior and subordinate, as to lien on  
and source of and security for payment from such revenues and  
29 in all other respects, to the Series 1990 A Bonds and the  
Series 1990 B Bonds; provided, that no such subordinate  
31 obligations shall be issued unless all payments required to be  
made into the Reserve Accounts and the Renewal and Replacement  
33 Fund at the time of the issuance of such subordinate  
obligations have been made and are current.

35  
Except as provided above, the Issuer shall not create,  
37 or cause or permit to be created, any debt, lien, pledge,  
assignment, encumbrance or any other charge having priority  
39 over or being on a parity with the lien of the Bonds, and the  
interest thereon, upon any of the income and revenues of the  
41 System pledged for payment of the Bonds and the interest  
thereon in this Bond Legislation, or upon the System or any  
43 part thereof.

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

51 All Parity Bonds issued hereunder shall be on a parity  
in all respects with the Series 1990 B Bonds. No Parity Bonds

1 shall be issued which shall be payable out of the revenues of  
the System on a parity with the Series 1990 A Bonds, unless the  
3 Series 1990 B Bonds are no longer outstanding.

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

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

27 (1) The Bonds then Outstanding;

29 (2) Any Parity Bonds theretofore issued pursuant to  
31 the provisions contained in this Resolution then  
Outstanding; and

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

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

47 The Net Revenues actually derived from the System  
49 during the 12-consecutive-month period hereinabove referred to  
may be adjusted by adding to such Net Revenues such additional  
51 Net Revenues which would have been received, in the opinion of  
the Consulting Engineers and the said Independent Certified  
53 Public Accountants, as stated in a certificate jointly made and

1 signed by the Consulting Engineers and said Independent  
Certified Public Accountants, on account of increased rates,  
3 rentals, fees and charges for the System adopted by the Issuer,  
the period for appeal of which has expired prior to issuance of  
5 such Parity Bonds.

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

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

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

35 Parity Bonds shall not be deemed to include bonds,  
notes, certificates or other obligations subsequently issued,  
37 the lien of which on the revenues of the System is subject to  
the prior and superior liens of the Series 1990 A Bonds and the  
39 Series 1990 B Bonds on such revenues. The Issuer shall not  
issue any obligations whatsoever payable from the revenues of  
41 the System, or any part thereof, which rank prior to or, except  
in the manner and under the conditions provided in this  
43 section, equally, as to lien on and source of and security for  
payment from such revenues, with the Series 1990 A Bonds or the  
45 Series 1990 B Bonds.

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

1

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

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

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

33

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

39

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

43

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

49

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

51

The Issuer shall also, at least once a year, cause the  
53 books, records and accounts of the System to be audited by

1 Independent Certified Public Accountants and shall mail upon  
request, and make available generally, the report of said  
3 Independent Certified Public Accountants, or a summary thereof,  
to any Holder or Holders of Bonds and shall submit said report  
5 to the Authority, or any other original purchaser of the  
Bonds. Such audit report submitted to the Authority shall  
7 include a statement that the Issuer is in compliance with the  
terms and provisions of the Loan Agreement and this Bond  
9 Legislation.

11 Section 6.09. Rates. Equitable rates or charges for  
the use of and service rendered by the System have been  
13 established all in the manner and form required by law, and  
copies of such rates and charges so established will be  
15 continuously on file with the Recorder, which copies will be  
open to inspection by all interested parties. The schedule of  
17 rates and charges shall at all times be adequate to produce  
Gross Revenues from said System sufficient to pay Operating  
19 Expenses and to make the prescribed payments into the funds  
created hereunder. Such schedule of rates and charges shall be  
21 changed and readjusted whenever necessary so that the aggregate  
of the rates and charges will be sufficient for such purposes.  
23 In order to assure full and continuous performance of this  
covenant, with a margin for contingencies and temporary  
25 unanticipated reduction in income and revenues, the Issuer  
hereby covenants and agrees that the schedule of rates or  
27 charges from time to time in effect shall be sufficient,  
together with other revenues of the System (i) to provide for  
29 all reasonable expenses of operation, repair and maintenance of  
the System and (ii) to leave a balance each year equal to at  
31 least 115% of the maximum amount required in any year for  
payment of principal of and interest on the Bonds and all other  
33 obligations secured by a lien on or payable from such revenues  
prior to or on a parity with the Bonds; provided that, in the  
35 event an amount equal to or in excess of the Reserve  
Requirement is on deposit respectively in the Reserve Accounts  
37 and reserve accounts for obligations prior to or on a parity  
with the Bonds are funded at least at the requirement therefor,  
39 such balance each year need only equal at least 110% of the  
maximum amount required in any year for payment of principal of  
41 and interest on the Bonds and all other obligations secured by  
a lien on or payable from such revenues prior to or on a parity  
43 with the Bonds.

45 Section 6.10. Operating Budget and Audit. The  
Issuer shall annually, at least 45 days preceding the beginning  
47 of each Fiscal Year, prepare and adopt by resolution a  
detailed, balanced budget of the estimated expenditures for  
49 operation and maintenance of the System during the succeeding  
Fiscal Year. No expenditures for the operation and maintenance  
51 of the System shall be made in any Fiscal Year in excess of the  
amounts provided therefor in such budget without a written  
53 finding and recommendation by the Consulting Engineers, which

1 finding and recommendation shall state in detail the purpose of  
and necessity for such increased expenditures for the operation  
3 and maintenance of the System, and no such increased  
expenditures shall be made until the Issuer shall have approved  
5 such finding and recommendation by a resolution duly adopted.  
No increased expenditures in excess of 10% of the amount of  
7 such budget shall be made except upon the further certificate  
of the Consulting Engineers that such increased expenditures  
9 are necessary for the continued operation of the System. The  
Issuer shall mail copies of such annual budget and all  
11 resolutions authorizing increased expenditures for operation  
and maintenance to the Authority and to any Holder of any  
13 Bonds, who shall file his or her address with the Issuer and  
request in writing that copies of all such budgets and  
15 resolutions be furnished him or her and shall make available  
such budgets and all resolutions authorizing increased  
17 expenditures for operation and maintenance of the System at all  
reasonable times to any Holder of any Bonds or anyone acting  
19 for and in behalf of such Holder of any Bonds.

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

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

37  
Whenever any fees, rates, rentals or other charges for  
39 the services and facilities of the System shall remain unpaid  
for a period of 30 days after the same shall become due and  
41 payable, the property and the owner thereof, as well as the  
user of the services and facilities, shall be delinquent until  
43 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  
45 regulations of the Public Service Commission of West Virginia,  
rates, rentals and other charges, if not paid, when due, shall  
47 become a lien on the premises served by the System. The Issuer  
further covenants and agrees that, it will, to the full extent  
49 permitted by law and the rules and regulations promulgated by  
the Public Service Commission of West Virginia, discontinue and  
51 shut off the services of the System and any services and  
facilities of the water system, if so owned by the Issuer, to  
53 all users of the services of the System delinquent in payment

1 of charges for the services of the System and will not restore  
such services of either system until all delinquent charges for  
3 the services of the System, plus reasonable interest and  
penalty charges for the restoration of service, have been fully  
5 paid and shall take all further actions to enforce collections  
to the maximum extent permitted by law.

7

Section 6.13. No Free Services. The Issuer will not  
9 render or cause to be rendered any free services of any nature  
by the System, nor will any preferential rates be established  
11 for users of the same class; and in the event the Issuer, or  
any department, agency, instrumentality, officer or employee of  
13 the Issuer shall avail itself or themselves of the facilities  
or services provided by the System, or any part thereof, the  
15 same rates, fees or charges applicable to other customers  
receiving like services under similar circumstances shall be  
17 charged the Issuer and any such department, agency,  
instrumentality, officer or employee. The revenues so received  
19 shall be deemed to be revenues derived from the operation of  
the System, and shall be deposited and accounted for in the  
21 same manner as other revenues derived from such operation of  
the System.

23

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

33

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

1  
3 (2) PUBLIC LIABILITY INSURANCE, with limits of not  
5 less than \$1,000,000 per occurrence to protect the Issuer  
7 from claims for bodily injury and/or death and not less  
9 than \$100,000 per occurrence from claims for damage to  
property of others which may arise from the operation of  
the System, and insurance with the same limits to protect  
the Issuer from claims arising out of operation or  
ownership of motor vehicles of or for the System.

11 (3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES  
13 OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND  
15 PAYMENT BONDS, such bonds to be in the amounts of 100% of  
17 the construction contract and to be required of each  
19 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.

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

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

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

39 Section 6.15. Completion of Project. The Issuer  
41 will complete the Project and operate and maintain the System  
in good condition.

43 Section 6.16. Tax Covenants. The Issuer hereby  
45 further covenants and agrees as follows:

47 A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall  
49 assure that (i) not in excess of 10% of the Net Proceeds of the  
Bonds are used for Private Business Use if, in addition, the  
51 payment of more than 10% of the principal or 10% of the  
interest due on the Bonds during the term thereof is, under the  
terms of the Bonds or any underlying arrangement, directly or  
53 indirectly, secured by any interest in property used or to be

1 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  
3 be derived from payments, whether or not to the Issuer, in  
respect of property or borrowed money used or to be used for a  
5 Private Business Use; and (ii) and that, in the event that both  
(A) in excess of 5% of the Net Proceeds of the Bonds are used  
7 for a Private Business Use, and (B) an amount in excess of 5%  
of the principal or 5% of the interest due on the Bonds during  
9 the term thereof is, under the terms of the Bonds or any  
underlying arrangement, directly or indirectly, secured by any  
11 interest in property used or to be used for said Private  
Business Use or in payments in respect of property used or to  
13 be used for said Private Business Use or is to be derived from  
payments, whether or not to the Issuer, in respect of property  
15 or borrowed money used or to be used for said Private Business  
Use, then said excess over said 5% of Net Proceeds of the Bonds  
17 used for a Private Business Use shall be used for a Private  
Business Use related to the governmental use of the Project, or  
19 if the Bonds are for the purpose of financing more than one  
project, a portion of the Project, and shall not exceed the  
21 proceeds used for the governmental use of that portion of the  
Project to which such Private Business Use is related.

23  
B. PRIVATE LOAN LIMITATION. The Issuer shall assure  
25 that not in excess of 5% of the Net Proceeds of the Bonds are  
used, directly or indirectly, to make or finance a loan (other  
27 than loans constituting Nonpurpose Investments) to persons  
other than state or local government units.

29  
C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall  
31 not take any action or permit or suffer any action to be taken  
if the result of the same would be to cause the Bonds to be  
33 "federally guaranteed" within the meaning of Section 149(b) of  
the Code and Regulations promulgated thereunder.

35  
D. INFORMATION RETURN. The Issuer will file all  
37 statements, instruments and returns necessary to assure the  
tax-exempt status of the Bonds and the interest thereon,  
39 including without limitation, the information return required  
under Section 149(e) of the Code.

41  
E. FURTHER ACTIONS. The Issuer will take any and all  
43 actions that may be required of it (including those deemed  
necessary by the Authority) so that the interest on the Bonds  
45 will be and remain excludable from gross income for federal  
income tax purposes, and will not take any actions, or fail to  
47 take any actions (including those determined by the Authority)  
which would adversely affect such exclusion.

49  
Section 6.17. Mandatory Connections. To the extent  
51 authorized by the laws of the State and the rules and  
regulations of the PSC, the Issuer shall require prospective  
53 users of the System to be connected thereto.

1 ARTICLE VII

3 INVESTMENT OF FUNDS; NON ARBITRAGE

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

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

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

49 Section 7.02. Arbitrage. The Issuer covenants that  
51 (i) it will restrict the use of the proceeds of the Bonds in  
53 such manner and to such extent as may be necessary, in view of  
the Issuer's reasonable expectations at the time of issuance of  
the Bonds, so that the Bonds will not constitute "arbitrage  
bonds" under Section 148 of the Code and Regulations, and (ii)

1 it will take all actions that may be required of it (including,  
2 without implied limitation, the timely filing of a Federal  
3 information return with respect to the Bonds) so that the  
4 interest on the Bonds will be and remain excluded from gross  
5 income for Federal income tax purposes, and will not take any  
6 actions which would adversely affect such exclusion.

7

8         Section 7.03. Rebate of Excess Investment Earnings to  
9 the United States. In accordance with Section 148(f)(4)(C) of  
10 the Code, the Issuer covenants that it is a governmental unit  
11 with general taxing powers; that the Bonds are not private  
12 activity bonds as defined in Section 141 of the Code; that 95%  
13 or more of the Net Proceeds of the Bonds are to be used for  
14 local governmental activities of the Issuer (or of a  
15 governmental unit the jurisdiction of which is entirely within  
16 the jurisdiction of the Issuer); and that the aggregate face  
17 amount of all the tax-exempt obligations (other than private  
18 activity bonds as defined in Section 141 of the Code) issued by  
19 the Issuer during the calendar year in which the Bonds are  
20 issued will not exceed \$5,000,000, determined in accordance  
21 with Section 148(f)(4)(C) of the Code and the Regulations  
22 promulgated thereunder. For purposes of this Section 7.03 and  
23 for purposes of applying Section 148(f)(4)(C) of the Code, the  
24 Issuer and all entities which issue obligations on behalf of  
25 the Issuer shall be treated as one issuer; all obligations  
26 issued by a subordinate entity shall, for purposes of applying  
27 this Section 7.03 and Section 148(f)(4)(C) of the Code to any  
28 other entity to which such entity is subordinate, be treated as  
29 issued by such other entity; and an entity formed (or, to the  
30 extent provided by the Secretary, as set forth in the Code,  
31 availed of) to avoid the purposes of such Section 148(f)(4)(C)  
32 of the Code and all other entities benefiting thereby shall be  
33 treated as one issuer.

34         Notwithstanding the foregoing, if in fact the Issuer  
35 is subject to the rebate requirements of Section 148(f) of the  
36 Code, and not exempted from such requirements, the Issuer shall  
37 take the following actions:

38

39         A. CREATION OF FUNDS. There are hereby created, to  
40 be held by the Depository Bank as separate funds distinct from  
41 all other funds and accounts held by the Depository Bank under  
42 this Bond Legislation, the Earnings Fund and the Rebate Fund.  
43 All interest earnings and profits on amounts in all funds and  
44 accounts established under this Bond Legislation, other than  
45 (i) interest earnings and profits on any funds referenced in  
46 Subsection C(5) of this Section if such earnings in any Bond  
47 Year are less than \$100,000, (ii) interest earnings and profits  
48 on amounts in funds and accounts which do not constitute Gross  
49 Proceeds, and (iii) interest earnings and profits on the Rebate  
50 Fund shall, upon receipt by the Depository Bank, be deposited  
51 in the Earnings Fund. In addition, all interest earnings and  
52 profits on Gross Proceeds in funds held by the Issuer shall,  
53

1 upon receipt, be paid to the Depository Bank for deposit in the  
Earnings Fund. Annually, on or before the 30th day following  
3 the end of each Bond Year or on the preceding business day in  
the event that such last day is not a business day, or such  
5 earlier date as may be required under the Code, the Depository  
Bank shall transfer from the Earnings Fund to the Rebate Fund  
7 for purposes of ultimate payment to the United States an amount  
equal to Excess Investment Earnings, all as more particularly  
9 described in this Section. Following the transfer referenced  
in the preceding sentence, the Depository Bank shall transfer  
11 all amounts remaining in the Earnings Fund to be used for the  
payment of Debt Service on the next interest payment date and  
13 for such purpose, Debt Service due from the Issuer on such date  
shall be credited by an amount equal to the amount so  
15 transferred.

17           B. DUTIES OF ISSUER IN GENERAL. The Issuer shall  
calculate Excess Investment Earnings in accordance with  
19 Subsection C and shall assure payment of an amount equal to  
Excess Investment Earnings to the United States in accordance  
21 with Subsections D and E.

23           C. CALCULATION OF EXCESS INVESTMENT EARNINGS. Within  
15 days following the last day of the first Bond Year, the  
25 Issuer shall calculate, and shall provide written notice to the  
Authority and Depository Bank of, the Excess Investment  
27 Earnings referenced in clause (A) of the definition of Excess  
Investment Earnings. Thereafter, within 15 days following the  
29 last day of each Bond Year and within 15 days following the  
date of the retirement of the Bond, the Issuer shall calculate,  
31 and shall provide written notice to the Authority and  
Depository Bank of, the amount of Excess Investment Earnings.  
33 Said calculations shall be made or caused to be made by the  
Issuer in accordance with the following:

35           (1) Except as provided in (2), in determining the  
37 amount described in clause A(i) the definition of Excess  
Investment Earnings, the aggregate amount earned on  
39 Nonpurpose Investments shall include (i) all income  
realized under federal income tax accounting principles  
41 (whether or not the person earning such income is subject  
to federal income tax) with respect to such Nonpurpose  
43 Investments and with respect to the reinvestment of  
investment receipts from such Nonpurpose Investments  
45 (without regard to the transaction costs incurred in  
acquiring, carrying, selling or redeeming such Nonpurpose  
47 Investments), including, but not limited to, gain or loss  
realized on the disposition of such Nonpurpose Investments  
49 (without regard to when such gains are taken into account  
under Section 453 of the Code relating to taxable year of  
51 inclusion of gross income), and income under Section 1272  
of the Code (relating to original issue discount) and (ii)

1 any unrealized gain or loss as of the date of retirement of  
the Bonds in the event that any Nonpurpose Investment is  
3 retained after such date.

5 (2) In determining the amount described in clause (A)  
of the definition of Excess Investment Earnings, Investment  
7 Property shall be treated as acquired for its fair market  
value at the time it becomes a Nonpurpose Investment, so  
9 that gain or loss on the disposition of such Investment  
Property shall be computed with reference to such fair  
11 market value as its adjusted basis.

13 (3) In determining the amount described in clause  
(A)(ii) of the definition of Excess Investment Earnings,  
15 the Yield on the Bonds shall be determined based on the  
actual Yield of the Bonds during the period between the  
17 Closing Date of the Bonds and the date the computation is  
made (with adjustments for original issue discount or  
19 premium).

21 (4) In determining the amount described in clause (B)  
of the definition of Excess Investment Earnings, all income  
23 attributable to the excess described in clause (A) of said  
definition must be taken into account, whether or not that  
25 income exceeds the Yield of the Bond, and no amount may be  
treated as "negative arbitrage."  
27

29 (5) In determining the amount of Excess Investment  
Earnings, there shall be excluded any amount earned on any  
fund or account which is used primarily to achieve a proper  
31 matching of revenues and Debt Service within each Bond Year  
and which is depleted at least once a year except for a  
33 reasonable carryover amount not in excess of the greater of  
1 year's earnings on such fund or account or 1/12th of  
35 annual Debt Service as well as amounts earned on said  
earnings if the gross earnings on such fund or account for  
37 the Bond Year is less than \$100,000.

39 D. PAYMENT TO THE UNITED STATES. The Issuer shall  
direct the Depository Bank to pay from the Rebate Fund an  
41 amount equal to Excess Investment Earnings to the United States  
in installments with the first payment to be made not later  
43 than 30 days after the end of the 5th Bond Year and with  
subsequent payments to be made not later than 5 years after the  
45 preceding payment was due. The Issuer shall assure that each  
such installment is in an amount equal to at least 90% of the  
47 Excess Investment Earnings with respect to the Gross Proceeds  
as of the close of the computation period. Not later than 60  
49 days after the retirement of the Bonds, the Issuer shall direct  
the Depository Bank to pay from the Rebate Fund to the United  
51 States 100% of the theretofore unpaid Excess Investment  
Earnings in the Rebate Fund. In the event that there are any  
53 amounts remaining in the Rebate Fund following the payment

1 required by the preceding sentence, the Depository Bank shall  
2 pay said amounts to the Issuer to be used for any lawful  
3 purpose of the System. The Issuer shall remit payments to the  
4 United States at the address prescribed by the Regulations as  
5 the same may be in time to time in effect with such reports and  
6 statements as may be prescribed by such Regulations. In the  
7 event that, for any reason, amounts in the Rebate Fund are  
8 insufficient to make the payments to the United States which  
9 are required by this Subsection D, the Issuer shall assure that  
10 such payments are made by the Issuer to the United States, on a  
11 timely basis, from any funds lawfully available therefor.

13 E. FURTHER OBLIGATIONS OF ISSUER. The Issuer shall  
14 assure that Excess Investment Earnings are not paid or  
15 disbursed except as required in this Section. To that end the  
16 Issuer shall assure that investment transactions are on an  
17 arm's length basis and that Nonpurpose Investments are acquired  
18 at their fair market value. In the event that Nonpurpose  
19 Investments consist of certificates of deposit or investment  
20 contracts, investment in such Nonpurpose Investments shall be  
21 made in accordance with the procedures described in applicable  
22 Regulations as from time to time in effect. The Depository  
23 Bank shall keep the moneys in the Earnings Fund and Rebate Fund  
24 invested and reinvested to the fullest extent practicable in  
25 Government Obligations with maturities consonant with the  
26 required use thereof and investment profits and earnings shall  
27 be credited to the account of such fund on which earned.

29 F. MAINTENANCE OF RECORDS. The Issuer shall keep and  
30 retain for a period of 6 years following the retirement of the  
31 Bonds, records of the determinations made pursuant to this  
32 Section 7.03.

33 G. INDEPENDENT CONSULTANTS. In order to provide for  
34 the administration of this Section 7.03, the Issuer and the  
35 Depository Bank (at the expense of the Issuer) may provide for  
36 the employment of independent attorneys, accountants or  
37 consultants compensated on such reasonable basis as the Issuer  
38 or the Depository Bank may deem appropriate.

41 H. FURTHER AGREEMENT. Notwithstanding the foregoing,  
42 the Issuer further covenants to comply with all Regulations  
43 from time to time in effect and applicable to the Bonds, as may  
44 be necessary in order to fully comply with Section 148(f) of  
45 the Code.

47 I. REPORTING TO AUTHORITY. The Issuer shall furnish  
48 to the Authority, annually, at such time as it is required to  
49 perform its rebate calculations under the Code, a certificate  
50 with respect to its rebate calculations and, at any time, any  
51 additional information relating thereto as may be requested by  
the Authority. In addition, the Issuer shall cooperate with

1 the authority in preparing rebate calculations and in all other  
2 respects in connection with rebates and hereby consents to the  
3 performance of all matters in connection with such rebates by  
4 the Authority at the expense of the Issuer.

5



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

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

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

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

47 Any receiver appointed as provided herein shall hold  
49 and operate the System in the name of the Issuer and for the  
joint protection and benefit of the Issuer and Registered  
51 Owners of the Bonds. Such receiver shall have no power to  
sell, assign, mortgage or otherwise dispose of any assets of  
53 any kind or character belonging or pertaining to the System.

1 but the authority of such receiver shall be limited to the  
possession, operation and maintenance of the System for the  
3 sole purpose of the protection of both the Issuer and  
Registered Owners of such Bonds and the curing and making good  
5 of any Event of Default with respect thereto under the  
provisions of this Bond Legislation, and the title to and  
7 ownership of said System shall remain in the Issuer, and no  
court shall have any jurisdiction to enter any order or decree  
9 permitting or requiring such receiver to sell, assign, mortgage  
or otherwise dispose of any assets of the System.

11



1 or its agent, free and clear of any trust, lien or pledge. For  
the purpose of this section, securities shall mean and include  
3 only Government Obligations.

5           Section 9.02. Defeasance of Series 1990 B Bonds. If  
the Issuer shall pay or cause to be paid, or there shall  
7 otherwise be paid, to the respective Holders of all Series 1990  
B Bonds, the principal due or to become due thereon, at the  
9 times and in the manner stipulated therein and in this Bond  
Legislation, then with respect to the Series 1990 B Bonds only,  
11 the pledge of Net Revenues and other moneys and securities  
pledged under this Bond Legislation and all covenants,  
13 agreements and other obligations of the Issuer to the  
Registered Owners of the Series 1990 B Bonds shall thereupon  
15 cease, terminate and become void and be discharged and  
satisfied.

17           Series 1990 B Bonds for the payment of which either  
19 moneys in an amount which shall be sufficient, or securities  
the principal of and the interest on which, when due, will  
21 provide moneys which, together with the moneys, if any,  
deposited with the Paying Agents at the same or earlier time,  
23 shall be sufficient, to pay as and when due either at maturity  
or at the next redemption date the principal installments of  
25 such Series 1990 B Bonds shall be deemed to have been paid  
within the meaning and with the effect expressed in the first  
27 paragraph of this section. All Series 1990 B Bonds shall,  
prior to the maturity thereof, be deemed to have been paid  
29 within the meaning and with the effect expressed in the first  
paragraph of this section if there shall have been deposited  
31 with the Commission or its agent, either moneys in an amount  
which shall be sufficient, or securities the principal of and  
33 the interest on which, when due, will provide moneys which,  
together with other moneys, if any, deposited with the  
35 Commission at the same time, shall be sufficient to pay when  
due the principal installments of said Series 1990 B Bonds on  
37 and prior to the next redemption date or the maturity dates  
thereof. Neither securities nor moneys deposited with the  
39 Commission pursuant to this section nor principal or interest  
payments on any such securities shall be withdrawn or used for  
41 any purpose other than, and shall be held in trust for, the  
payment of the principal installments of said Series 1990 B  
43 Bonds; provided, that any cash received from such principal or  
interest payments on such securities deposited with the  
45 Commission or its agent, if not then needed for such purpose,  
shall, to the extent practicable, be reinvested in securities  
47 maturing at times and in amounts sufficient to pay when due  
the principal installments of and interest to become due on  
49 said Bonds on and prior to the next redemption date or the  
maturity dates thereof, and interest earned from such  
51 reinvestments shall be paid over to the Issuer as received by  
the Commission or its agent, free and clear of any trust, lien  
53 or pledge. For the purpose of this section, securities shall  
mean and include only Government Obligations.

55





CERTIFICATION

1

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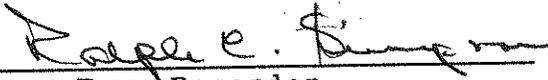
Certified a true copy of an Ordinance duly enacted by  
5 the Council of the TOWN OF HANDLEY on the 30th day of April,  
1990.

7

Dated: July 27, 1990, 1990

9

11 [SEAL]

  
Town Recorder

13

RESOLUTION NO.

Resolution re: AMENDING AND SUPPLEMENTING AN ORDINANCE ENTITLED "ORDINANCE AUTHORIZING THE ACQUISITION, CONSTRUCTION, IMPROVEMENT AND BETTERMENT OF PUBLIC SEWERAGE SYSTEM FACILITIES OF THE TOWN OF HANDLEY AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$160,000.00 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1990 A, NOT MORE THAN \$10,000.00 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1990 B; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO" PASSED BY THE COUNCIL OF THE TOWN OF HANDLEY, WEST VIRGINIA ON APRIL 30, 1990; AND IN THE AFORE-MENTIONED ORDINANCE IT IS PROVIDED THAT THE MATURITY DATES, INTEREST RATE, INTEREST PAYMENT DATES ON THE BONDS, AS WELL AS THE AGGREGATE PRINCIPAL AMOUNT SHOULD BE ESTABLISHED BY SUPPLEMENTAL RESOLUTION; AND PROVIDING FOR CERTAIN AMENDMENTS TO SAID ORDINANCE; NAMING CITY NATIONAL BANK, AS REGISTRAR AND DEPOSITORY BANK; INSERTING CERTAIN INFORMATION IN BLANKS PROVIDED FOR IN SUCH ORDINANCE THE SAME TO BE PROVIDED BY THIS SUPPLEMENTAL RESOLUTION; APPROVING THE SCHEDULE OF ANNUAL DEBT SERVICE; APPROVING THE FORM OF THE LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT AND AUTHORIZING THE MAYOR TO EXECUTE SUCH LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT; AND APPROVING THE SALE OF SAID BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY IN THE AGGREGATE PRINCIPAL AMOUNT OF \$162,262; AS WELL AS TO OTHER MATTERS RELATING TO THE BONDS BE HEREIN PROVIDED FOR.

WHEREAS, the Council (the "Governing Body") of The Town of Handley West Virginia (the "Town"), on April 30, 1990, enacted an ordinance entitled "ORDINANCE AUTHORIZING THE ACQUISITION, CONSTRUCTION, IMPROVEMENT AND BETTERMENT OF PUBLIC SEWERAGE SYSTEM FACILITIES OF THE TOWN OF HANDLEY AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$160,000.00 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1990 A, NOT MORE THAN \$10,000.00 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1990 B; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO" (the "Ordinance"), all in accordance with the provisions of Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), which Ordinance became effective on May 14, 1990; and

WHEREAS, the Ordinance provides for the inclusion of certain information such as the maturity dates, interest rate, interest payment dates and sale price of the Bonds which should be established by way of Supplemental Resolution thereto, as well as other matters relating to the Bonds be herein provided for; and

WHEREAS, the Bonds are proposed to be purchased by the West Virginia Water Development Authority (the "Original Purchaser"), pursuant to a Loan Agreement and Supplemental Loan Agreement dated as of July 27, 1990; and

WHEREAS, it is the intention of Governing Body of the Town of Handley, West Virginia that this Resolution is, and the same shall be treated as, the Supplemental Resolution relative to the issuance of the subject Bonds as so provided for in said Ordinance; and

WHEREAS, the Governing Body deems it essential and desirable that this Supplemental Resolution be adopted and that the Loan Agreement and Supplemental Loan Agreement be approved, that the price, the maturity date, the redemption provisions, the interest rate and the interest payment dates of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for.

NOW, THEREFORE, Be It Resolved by the Council of The Town of Handley, West Virginia:

1. City National Bank, Charleston, West Virginia, is hereby named and selected as the Bond Registrar and Depository Bank, as such terms appear in the Ordinance and City National Bank shall have and be entitled to the authority conferred on each term by said Ordinance.

2. The Town has authorized by the Bond Ordinance this Supplemental Resolution which is adopted and pursuant hereto there is authorized and ordered to be issued in the aggregate principal amount One Hundred Sixty Two Thousand Two Hundred Sixty Two Dollars (\$162,262) of the Town's Sewer Revenue Bonds in the form of Series 1990 A Bonds in the aggregate principal amount of \$155,251.00 and Series 1990 B Bonds in the aggregate principal amount of \$7,011.00.

3. The Bonds shall be dated July 27, 1990, the same being the date of delivery to the Original Bond Purchaser and the Schedule of Annual Debt Service as attached hereto, is hereby approved and the same shall be inserted as Exhibit A on pages 24 and 31 of the Ordinance and shall be appended to the Series 1990 A and B Bonds as Exhibit A thereto. The Series 1990 A Bonds will bear interest at the rate of 8.10% per annum, from the date of delivery payable semi-annually on April 1 and October 1 of each year, commencing October 1, 1990, upon

original issuance, with the final interest payment date and maturity on October 1, 2029, unless sooner redeemed with the prior written consent of the West Virginia Water Development Authority, its successors and/or assigns, and upon the terms and conditions prescribed by and otherwise in compliance with the Loan Agreement. The principal of the Series 1990 A Bonds shall be payable annually, on October 1, commencing October 1, 1992, as more fully shown on the above-stated Schedule of Annual Debt Service. The Series 1990 A Bonds shall be issued in the form of one bond in the denomination of \$155,251.00. All other provisions relating to the Series 1990 A Bonds shall be as provided in the Ordinance, and the Bond shall be in substantially the form provided in the Ordinance.

The Series 1990 B Bonds will bear interest at the rate of 0% per annum, from the date of delivery, upon original issuance with principal payments to be made on the first day of October of each year, commencing October 1, 1992, with the final principal payment date and maturity on October 1, 2029, unless sooner redeemed with the prior written consent of the West Virginia Water Development Authority, its successors and/or assigns, and upon the terms and conditions prescribed by and otherwise in compliance with the Loan Agreement. The Series 1990 B Bonds shall be issued in the form of one Bond in the denomination of \$7,011.00. All other provisions relating to the Series 1990 B Bonds shall be as provided in the Ordinance, and the Bond shall be in substantially the form provided in the Ordinance.

So long as the Authority is the holder or owner of either the 1990 Series A Bond or the 1990 Series B Bond, the Town will not authorize the redemption of any Bond without the consent of the Authority.

The form of the Loan Agreement and the Supplemental Loan Agreement, both made by and between the Town and the West Virginia Water Development Authority, dated July 27, 1990, are hereby approved as to both form and content, a copy of which is hereby incorporated by reference.

4. The form of Bond as to the Series 1990 A and B Bonds shall be and the same are hereby amended to reflect that the Bonds are issued pursuant to the Ordinance duly enacted by the Town on the 30th day of April, 1990 as supplemented on July 23, 1990.

5. The Mayor of the Town is hereby authorized and directed to execute and deliver the Loan Agreement and Supplemental Loan Agreement made by and between the Town and the West Virginia Water Development Authority; and the Mayor, the Town Recorder, and other officers and employees of the Town are hereby authorized and directed to do all things necessary and proper to cause the Bonds to be issued and delivered to the

West Virginia Water Development Authority, as the Original Purchaser, and to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Ordinance approved and provided for.

6. The sale of the Series 1990 A and B Bonds in the aggregate principal amount of \$162,262 to the West Virginia Water Development Authority, as Original Purchaser is hereby approved.

7. In accordance with the provisions of Section 5.01 of the Ordinance it is determined and hereby authorized that the sum of \$ 0, from the proceeds of the Series A Bonds, be deposited in the 1990 Series A Bonds Sinking Fund, for capitalized interest on the Series A Bonds during the construction period and the sum of \$ 0 shall be deposited in the both the 1990 Series A Bonds and 1990 Series B Bonds Reserve Funds.

8. Section 1.02 B. of the Ordinance is hereby amended and reenacted to read as follows:

B. The Issuer presently owns and operates a public sewer collection system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be constructed certain additions, betterments and improvements for the existing sewerage facilities of the Issuer consisting of the construction of feeder and main collection lines and pump grinder stations within the jurisdiction of the Issuer, and all appurtenant facilities (the "Project") which constitute properties for the collection and transportation of wastewater (the existing sewerage system facilities of the Issuer, the Project and any further additions thereto or extensions thereof is herein called the "System") at an estimated cost of \$1,822,179.00, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

9. Section 1.02 D. of the Ordinance is hereby amended and reenacted to read as follows:

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds in the total aggregate principal amount of not more than \$170,000.00 in two series, being the Series 1990 A Bonds in the aggregate principal amount of not more than \$160,000.00, and the Series 1990 B Bonds in the aggregate of not more than \$10,000.00 (collectively, the "Original Bonds"), to finance temporarily costs of construction and acquisition of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest on the Bonds prior to and during construction or acquisition and for a period not

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

10. Section 1.02 H. of the Ordinance is hereby amended and reenacted to read as follows:

H. The Issuer has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a Certificate of Convenience and Necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Bonds or such final order will not be subject to appeal.

11. Section 1.04 of the Ordinance, definition of "Bond Registrar", is hereby amended and reenacted to read as follows:

"Bond Registrar" means the Bond Registrar designated in the Supplemental Resolution, or its successors and assigns.

12. Section 1.04 of the Ordinance, definition of "Series 1990 A Bonds Sinking Fund", is hereby amended and reenacted to read as follows:

"Series 1990 A Bonds Sinking Fund" means the Series 1990 A Bonds Sinking Fund established by Section 4.02 hereof.

13. Section 1.04 of the Ordinance, definition of "Series 1990 B Bonds", is hereby amended and reenacted to read as follows:

"Series 1990 B Bonds" or "Series B Bonds" means the not more than \$10,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1990 B, of the Issuer.

14. Section 2.01 of the Ordinance is hereby amended and reenacted to read as follows:

Section 2.01. Authorization of Construction and Acquisition of the Project. There is hereby authorized the construction and acquisition of the Project, at an estimated cost of \$1,822,179.00, 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 Bonds hereby authorized shall be applied as provided in Article V hereof.

15. Section 3.01 of the Ordinance is hereby amended and reenacted to read as follows:

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 1990 A Bonds, funding a reserve account for each series of Original Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Original Bonds and related costs, or any of such purposes, as determined by the Supplemental Resolution, there shall be issued negotiable Original Bonds of the Issuer, in an aggregate principal amount of not more than \$170,000.00. Said Bonds shall be issued in two series, to be designated respectively, "Sewer Revenue Bonds, Series 1990 A," in the aggregate principal amount of not more than \$160,000.00, and "Sewer Revenue Bonds, Series 1990 B," in the aggregate principal amount of not more than \$10,000.00, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the Bond Construction Trust Fund established by Section 4.01 hereof.

16. Section 3.11 of the Ordinance is hereby amended and reenacted to read as follows:

Section 3.11. "Amended Schedule A" Filing; Tender of Series 1990 B Bonds. Upon completion of acquisition and construction of the Project, the Issuer will file with the Authority a schedule substantially in the form of the "Amended Schedule A" to the Loan Agreement, setting forth the actual costs of the Project and sources of funding therefor. In the event such schedule reflects an excess of funding for the

Project, or if the Authority is otherwise advised of an excess, the Authority may tender the Series 1990 B Bonds to the Issuer for payment in an amount equal to such excess. Notwithstanding the foregoing, if the Issuer has construction financing outstanding upon completion of the acquisition and construction of the Project, it will advise the Authority of such fact and submit a second schedule to the Authority upon payment of such construction financing, and the Authority will not tender its Series 1990 B Bonds for payment until the outstanding construction financing has been paid.

17. Section 4.03 (5) of the Ordinance is hereby amended and reenacted to read as follows:

(5) From the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, commencing with the month succeeding the first full calendar month after completion of the Project, transfer to the Renewal and Replacement Fund a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of the Series 1990 A Bonds Reserve Account or the Series 1990 B Bonds Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the Series 1990 A Bonds Reserve Account or in the Series 1990 B Bonds Reserve Account [except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required by Subsection 4.03(A)(4)] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

18. Section 6.08 of the Ordinance is hereby amended and reenacted to read as follows:

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

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the Public Service Commission of West Virginia. Separate control accounting

records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Governing Body. The Governing Body shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Governing Body shall be reported to such agent of the Issuer as the Governing Body shall direct.

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

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

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

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

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

19. Section 6.10 of the Ordinance is hereby amended and reenacted to read as follows:

Section 6.10. Operating Budget and Audit. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor

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

20. The Ordinance is hereby amended by adding the following as Section 6.18:

Section 6.18. Engineer's Certificate. The Issuer shall obtain a certificate of the Consulting Engineer to the effect that the Project has been or will be constructed in accordance with the plans, specifications and design as submitted to the Authority, the Project is adequate for the purposes for which it was designed and the funding plan as submitted to the Authority is sufficient to pay the costs of acquisition and construction of the Project.

21. The Ordinance is hereby amended by adding the following as Section 6.19:

Section 6.19. Water Termination. The Issuer shall, to the full extent permitted by applicable law and the rules and regulations of the West Virginia Public Service Commission, terminate the services of any water facility owned by it to any customer of the System who is delinquent in payment of charges for the 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 fully paid or, if the water facility is not owned by the Issuer, then the Issuer shall enter into a termination agreement with the water provider.

22. The Ordinance is hereby amended by adding the following as Section 6.20:

Section 6.20. Information to the Authority. The Issuer shall furnish to the Authority such information with respect to earnings on all funds constituting "gross proceeds"

of the Bonds (as that term is defined in the Code) from time to time as the Authority may request.

23. Section 7.03 C and D of the Ordinance is hereby amended and reenacted to read as follows:

C. CALCULATION OF EXCESS INVESTMENT EARNINGS. Within 15 days following the last day of the first Bond Year, the Issuer shall calculate, and shall provide written notice to the Authority and Depository Bank of, the Excess Investment Earnings referenced in clause (A) of the definition of Excess Investment Earnings. Thereafter, within 15 days following the last day of each Bond Year and within 15 days following the date of the retirement of the Bond, the Issuer shall calculate, and shall provide written notice to the Authority and Depository Bank of, the amount of Excess Investment Earnings. Said calculations shall be made or caused to be made by the Issuer in accordance with the following or in accordance with such other requirements as may be applicable under the regulations:

(1) Except as provided in (2), in determining the amount described in clause A(i) the definition of Excess Investment Earnings, the aggregate amount earned on Nonpurpose Investments shall include (i) all income realized under federal income tax accounting principles (whether or not the person earning such income is subject to federal income tax) with respect to such Nonpurpose Investments and with respect to the reinvestment of investment receipts from such Nonpurpose Investments (without regard to the transaction costs incurred in acquiring, carrying, selling or redeeming such Nonpurpose Investments), including, but not limited to, gain or loss realized on the disposition of such Nonpurpose Investments (without regard to when such gains are taken into account under Section 453 of the Code relating to taxable year of inclusion of gross income), and income under Section 1272 of the Code (relating to original issue discount) and (ii) any unrealized gain or loss as of the date of retirement of the Bonds in the event that any Nonpurpose Investment is retained after such date.

(2) In determining the amount described in clause (A) of the definition of Excess Investment Earnings, Investment Property shall be treated as acquired for its fair market value at the time it becomes a Nonpurpose Investment, so that gain or loss on the disposition of such Investment Property shall be computed with reference to such fair market value as its adjusted basis.

(3) In determining the amount described in clause (A)(ii) of the definition of Excess Investment Earnings, the Yield on the Bonds shall be determined based on the

actual Yield of the Bonds during the period between the Closing Date of the Bonds and the date the computation is made (with adjustments for original issue discount or premium).

(4) In determining the amount described in clause (B) of the definition of Excess Investment Earnings, all income attributable to the excess described in clause (A) of said definition must be taken into account, whether or not that income exceeds the Yield of the Bond, and no amount may be treated as "negative arbitrage."

(5) In determining the amount of Excess Investment Earnings, there shall be excluded any amount earned on any fund or account which is used primarily to achieve a proper matching of revenues and Debt Service within each Bond Year and which is depleted at least once a year except for a reasonable carryover amount not in excess of the greater of 1 year's earnings on such fund or account or 1/12th of annual Debt Service as well as amounts earned on said earnings if the gross earnings on such fund or account for the Bond Year is less than \$100,000.

D. PAYMENT TO THE UNITED STATES. The Issuer shall direct the Depository Bank to pay from the Rebate Fund an amount equal to Excess Investment Earnings to the United States in installments with the first payment to be made not later than 30 days after the end of the 5th Bond Year and with subsequent payments to be made not later than 5 years after the preceding payment was due. The Issuer shall assure that each such installment is in an amount equal to at least 90% of the Excess Investment Earnings with respect to the Gross Proceeds as of the close of the computation period or such other period required under the Regulations. Not later than 60 days after the retirement of the Bonds, the Issuer shall direct the Depository Bank to pay from the Rebate Fund to the United States 100% of the theretofore unpaid Excess Investment Earnings in the Rebate Fund. In the event that there are any amounts remaining in the Rebate Fund following the payment required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States at the address prescribed by the Regulations as the same may be in time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required by this Subsection D, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor.

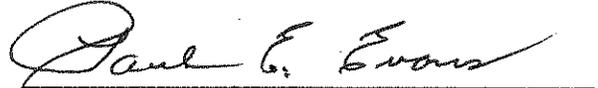
24. The Depository Bank is hereby authorized to invest the proceeds of the Bonds deposited with it in Qualified

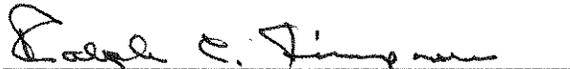
Investments, as defined in the Ordinance, and as may be more specifically designated by the Mayor of the Issuer.

25. This Supplemental Resolution shall take effect immediately upon its adoption.

Motion by Councilperson McClure, seconded by Councilperson Lively to adopt this Resolution. Motion carried unanimously.

ENACTED: July 23, 1990.

  
MAYOR

  
RECORDER

Town of Handley  
 Debt Service Schedule  
 Analysis of Borrowing from Series 1990 A Pool  
 38 Principal Payments  
 Closing Date: 27-Jul-90

Average Life: 28.55 Years  
 Average Coupon 7.750%

	Date	Coupon	Principal	Interest	Debt Service 8.10% Bonds	Interest Free Loan	Total Debt Service
				2,235.61	2,235.61		2,235.61
	01-Oct-90			12,575.33	12,575.33		12,575.33
	01-Oct-91			12,575.33	13,263.33	184.50	13,447.83
1	01-Oct-92	8.10%	688.00	12,519.60	13,262.60	184.50	13,447.10
2	01-Oct-93	8.10%	743.00	12,459.42	13,262.42	184.50	13,446.92
3	01-Oct-94	8.10%	803.00	12,394.38	13,262.38	184.50	13,446.88
4	01-Oct-95	8.10%	868.00	12,324.07	13,263.07	184.50	13,447.57
5	01-Oct-96	8.10%	939.00	12,248.01	13,263.01	184.50	13,447.51
6	01-Oct-97	8.10%	1,015.00	12,165.80	13,262.80	184.50	13,447.30
7	01-Oct-98	8.10%	1,097.00	12,076.94	13,262.94	184.50	13,447.44
8	01-Oct-99	8.10%	1,186.00	11,980.87	13,262.87	184.50	13,447.37
9	01-Oct-2000	8.10%	1,282.00	11,877.03	13,263.03	184.50	13,447.53
10	01-Oct-2001	8.10%	1,386.00	11,764.76	13,262.76	184.50	13,447.26
11	01-Oct-2002	8.10%	1,498.00	11,643.43	13,262.43	184.50	13,446.93
12	01-Oct-2003	8.10%	1,619.00	11,512.29	13,263.29	184.50	13,447.79
13	01-Oct-2004	8.10%	1,751.00	11,370.46	13,262.46	184.50	13,446.96
14	01-Oct-2005	8.10%	1,892.00	11,217.20	13,263.20	184.50	13,447.70
15	01-Oct-2006	8.10%	2,046.00	11,051.48	13,262.48	184.50	13,446.98
16	01-Oct-2007	8.10%	2,211.00	10,872.39	13,262.39	184.50	13,446.89
17	01-Oct-2008	8.10%	2,390.00	10,678.80	13,262.80	184.50	13,447.30
18	01-Oct-2009	8.10%	2,584.00	10,469.49	13,262.49	184.50	13,446.99
19	01-Oct-2010	8.10%	2,793.00	10,243.26	13,263.26	184.50	13,447.76
20	01-Oct-2011	8.10%	3,020.00	9,998.64	13,262.64	184.50	13,447.14
21	01-Oct-2012	8.10%	3,264.00	9,734.26	13,263.26	184.50	13,447.76
22	01-Oct-2013	8.10%	3,529.00	9,448.41	13,262.41	184.50	13,446.91
23	01-Oct-2014	8.10%	3,814.00	9,139.47	13,262.47	184.50	13,446.97
24	01-Oct-2015	8.10%	4,123.00	8,805.51	13,262.51	184.50	13,447.01
25	01-Oct-2016	8.10%	4,457.00	8,444.49	13,262.49	184.50	13,446.99
26	01-Oct-2017	8.10%	4,818.00	8,054.24	13,263.24	184.50	13,447.74
27	01-Oct-2018	8.10%	5,209.00	7,632.31	13,262.31	184.50	13,446.81
28	01-Oct-2019	8.10%	5,630.00	7,176.28	13,263.28	184.50	13,447.78
29	01-Oct-2020	8.10%	6,087.00	6,683.23	13,263.23	184.50	13,447.73
30	01-Oct-2021	8.10%	6,580.00	6,150.25	13,263.25	184.50	13,447.75
31	01-Oct-2022	8.10%	7,113.00	5,574.10	13,263.10	184.50	13,447.60
32	01-Oct-2023	8.10%	7,689.00	4,951.29	13,262.29	184.50	13,446.79
33	01-Oct-2024	8.10%	8,311.00	4,278.10	13,263.10	184.50	13,447.60
34	01-Oct-2025	8.10%	8,985.00	3,550.31	13,263.31	184.50	13,447.81
35	01-Oct-2026	8.10%	9,713.00	2,763.56	13,262.56	184.50	13,447.06
36	01-Oct-2027	8.10%	10,499.00	1,913.14	13,263.14	184.50	13,447.64
37	01-Oct-2028	8.10%	11,350.00	993.79	13,262.79	184.50	13,447.29
38	01-Oct-2029	8.10%	12,269.00				
			155,251.00	363,547.33	518,798.33	7,011.00	525,809.33
			Total Borrowing Amount:		162,262.00		



# SPECIMEN

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
TOWN OF HANDLEY  
SEWER REVENUE BOND, SERIES 1990 A

July 27, 1990

\$155,251.00

No. AR-1

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF HANDLEY, a municipal corporation and political subdivision of the State of West Virginia in Kanawha County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of One Hundred Fifty Five Thousand Two Hundred Fifty-one and 00/100 Dollars (\$155,251.00), in installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest rate on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year, beginning October 1, 1990. 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 City National Bank, Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated July 27, 1990.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, improvements and betterments to the sewerage system facilities of the issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance and Supplemental Resolution, duly enacted and adopted, respectively, by the Issuer on April 30, 1990, and July 23, 1990, (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is issued concurrently with the Sewer Revenue Bonds, Series 1990 B, of the Issuer (the "Series 1990 B Bonds"), issued in the aggregate principal amount of \$7,011, which Series 1990 B Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Bonds.

This Bond is payable only from and secured by a first lien pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1990 A Bonds Reserve Account"), and unexpended proceeds of the Bonds and the Series 1990 B Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the

Interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1990 A Bonds Reserve Account and unexpended Bond proceeds and Series 1990 B 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 required in any year for principal of and interest on the Bonds, the Series 1990 B Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds or the Series 1990 B Bonds, provided however, that so long as there exists in the Series 1990 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for the Series 1990 B Bonds and any other obligations outstanding prior to or on a parity with the Bonds or the Series 1990 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 hereby made for a detailed description thereof.

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

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

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

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

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

IN WITNESS WHEREOF, the TOWN OF HANDLEY has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Town Recorder, and has caused this Bond to be dated July 27, 1990.

(SEAL)

ATTEST:

# SPECIMEN

\_\_\_\_\_  
Town Recorder

AR-1

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1990 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: July 27, 1990

CITY NATIONAL BANK, as Registrar

**SPECIMEN**

Authorized Officer

AR-1

## EXHIBIT A

## SCHEDULE OF ANNUAL DEBT SERVICE

Town of Handley  
 Debt Service Schedule  
 Analysis of Borrowing from Series 1990 A Pool  
 38 Principal Payments  
 Closing Date: 27-Jul-90

Date	Coupon	Principal	Interest	Debt Service 8.10% Bonds
01-Oct-90			2,235.61	2,235.61
01-Oct-91	0.00%	0.00	12,575.33	12,575.33
01-Oct-92	8.10%	688.00	12,575.33	13,263.33
01-Oct-93	8.10%	743.00	12,519.60	13,262.60
01-Oct-94	8.10%	803.00	12,459.42	13,262.42
01-Oct-95	8.10%	868.00	12,394.38	13,262.38
01-Oct-96	8.10%	939.00	12,324.07	13,263.07
01-Oct-97	8.10%	1,015.00	12,248.01	13,263.01
01-Oct-98	8.10%	1,097.00	12,165.80	13,262.80
01-Oct-99	8.10%	1,186.00	12,076.94	13,262.94
01-Oct-2000	8.10%	1,282.00	11,980.87	13,262.87
01-Oct-2001	8.10%	1,386.00	11,877.03	13,263.03
01-Oct-2002	8.10%	1,498.00	11,764.78	13,262.76
01-Oct-2003	8.10%	1,619.00	11,643.43	13,262.43
01-Oct-2004	8.10%	1,751.00	11,512.29	13,263.29
01-Oct-2005	8.10%	1,892.00	11,370.46	13,262.46
01-Oct-2006	8.10%	2,046.00	11,217.20	13,263.20
01-Oct-2007	8.10%	2,211.00	11,051.48	13,262.48
01-Oct-2008	8.10%	2,390.00	10,872.39	13,262.39
01-Oct-2009	8.10%	2,584.00	10,678.80	13,262.80
01-Oct-2010	8.10%	2,793.00	10,469.49	13,262.49
01-Oct-2011	8.10%	3,020.00	10,243.26	13,263.26
01-Oct-2012	8.10%	3,264.00	9,998.64	13,262.64
01-Oct-2013	8.10%	3,529.00	9,734.26	13,263.26
01-Oct-2014	8.10%	3,814.00	9,448.41	13,262.41
01-Oct-2015	8.10%	4,123.00	9,139.47	13,262.47
01-Oct-2016	8.10%	4,457.00	8,805.51	13,262.51
01-Oct-2017	8.10%	4,818.00	8,444.49	13,262.49
01-Oct-2018	8.10%	5,209.00	8,054.24	13,263.24
01-Oct-2019	8.10%	5,630.00	7,632.31	13,262.31
01-Oct-2020	8.10%	6,087.00	7,176.28	13,263.28
01-Oct-2021	8.10%	6,580.00	6,683.23	13,263.23
01-Oct-2022	8.10%	7,113.00	6,150.25	13,263.25
01-Oct-2023	8.10%	7,689.00	5,574.10	13,263.10
01-Oct-2024	8.10%	8,311.00	4,951.29	13,262.29
01-Oct-2025	8.10%	8,985.00	4,278.10	13,263.10
01-Oct-2026	8.10%	9,713.00	3,550.31	13,263.31
01-Oct-2027	8.10%	10,499.00	2,763.56	13,262.56
01-Oct-2028	8.10%	11,350.00	1,913.14	13,263.14
01-Oct-2029	8.10%	12,269.00	993.79	13,262.79
		155,251.00	363,547.33	518,798.33

AR-1

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:

\_\_\_\_\_



# SPECIMEN

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
TOWN OF HANDLEY  
SEWER REVENUE BOND, SERIES 1990 B

July 27, 1990

\$7,011.00

No. BR-1

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF HANDLEY, a municipal corporation and political subdivision of the State of West Virginia in Kanawha County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of Seven Thousand Eleven and 00/100 Dollars (\$7,011.00), in annual installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, without interest.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Supplemental Loan Agreement between the Issuer and the Authority, dated July 27, 1990.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, improvements and betterments to the sewerage system facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance and Supplemental Resolution, duly enacted and adopted, respectively, by the Issuer on April 30, 1990, and July 23, 1990 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO THE OUTSTANDING SEWER REVENUE BONDS, SERIES 1990 A, OF THE ISSUER (THE "SERIES 1990 A BONDS"), ISSUED CONCURRENTLY HERewith IN THE AGGREGATE PRINCIPAL AMOUNT OF \$155,251.00.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System after there has first been paid from said Net Revenues all payments then due and owing on account of the Series 1990 A Bonds herein described and from all moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1990 B Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 1990 B Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount required in any year for principal of and interest, if any, on the Bonds, the Series 1990 A Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the

Series 1990 A Bonds or the Bonds, provided however, that so long as there exists in the Series 1990 B Bonds Reserve Account and the reserve account established for the Series 1990 A Bonds, respectively, amounts at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds and the Series 1990 A Bonds in the then current or any succeeding year, and any reserve account for any such prior or parity obligations, is funded at least at the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is hereby 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 City National Bank, Charleston, West Virginia, as registrar (the "Registrar") by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or its attorney duly authorized in writing.

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owners of the Bonds, which lien is subordinate to the lien in favor of the registered owners of the Series 1990 A Bonds.

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

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

IN WITNESS WHEREOF, the TOWN OF HANDLEY has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Town Recorder, and has caused this Bond to be dated July 27, 1990.

[SEAL]

**SPECIMEN**

ATTEST:

Town Recorder

BR-1

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1990 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: July 27, 1990

CITY NATIONAL BANK, as Registrar

**SPLICIMER**

\_\_\_\_\_  
Authorized Officer

EXHIBIT A

## SCHEDULE OF ANNUAL DEBT SERVICE

Town of Handley  
 Debt Service Schedule  
 Analysis of Borrowing from Series 1990 A  
 38 Principal Payments  
 Closing Date: 27-Jul-90

Date	Interest Free Loan
01-Oct-90	0.00
01-Oct-91	184.50
01-Oct-92	184.50
01-Oct-93	184.50
01-Oct-94	184.50
01-Oct-95	184.50
01-Oct-96	184.50
01-Oct-97	184.50
01-Oct-98	184.50
01-Oct-99	184.50
01-Oct-2000	184.50
01-Oct-2001	184.50
01-Oct-2002	184.50
01-Oct-2003	184.50
01-Oct-2004	184.50
01-Oct-2005	184.50
01-Oct-2006	184.50
01-Oct-2007	184.50
01-Oct-2008	184.50
01-Oct-2009	184.50
01-Oct-2010	184.50
01-Oct-2011	184.50
01-Oct-2012	184.50
01-Oct-2013	184.50
01-Oct-2014	184.50
01-Oct-2015	184.50
01-Oct-2016	184.50
01-Oct-2017	184.50
01-Oct-2018	184.50
01-Oct-2019	184.50
01-Oct-2020	184.50
01-Oct-2021	184.50
01-Oct-2022	184.50
01-Oct-2023	184.50
01-Oct-2024	184.50
01-Oct-2025	184.50
01-Oct-2026	184.50
01-Oct-2027	184.50
01-Oct-2028	184.50
01-Oct-2029	184.50

7,011.00

BR-1

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:

\_\_\_\_\_