

Specimen

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF NITRO
SEWERAGE SYSTEM REVENUE BOND
SERIES 1995 A

No. AR-1

\$373,000.00

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF NITRO, a municipal corporation and political subdivision of the State of West Virginia in Kanawha and Putnam Counties of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of Three Hundred Seventy Three Thousand Dollars (\$373,000.00), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached hereto as Exhibit A and incorporated herein by reference, together interest thereon at the rate of two percent (2%) per annum and an administrative fee of one percent (1%) per annum, which interest and administrative fee shall begin to accrue June 1, 1996, in installments on March 1, June 1, September 1 and December 1 of each year, beginning September 1, 1996, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit B hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit B.

The interest rate on each installment shall run from the June 1, 1996, and shall be payable on March 1, June 1, September 1 and December 1 of each year, beginning September 1, 1996, as shown on the aforesaid Schedule. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

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

Agreement by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection, dated March 20, 1995.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, improvements and betterments to the sewerage system facilities of the Issuer (the "Project"); (ii) to fund a debt service reserve fund; and (iii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance and Supplemental Resolution, duly enacted and adopted, respectively, by the Issuer on July 11, 1995, and July 25, 1995, (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 SEWERAGE SYSTEM REVENUE BONDS, SERIES 1995 B OF THE ISSUER (THE "SERIES 1995 B BONDS"), ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF \$150,000, WHICH SERIES 1995 B BONDS ARE ISSUED ON A PARITY WITH THIS BOND WITH RESPECT TO LIENS AND SOURCES OF AND SECURITY FOR PAYMENT OF THE SERIES 1995 A BONDS. THIS BOND IS ALSO ISSUED ON A PARITY WITH THE ISSUER'S 1991 CONSTRUCTION LOAN, WHICH IS CURRENTLY OUTSTANDING IN THE AMOUNT OF APPROXIMATELY \$126,000.

This Bond is payable only from and secured by a shared 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 1995 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1995 A Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and

maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount required in any year for principal of and interest on the Series 1995 A Bonds, the Series 1995 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 1995 B Bonds, provided however, that so long as there exists in the Series 1995 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 1995 B Bonds and any other obligations outstanding prior to or on a parity with the Bonds or the Series 1995 B Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

IN WITNESS WHEREOF, THE CITY OF NITRO has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated July 27, 1995.

[SEAL]



Mayor

ATTEST:



Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of The City of Nitro Sewerage System Revenue Bonds, Series 1995 A, described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date:

July 27, 1995

ONE VALLEY BANK, NATIONAL
ASSOCIATION,
as Registrar

By Charlotte Morgan
Its Authorized Officer

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

City of Nitro \$373,000 2% Interest Rate and 1% Administrative Fee DEBT SERVICE SCHEDULE				
DATE	PRINCIPAL	COUPON	INTEREST	DEBT SERVICE
6/01/1996	-	-	-	-
9/01/1996	3,803.00	2.00000%	1,865.00	5,668.00
12/01/1996	3,823.00	2.00000%	1,845.99	5,668.99
3/01/1997	3,842.00	2.00000%	1,826.87	5,668.87
6/01/1997	3,861.00	2.00000%	1,807.66	5,668.66
9/01/1997	3,880.00	2.00000%	1,788.36	5,668.36
12/01/1997	3,900.00	2.00000%	1,768.96	5,668.96
3/01/1998	3,919.00	2.00000%	1,749.46	5,668.46
6/01/1998	3,939.00	2.00000%	1,729.86	5,668.86
9/01/1998	3,958.00	2.00000%	1,710.17	5,668.17
12/01/1998	3,978.00	2.00000%	1,690.38	5,668.38
3/01/1999	3,998.00	2.00000%	1,670.49	5,668.49
6/01/1999	4,018.00	2.00000%	1,650.50	5,668.50
9/01/1999	4,038.00	2.00000%	1,630.41	5,668.41
12/01/1999	4,058.00	2.00000%	1,610.22	5,668.22
3/01/2000	4,079.00	2.00000%	1,589.93	5,668.93
6/01/2000	4,099.00	2.00000%	1,569.53	5,668.53
9/01/2000	4,119.00	2.00000%	1,549.04	5,668.04
12/01/2000	4,140.00	2.00000%	1,528.44	5,668.44
3/01/2001	4,161.00	2.00000%	1,507.74	5,668.74
6/01/2001	4,182.00	2.00000%	1,486.94	5,668.94
9/01/2001	4,202.00	2.00000%	1,466.03	5,668.03
12/01/2001	4,223.00	2.00000%	1,445.02	5,668.02
3/01/2002	4,245.00	2.00000%	1,423.90	5,668.90
6/01/2002	4,266.00	2.00000%	1,402.68	5,668.68
9/01/2002	4,287.00	2.00000%	1,381.35	5,668.35
12/01/2002	4,309.00	2.00000%	1,359.91	5,668.91
3/01/2003	4,330.00	2.00000%	1,338.37	5,668.37
6/01/2003	4,352.00	2.00000%	1,316.72	5,668.72
9/01/2003	4,374.00	2.00000%	1,294.96	5,668.96
12/01/2003	4,395.00	2.00000%	1,273.09	5,668.09
3/01/2004	4,417.00	2.00000%	1,251.11	5,668.11
6/01/2004	4,439.00	2.00000%	1,229.03	5,668.03
9/01/2004	4,462.00	2.00000%	1,206.83	5,668.83
12/01/2004	4,484.00	2.00000%	1,184.52	5,668.52
3/01/2005	4,506.00	2.00000%	1,162.10	5,668.10
6/01/2005	4,529.00	2.00000%	1,139.57	5,668.57
9/01/2005	4,552.00	2.00000%	1,116.93	5,668.93
12/01/2005	4,574.00	2.00000%	1,094.17	5,668.17
3/01/2006	4,597.00	2.00000%	1,071.30	5,668.30
6/01/2006	4,620.00	2.00000%	1,048.31	5,668.31
9/01/2006	4,643.00	2.00000%	1,025.21	5,668.21
12/01/2006	4,667.00	2.00000%	1,002.00	5,669.00
3/01/2007	4,690.00	2.00000%	978.66	5,668.66
6/01/2007	4,713.00	2.00000%	955.21	5,668.21
9/01/2007	4,737.00	2.00000%	931.65	5,668.65
12/01/2007	4,761.00	2.00000%	907.96	5,668.96
3/01/2008	4,784.00	2.00000%	884.16	5,668.16
6/01/2008	4,808.00	2.00000%	860.24	5,668.24
9/01/2008	4,832.00	2.00000%	836.20	5,668.20
12/01/2008	4,856.00	2.00000%	812.04	5,668.04

City of Nitro
\$373,000
2% Interest Rate and 1% Administrative Fee

DEBT SERVICE SCHEDULE

DATE	PRINCIPAL	COUPON	INTEREST	DEBT SERVICE
3/01/2009	4,881.00	2.00000%	787.76	5,668.76
6/01/2009	4,905.00	2.00000%	763.35	5,668.35
9/01/2009	4,930.00	2.00000%	738.83	5,668.83
12/01/2009	4,954.00	2.00000%	714.18	5,668.18
3/01/2010	4,979.00	2.00000%	689.41	5,668.41
6/01/2010	5,004.00	2.00000%	664.51	5,668.51
9/01/2010	5,029.00	2.00000%	639.49	5,668.49
12/01/2010	5,054.00	2.00000%	614.35	5,668.35
3/01/2011	5,079.00	2.00000%	589.08	5,668.08
6/01/2011	5,105.00	2.00000%	563.68	5,668.68
9/01/2011	5,130.00	2.00000%	538.16	5,668.16
12/01/2011	5,156.00	2.00000%	512.51	5,668.51
3/01/2012	5,182.00	2.00000%	486.73	5,668.73
6/01/2012	5,208.00	2.00000%	460.82	5,668.82
9/01/2012	5,234.00	2.00000%	434.78	5,668.78
12/01/2012	5,260.00	2.00000%	408.61	5,668.61
3/01/2013	5,286.00	2.00000%	382.31	5,668.31
6/01/2013	5,313.00	2.00000%	355.88	5,668.88
9/01/2013	5,339.00	2.00000%	329.31	5,668.31
12/01/2013	5,366.00	2.00000%	302.62	5,668.62
3/01/2014	5,393.00	2.00000%	275.79	5,668.79
6/01/2014	5,420.00	2.00000%	248.82	5,668.82
9/01/2014	5,447.00	2.00000%	221.72	5,668.72
12/01/2014	5,474.00	2.00000%	194.49	5,668.49
3/01/2015	5,501.00	2.00000%	167.12	5,668.12
6/01/2015	5,529.00	2.00000%	139.61	5,668.61
9/01/2015	5,557.00	2.00000%	111.97	5,668.97
12/01/2015	5,584.00	2.00000%	84.18	5,668.18
3/01/2016	5,612.00	2.00000%	56.26	5,668.26
6/01/2016	5,640.00	2.00000%	28.20	5,668.20
TOTAL	373,000.00	-	80,479.71	453,479.71

YIELD STATISTICS

Accrued Interest from 06/01/1996 to 06/01/1996...	-
Average Life.....	10.788 YEARS
Bond Years.....	4,023.97
Average Coupon.....	2.0000000%
Net Interest Cost (NIC).....	2.0000000%
Bond Yield for Arbitrage Purposes.....	3.0110184%
True Interest Cost (TIC).....	2.0050000%
Effective Interest Cost (EIC).....	3.0110184%

City of Nitro
\$373,000
2% Interest Rate and 1% Administrative Fee

NET DEBT SERVICE SCHEDULE

DATE	DEBT SERVICE	TOTAL EXPENSE	NEW NET D/S
6/01/1996	-	-	-
9/01/1996	5,668.00	932.50	6,600.50
12/01/1996	5,668.99	922.99	6,591.98
3/01/1997	5,668.87	913.44	6,582.31
6/01/1997	5,668.66	903.83	6,572.49
9/01/1997	5,668.36	894.18	6,562.54
12/01/1997	5,668.96	884.48	6,553.44
3/01/1998	5,668.46	874.73	6,543.19
6/01/1998	5,668.86	864.93	6,533.79
9/01/1998	5,668.17	855.08	6,523.25
12/01/1998	5,668.38	845.19	6,513.57
3/01/1999	5,668.49	835.24	6,503.73
6/01/1999	5,668.50	825.25	6,493.75
9/01/1999	5,668.41	815.20	6,483.61
12/01/1999	5,668.22	805.11	6,473.33
3/01/2000	5,668.93	794.96	6,463.89
6/01/2000	5,668.53	784.77	6,453.30
9/01/2000	5,668.04	774.52	6,442.56
12/01/2000	5,668.44	764.22	6,432.66
3/01/2001	5,668.74	753.87	6,422.61
6/01/2001	5,668.94	743.47	6,412.41
9/01/2001	5,668.03	733.01	6,401.04
12/01/2001	5,668.02	722.51	6,390.53
3/01/2002	5,668.90	711.95	6,380.85
6/01/2002	5,668.68	701.34	6,370.02
9/01/2002	5,668.35	690.67	6,359.02
12/01/2002	5,668.91	679.96	6,348.87
3/01/2003	5,668.37	669.18	6,337.55
6/01/2003	5,668.72	658.36	6,327.08
9/01/2003	5,668.96	647.48	6,316.44
12/01/2003	5,668.09	636.54	6,304.63
3/01/2004	5,668.11	625.56	6,293.67
6/01/2004	5,668.03	614.51	6,282.54
9/01/2004	5,668.83	603.42	6,272.25
12/01/2004	5,668.52	592.26	6,260.78
3/01/2005	5,668.10	581.05	6,249.15
6/01/2005	5,668.57	569.79	6,238.36
9/01/2005	5,668.93	558.46	6,227.39
12/01/2005	5,668.17	547.08	6,215.25
3/01/2006	5,668.30	535.65	6,203.95
6/01/2006	5,668.31	524.16	6,192.46
9/01/2006	5,668.21	512.61	6,180.82
12/01/2006	5,669.00	501.00	6,170.00
3/01/2007	5,668.66	489.33	6,157.99
6/01/2007	5,668.21	477.61	6,145.82

City of Nitro
\$373,000
2% Interest Rate and 1% Administrative Fee

NET DEBT SERVICE SCHEDULE

DATE	DEBT SERVICE	TOTAL EXPENSE	NEW NET D/S
9/01/2007	5,668.65	465.82	6,134.47
12/01/2007	5,668.96	453.98	6,122.94
3/01/2008	5,668.16	442.08	6,110.24
6/01/2008	5,668.24	430.12	6,098.36
9/01/2008	5,668.20	418.10	6,086.30
12/01/2008	5,668.04	406.02	6,074.06
3/01/2009	5,668.76	393.88	6,062.64
6/01/2009	5,668.35	381.68	6,050.03
9/01/2009	5,668.83	369.41	6,038.24
12/01/2009	5,668.18	357.09	6,025.27
3/01/2010	5,668.41	344.70	6,013.11
6/01/2010	5,668.51	332.26	6,000.77
9/01/2010	5,668.49	319.75	5,988.24
12/01/2010	5,668.35	307.17	5,975.52
3/01/2011	5,668.08	294.54	5,962.62
6/01/2011	5,668.68	281.84	5,950.52
9/01/2011	5,668.16	269.08	5,937.24
12/01/2011	5,668.51	256.25	5,924.76
3/01/2012	5,668.73	243.36	5,912.09
6/01/2012	5,668.82	230.41	5,899.23
9/01/2012	5,668.78	217.39	5,886.17
12/01/2012	5,668.61	204.30	5,872.91
3/01/2013	5,668.31	191.15	5,859.46
6/01/2013	5,668.88	177.94	5,846.82
9/01/2013	5,668.31	164.66	5,832.97
12/01/2013	5,668.62	151.31	5,819.93
3/01/2014	5,668.79	137.89	5,806.68
6/01/2014	5,668.82	124.41	5,793.23
9/01/2014	5,668.72	110.86	5,779.58
12/01/2014	5,668.49	97.24	5,765.73
3/01/2015	5,668.12	83.56	5,751.68
6/01/2015	5,668.61	69.81	5,738.42
9/01/2015	5,668.97	55.98	5,724.95
12/01/2015	5,668.18	42.09	5,710.27
3/01/2016	5,668.26	28.13	5,696.39
6/01/2016	5,668.20	-	5,668.20
TOTAL	453,479.71	40,225.63	493,705.34

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

In the presence of:

NOTE S/W - C/A Adopted 7/25/95 3.13 A True and exact Copy 7/25/95 Herbert D. Sibby, Recorder

Supplemental Resolution providing for certain terms of the Sewerage System Revenue Bonds, Series 1995 A, and Sewerage System Revenue Bonds, Series 1995 B, designating a registrar, paying agent and depository bank, approving the sale of the Sewerage System Revenue Bonds, Series 1995 A and Sewerage System Revenue Bonds, Series 1995 B, and making other provisions as to such Bonds.

HERB SIBBY
Recorder/Treasurer
CITY OF NITRO
P. O. BOX 308
NITRO, WV 25143

WHEREAS, the Council of The City of Nitro, West Virginia (the "Council"), on July 11, 1995, enacted an Ordinance, all as more fully set out therein; (said Ordinance is hereinafter referred to as the "Ordinance"); and

WHEREAS, the Ordinance provides for the issuance of Sewerage System Revenue Bonds, Series 1995 A (the "Series 1995 A Bonds"), of the City in aggregate principal amount not to exceed \$373,000, and Sewerage System Revenue Bonds, Series 1995 B (the "Series 1995 B Bonds"), of the City in aggregate principal amount not to exceed \$150,000, all in accordance with Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Act"), and further provides that certain terms of and matters relating to the Series 1995 A Bonds and the Series 1995 B Bonds should be established by supplemental resolution; and

WHEREAS, the Series 1995 A Bonds are proposed to be sold to the West Virginia Water Development Authority pursuant to a Loan Agreement (the "Loan Agreement"); and

WHEREAS, the Series 1995 B Bonds are proposed to be sold to Huntington National Bank, West Virginia; and

WHEREAS, capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the Ordinance; and

WHEREAS, the City Council (the "Council") of the City deems it essential and desirable that this resolution (the "Supplemental Resolution"), be adopted and that certain terms of the Series 1995 A Bonds and the Series 1995 B Bonds be fixed hereby in the manner stated herein, that the Loan Agreement be approved and that other matters relating to the Bonds be herein provided for.

NOW THEREFORE, be it resolved by the Council of The City of Nitro, West Virginia, as follows:

Section 1. The proceeds of the Series 1995 A Bonds shall be disbursed as follows:

- (1) \$330,000 of such proceeds shall be disbursed upon request of the City, in accordance with the terms of the Loan Agreement, to pay the fees and expenses of the Consulting Engineers for the preliminary design of the Project.

(2) \$10,000 of such proceeds shall be disbursed to Bond Counsel for costs of issuance and

(4) \$33,000 of such proceeds shall be deposited into the Reserve Account held in the Sinking Fund.

The sale of the Series 1995 A Bonds to the West Virginia Water Development Authority and the Loan Agreement dated March 20, 1995 in the form attached to this Resolution as Exhibit A are hereby approved. The Mayor is authorized and directed to execute and deliver the Loan Agreement with such changes and insertions as he may approve. The Mayor's signature on such Agreement shall be conclusive evidence of such approval.

Section 2. All other provisions relating to the Series 1995 A Bonds shall be as provided in the Ordinance, and the Series 1995 A Bonds shall be in substantially the form provided in the Ordinance with such changes, insertions and omissions as may be approved by the Mayor of the City. The execution of the Series 1995 A Bonds by the Mayor shall be conclusive evidence of such approval.

Section 3. The City hereby determines that the bank currently serving as the Depository Bank for the Sewer Revenue Fund shall continue in that capacity.

Section 4. The City hereby appoints and designates One Valley Bank, National Association, Charleston, West Virginia, as Registrar for the Series 1995 A Bonds.

Section 5. The City hereby appoints and designates Huntington National Bank, West Virginia, Charleston, West Virginia, as Registrar for the Series 1995 B Bonds.

Section 6. The City hereby appoints and designates the West Virginia Municipal Bond Commission, as Paying Agent for the Series 1995 A Bonds.

Section 7. The Mayor and City Recorder are hereby authorized and directed to execute and deliver such other documents and certificates, including the Registrar's Agreement and Tax Regulatory Agreement required or desirable in connection with the Series 1995 A Bonds or the Series 1995 B Bonds in order for the Series 1995 A Bonds and the Series 1995 B Bonds to be delivered to the respective purchasers thereof.

Section 8. The City shall not permit at any time or times any of the proceeds of the Series 1995 A Bonds or the Series 1995 B Bonds or any other funds of the City to be used directly or indirectly in a manner which would result in the exclusion of the Series 1995 A Bonds or the Series 1995 B Bonds from the treatment afforded by Section 103(a) of the Code, by

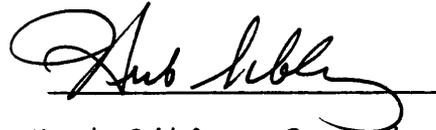
reason of the classification of the Series 1995 A Bonds or the Series 1995 B Bonds as "private activity bonds" within the meaning of the Code. It will take all actions necessary to comply with the Code, including the Treasury Regulations to be promulgated thereunder.

Section 9. The City hereby approves the execution and delivery of the Tax Regulatory Agreement and authorizes and directs the Mayor to execute said agreement with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Tax Regulatory Agreement by the Mayor shall be conclusive evidence of such approval. The City hereby specifically agrees to be bound by the provisions of the Tax Regulatory Agreement relating to rebate required by the Code.

Section 9. This Supplemental Resolution shall be effective immediately upon adoption.



Don Karnes, Mayor
7/25/95



Herb Sibley, Recorder
7/25/95

7/25/95 a true and exact copy 17

Herbert D Sibley

HERB SIBLEY
Recorder/Treasurer
CITY OF NITRO

CITY OF NITRO
ORDINANCE

ORDINANCE AUTHORIZING THE ACQUISITION, IMPROVEMENT AND BETTERMENT TO THE PUBLIC SEWERAGE SYSTEM FACILITIES OF THE CITY OF NITRO AND THE FINANCING CERTAIN PRELIMINARY COSTS THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN \$373,000.00 IN AGGREGATE PRINCIPAL AMOUNT OF SEWERAGE SYSTEM REVENUE BONDS, SERIES 1995 A, AND THE FINANCING TEMPORARILY OF CERTAIN COSTS THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN \$150,000.00 IN AGGREGATE PRINCIPAL AMOUNT OF SEWERAGE SYSTEM REVENUE BONDS, SERIES 1995 B; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; APPROVING AND RATIFYING A LOAN AGREEMENT RELATING TO THE SERIES 1995 A BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

A. The City of Nitro (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Kanawha and Putnam Counties of said State.

B. The Issuer presently owns and operates a public sanitary sewerage collection and treatment system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be designed and constructed certain additions, betterments and improvements for the existing sewerage facilities of the Issuer consisting of the improvements and upgrading of the wastewater treatment plant and the replacement of certain wastewater collection

1 lines and all appurtenant facilities (the "Project") which
 2 constitute properties for the collection and treatment of
 3 wastewater (the existing sewerage system facilities of the
 4 Issuer, the Project and any further additions thereto or
 5 extensions thereof is herein called the "System") at an
 6 estimated cost of \$3,625,000.00, in accordance with the plans
 7 and specifications are being prepared by the Consulting
 8 Engineers, which plans and specifications have been approved,
 9 on a preliminary basis, by the Issuer.

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

19 D. It is deemed necessary for the Issuer to issue
 20 its Sewerage System Revenue Bonds in the total aggregate
 21 principal amount of not more than \$523,000.00 in two series,
 22 being the Series 1995 A Bonds in the aggregate principal amount
 23 of not more than \$373,000.00, and the Series 1995 B Bonds in
 24 the aggregate of not more than \$150,000.00 (collectively, the
 25 "Original Bonds"). The proceeds of the Series 1995 A Bonds
 26 will be used to finance certain preliminary costs of the design
 27 and preparation of the plans and specifications for the
 28 construction and acquisition of the Project, and the proceeds
 29 of the Series 1995 B Bonds will be used to finance temporarily
 30 certain Project costs, consisting the the repair project on
 31 21st Street. The proceeds of the Series 1995 A Bonds shall be
 32 used to pay the preliminary engineering expenses for the
 33 Project, and the proceeds of the Series 1995 B Bonds will be
 34 used to provide interim financing for a portion of the
 35 construction of the Project, known generally as the 21st Street
 36 portion of the Project. Said costs shall be deemed to include
 37 the cost of all property rights, easements and franchises
 38 deemed necessary or convenient therefor; interest and upon the
 39 Bonds prior to and during construction or acquisition and for a
 40 period not exceeding 6 months after completion of construction
 41 of the Project; amounts which may be deposited in the Reserve
 42 Accounts; engineering, and legal expenses; expenses for
 43 estimates of costs and revenues, expenses for plans,
 44 specifications and surveys; other expenses necessary or
 45 incident to determining the feasibility or practicability of
 46 the enterprise, administrative expense, commitment fees, fees
 47 of the Authority (as hereinafter defined), discount, initial
 48 fees for the services of registrars, paying agents,
 49 depositories or trustees or other costs in connection with the
 50 sale of the Bonds and such other expenses as may be necessary
 51 or incidental to the financing herein authorized, the
 52 construction or acquisition of the Project and the placing of
 53 same in operation, and the performance of the things herein

1 required or permitted, in connection with any thereof;
provided, that reimbursement to the Issuer for any amounts
3 expended by it for allowable costs prior to the issuance of the
Bonds or the repayment of indebtedness incurred by the Issuer
5 for such purposes, shall be deemed Costs of the Project, as
hereinafter defined.

7
E. The Issuer intends to finance such costs of
9 acquisition and construction of the project permanently through
the issuance of its revenue bonds to the West Virginia Water
11 Development Authority (the "Authority") in connection with West
Virginia Water Pollution Control Revolving Fund Program (the
13 "SRF Program"), pursuant to the Act, in order to take advantage
of the favorable terms available to the Issuer under the SFR
15 Program.

17 F. The period of usefulness of the System after
completion of the Project is not less than 20 years.

19
G. It is in the best interests of the Issuer that
21 its Series 1995 A Bonds be sold to the Authority (as
hereinafter defined) pursuant to the terms and provisions of a
23 loan agreement to be entered into by and among the Issuer, the
Authority and the West Virginia Division of Environmental
25 Protection, a division of the West Virginia Bureau of the
Environment ("DEP"), in form satisfactory to the Issuer, the
27 Authority and the DEP, as shall be approved herein. It is in
the best interest of the Issuer that the Series 1995 B Bonds be
29 sold to Huntington Bank, West Virginia, National Association.

31 H. There is not outstanding any obligations of the
Issuer which will rank prior to or on a parity with the Bonds
33 as to lien and source of and security for payment, other than
the City's Sewerage System construction loan dated February 6,
35 1991, presently outstanding in the amount of approximately
\$130,000, payable to the order of The National Bank of Commerce
37 of Nitro, which will rank on a parity with the Series 1995 A
Bonds and the Series 1995 B Bonds. The construction loan
39 referred to above, the Series 1995 A Bonds and the Series 1995
B Bonds shall be secured by a first lien on the revenues of the
41 System, which lien shall be shared on a proportionate basis
among the loan and each series of bonds.

43
I. The Issuer has complied with all requirements of
45 West Virginia law relating to authorization of the
construction, acquisition and operation of the Project and
47 issuance of the Bonds, or will have so complied prior to
issuance of any thereof, The undertakings contemplated by this
49 Ordinance do not require obtaining of a Certificate of
Convenience and Necessity from the Public Service Commission of
51 West Virginia.

1 J. The Issuer is a governmental unit which has
 3 general taxing powers to finance operations of or facilities of
 the nature of the Project and System, and the Issuer, all
 5 subordinate entities, all entities which issue obligations on
 behalf of the Issuer, and all entities formed or, to the extent
 7 provided under Section 148 of the Code, herein defined, availed
 of, to avoid the purposes of Section 148(f)(4)(C) of the Code
 and all other entities benefiting thereby reasonably expect to
 9 issue less than \$5,000,000 aggregate principal amount of
 tax-exempt obligations (other than private activity bonds)
 11 during the calendar year 1995.

13 K. Pursuant to the Act, the Issuer has heretofore
 established a Sanitary Board, and the Sanitary Board has
 15 petitioned the Council to issue the Series 1995 A Bonds and the
 Series 1995 B Bonds for the purposes set forth herein.
 17

L. The Issuer hereby finds and determines that the
 19 amount of bonds, other than private activity bonds which it
 anticipates issuing during calendar year 1995 shall not exceed
 21 \$10,000,000 and therefore the City hereby designates the Series
 1995 B Bonds as "qualified-tax-exempt obligations" for purposes
 23 of Section 265(b) of the Code.

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

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

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

47 "Authority" means the West Virginia Water Development
 Authority, which is expected to be the original purchaser of
 49 the Original Bonds, or any other agency of the State of West
 Virginia that succeeds to the functions of the Authority.
 51

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

1
3 "Bank" means Huntington Bank, West Virginia, National
Association, a national Banking association, in the State of
West Virginia.

5
7 "Bond Construction Trust Fund" means the Bond
Construction Trust Fund established by Section 4.01 hereof.

9
11 "Bondholder," "Holder of the Bonds," "Holder" or any
similar term whenever used herein with respect to an
outstanding Bond or Bonds, means the person in whose name such
Bond is registered.

13
15 "Bond Legislation," "Ordinance," "Bond Ordinance" or
"Local Act" means this Bond Ordinance and all ordinances,
orders and resolutions supplemental hereto or amendatory hereof.

17
19 "Bond Registrar" means the bank or other entity to be
designated as such in the Supplemental Resolution and its
successors and assigns.

21
23 "Bond Year" means the 12 month period beginning on the
anniversary of the Closing Date in each year and ending on the
day prior to the anniversary date of the Closing Date in the
following year except that the first Bond Year shall begin on
the Closing Date.

27
29 "Bonds" means the Original Bonds, and any bonds on a
parity therewith authorized to be issued hereunder.

31
33 "Closing Date" means, with respect to the Series 1995
A Bonds, the date upon which there is an exchange of the Bonds
for the proceeds representing the purchase of the Bonds by the
Authority, and with respect to the Series 1995 B Bonds, the
date upon which there is an exchange of the Bonds for the
proceeds representing the purchase of the Bonds by the Bank.

37
39 "Code" means the Internal Revenue Code of 1986, as
amended, and Regulations.

41
43 "Commission" means the West Virginia Municipal Bond
Commission or any other agency of the State of West Virginia
that succeeds to the functions of the Commission.

45
47 "Consulting Engineers" means Dunn Engineers, Inc.,
Charleston, West Virginia, or any engineer or firm of engineers
that shall at any time hereafter be retained by the Issuer as
Consulting Engineers for the System.

49
51 "Costs" or "Costs of the Project" means those costs
described in Section 1.02D hereof to be a part of the cost of
construction and acquisition of the Project.

53

22
1 "Debt Service" means the scheduled amount of interest
and amortization of principal payable on the Bonds during the
3 period of computation, excluding amounts scheduled during such
period which relate to principal which has been retired before
5 the beginning of such period.

7 "Depository Bank" means the bank designated as such in
the Supplemental Resolution, and its successors and assigns.
9

11 "DEP" means the West Virginia Division of
Environmental Protection, a division of the West Virginia
Bureau of the Environment.
13

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

17 (A) The excess of

19 (i) The aggregate amount earned from the Closing
Date on all Nonpurpose Investments in which Gross
21 Proceeds of the Series 1995 A Bonds and Series 1995 B
Bonds are invested [other than amounts attributable to
23 an excess described in this clause (A) of this
definition of Excess Investment Earnings], over
25

27 (ii) The amount that would have been earned if
the Yield on such Nonpurpose Investments [other than
29 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
31 1995 A Bonds and the Series 1995 B Bonds, plus

33 (B) Any income attributable to the excess described in
clause (A) of this definition of Excess Investment Earnings.
35

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

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

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

45 "Government Obligations" means direct obligations of,
or obligations the timely payment of the principal of and
47 interest on which is guaranteed by, the United States of
America.
49

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

1 (i) Original proceeds, namely, net amounts received by
 3 or for the Issuer as a result of the sale of the Series
 5 1995 A Bonds and the Series 1995 B Bonds, excluding
 7 original proceeds which become transferred proceeds
 (determined in accordance with applicable Regulations) of
 obligations issued to refund in whole or in part the Series
 1995 A Bonds and the Series 1995 B Bonds;

9 (ii) Investment proceeds, namely, amounts received at
 11 any time by or for the Issuer, such as interest and
 13 dividends, resulting from the investment of any original
 15 proceeds (as referenced in clause (i) above) or investment
 17 proceeds (as referenced in this clause (ii)) in Nonpurpose
 19 Investments, increased by any profits and decreased (if
 necessary, below zero) by any losses on such investments,
 excluding investment proceeds which become transferred
 proceeds (determined in accordance with applicable
 Regulations) of obligations issued to refund in whole or in
 part the Series 1995 A Bonds and the Series 1995 B Bonds;

21 (iii) Transferred proceeds, namely, original proceeds
 23 of any prior obligations, and interest earnings and profits
 25 less losses resulting from investment of such original
 27 proceeds in Nonpurpose Investments, which are used to
 29 discharge the outstanding principal of any prior bonds and
 31 which are deemed to become proceeds of the Series 1995 A
 33 Bonds or the Series 1995 B Bonds, ratably as original
 proceeds of the Series 1995 A Bonds or the Series 1995 B
 Bonds, as the case may be, and interest earnings and
 profits resulting from investment of such original proceeds
 in Nonpurpose Investments, which are used to discharge the
 outstanding principal of any such prior obligations, all on
 the date of such ratable discharge;

35 (iv) Sinking fund proceeds, namely, amounts, other
 37 than original proceeds, investment proceeds or transferred
 39 proceeds (as referenced in clauses (i) through (iii) above)
 41 of the Series 1995 A Bonds and the Series 1995 B Bonds,
 which are held in any fund to the extent that the Issuer
 reasonably expects to use such other fund to pay Debt
 Service;

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

47 (vi) Investment Property pledged as security for
 49 payment of Debt Service on the Series 1995 A Bonds and the
 Series 1995 B Bonds by the Issuer;

51 (vii) Amounts, other than as specified in this
 53 definition, used to pay Debt Service on the Series 1995 A
 Bonds and the Series 1995 B Bonds; and

1
3 (viii) Amounts received as a result of investing
amounts described in this definition.

5 "Gross Revenues" means the aggregate gross operating
and non-operating revenues of the System, as hereinafter
7 defined, determined in accordance with generally accepted
accounting principles, after deduction of prompt payment
9 discounts, if any, and reasonable provision for uncollectible
accounts; provided, that "Gross Revenues" does not include any
11 gains from the sale or other disposition of, or from any
increase in the value of, capital assets (including Qualified
13 Investments, as hereinafter defined, purchased pursuant to
Article 7.01 hereof) or any Tap Fees, as hereinafter defined.
15

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

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

27 "Investment Property" means any security (as said term
is defined in Section 165(g)(2)(A) or (B) of the Code),
29 obligation, annuity contract or investment-type property,
excluding, however, obligations the interest on which is
31 excluded from gross income, under Section 103 of the Code, for
federal income tax purposes.
33

35 "Issuer" means The City of Nitro, in Kanawha and
Putnam Counties, West Virginia, and, unless the context clearly
indicates otherwise, includes the Governing Body of the Issuer.
37

39 "Loan Agreement" means the Loan Agreement to be
entered into among the West Virginia Department of
Environmental Protection, the Authority and the Issuer
41 providing for the purchase of the Series 1995 A Bonds from the
Issuer by the Authority, the forms of which shall be approved,
43 and the execution and delivery by the Issuer authorized and
directed by the Supplemental Resolution.
45

47 "Mayor" means the Mayor of the Issuer.

49 "Net Proceeds" means the face amount of the Series
1995 A Bonds and the Series 1995 B Bonds, plus accrued interest
and premium, if any, less original issue discount, if any, and
51 less proceeds deposited in the Reserve Account. For purpose of
the Private Business Use limitations set forth herein, the term
53 Net Proceeds shall include any amounts resulting from the

1 investment of proceeds of the Series 1995 A Bonds and the
Series 1995 B Bonds, without regard to whether or not such
3 investment is made in tax-exempt obligations.

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

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

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

33 "Original Bonds" or "Bonds originally authorized
hereby" or similar phrases mean, collectively, the not more
35 than \$373,000.00 in aggregate principal amount of Series 1995 A
Bonds and the not more than \$150,000.00 in aggregate principal
37 amount of Series 1995 B Bonds, issued for the purpose of paying
a portion of the Costs of the Project and for such other
39 purposes permitted and authorized by this Bond Legislation.

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

53

1 "Parity Bonds" means additional Bonds issued under the
provisions and within the limitations prescribed by Section
3 6.07 hereof.

5 "Paying Agent" means the West Virginia Municipal Bond
Commission, as paying agent for the Series 1995 A Bonds.
7

"Private Business Use" means use directly or
9 indirectly in a trade or business carried on by a natural
person, including all persons "related" to such person within
11 the meaning of Section 144(a)(3) of the Code, or in any
activity carried on by a person other than a natural person,
13 including all persons "related" to such person within the
meaning of Section 144(a)(3) of the Code, excluding, however,
15 use by a state or local governmental unit and use as a member
of the general public. All of the foregoing shall be
17 determined in accordance with the Code, including, without
limitation, giving due regard to "incidental use," if any, of
19 the proceeds of the issue and/or proceeds used for "qualified
improvements," if any.
21

"Project" means the acquisition and construction of
23 certain improvements and betterments to the Issuer's wastewater
collection and treatment facilities of the Issuer, consisting
25 of the upgrading the wastewater treatment plant and certain
collection lines and lift stations within the jurisdiction of
27 the Issuer, and all necessary appurtenances.

"Purchase Price," for the purpose of computation of
29 the Yield of the Series 1995 A Bonds and the Series 1995 B
Bonds, has the same meaning as the term "issue price" in
31 Sections 1273(b) and 1274 of the Code, and, in general, means
the initial offering price of the Series 1995 A Bonds and the
33 Series 1995 B Bonds to the public (not including bond houses
and brokers, or similar persons or organizations acting in the
35 capacity of underwriters or wholesalers) at which price a
substantial amount of the Series 1995 A Bonds and the Series
37 1995 B Bonds of each maturity is sold or, if the Series 1995 A
Bonds or Series 1995 B Bonds are privately placed, the price
39 paid by the first buyer of the Series 1995 A Bonds or the
Series 1995 B Bonds or the acquisition cost of the first
41 buyer. "Purchase Price," for purposes of computing Yield of
Nonpurpose Investments, means the fair market value of the
43 Nonpurpose Investments on the date of use of Gross Proceeds of
the Series 1995 A Bonds and the Series 1995 B Bonds for
45 acquisition thereof, or if later, on the date that Investment
Property constituting a Nonpurpose Investment becomes a
47 Nonpurpose Investment of the Series 1995 A Bonds and the Series
49 1995 B Bonds.

51 "Qualified Investments" means and includes any of the
following:
53

1 (a) Government Obligations;

3 (b) Government Obligations which have been stripped
5 of their unmatured interest coupons, interest coupons
7 stripped from Government Obligations, and receipts or
9 certificates evidencing payments from Government
11 Obligations or interest coupons stripped from Government
13 Obligations;

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

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

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

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

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

1 the collateral therefor; must have (or its agent must have)
2 possession of such collateral; and such collateral must be
3 free of all claims by third parties;

4 (h) The West Virginia "consolidated fund" managed by
5 the West Virginia State Board of Investments Pursuant to
6 Chapter 12, Article 6 of the West Virginia Code of 1931, as
7 amended; and
8

9 (i) Obligations of States or political subdivisions or
10 agencies thereof, the interest on which is exempt from
11 federal income taxation, and which are rated at least "A"
12 by Moody's Investors Service, Inc. or Standard & Poor's
13 Corporation.
14

15 "Registered Owner," "Bondholder," "Holder" or any
16 similar term means whenever used herein with respect to an
17 outstanding Bond or Bonds, the person in whose name such Bond
18 or Bonds is registered.
19

20 "Registrar" means the Bond Registrar.
21

22 "Regulations" means temporary and permanent
23 regulations promulgated under the Code, or any predecessor
24 thereto.
25

26 "Renewal and Replacement Fund" means the Renewal and
27 Replacement Fund established by Section 4.01 hereof.
28

29 "Revenue Fund" means the Revenue Fund established by
30 Section 4.01 hereof.
31

32 "Series 1995 A Bonds" or "Series A Bonds" means the
33 not more than \$373,000.00 in aggregate principal amount of
34 Sewerage System Revenue Bonds, Series 1995 A, of the Issuer.
35

36 "Series 1995 A Bonds Reserve Account" means the Series
37 1995 A Bonds Reserve Account established in the Series 1995 A
38 Bonds Sinking Fund pursuant to Section 4.02 hereof.
39

40 "Series 1995 A Bonds Reserve Requirement" means, as of
41 any date of calculation, the maximum amount of principal and
42 interest which will become due on the Series 1995 A Bonds in
43 the then current or any succeeding year.
44

45 "Series 1995 A Bonds Sinking Fund" means the Series
46 1995 A Sinking Fund established by Section 4.02 hereof.
47

48 "Series 1995 B Bonds" or "Series B Bonds" means the
49 not more than \$150,000.00 in aggregate principal amount of
50 Sewerage System Revenue Bonds, Series 1995 B, of the Issuer.
51

52 "State" means the State of West Virginia.
53

1
3 "Supplemental Resolution" means any resolution,
5 ordinance or order of the Issuer supplementing or amending this
7 Ordinance and, when preceded by the article "the," refers
9 specifically to the supplemental resolutions authorizing the
11 sale of the Notes or the Original Bonds; provided, that any
13 matter intended by this Ordinance to be included in the
15 Supplemental Resolution with respect to the Original Bonds, and
17 not so included may be included in another Supplemental
Resolution.

11
13 "Surplus Revenues" means the Net Revenues not required
15 by the Bond Legislation to be set aside and held for the
17 payment of or security for the Bonds or any other obligations
of the Issuer, including the Renewal and Replacement Fund and
the Reserve Accounts, the proceeds of which Bonds or other
obligations are to be used to pay Costs of the Project.

19
21 "System" means the existing sewerage system facilities
23 as expanded by the Project, and all facilities and other
25 property of every nature, real or personal, now or hereafter
owned, held or used in connection with said sewerage system;
and shall include any and all additions, extensions,
improvements properties or other facilities at any time
acquired or constructed for the System after completion of the
Project.

27
29 "Recorder" means the Recorder of the Issuer.

31 "Yield" means that yield which, when used in computing
33 the present worth of all payments of principal and interest (or
35 other payments in the case of Nonpurpose Investments which
37 require payments in a form not characterized as principal and
interest) on a Nonpurpose Investment or on the Series 1995 A
Bonds or the Series 1995 B Bonds produces an amount equal to
the Purchase Price of such Nonpurpose Investment or the Bonds,
all computed as prescribed in applicable Regulations.

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

ARTICLE III

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

Section 3.01. Authorization of Series 1995 A Bonds.

For the purposes of paying certain preliminary Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 1995 A Bonds and related costs, there shall be issued negotiable Series 1995 A Bonds of the Issuer, in an aggregate principal amount of not more than \$373,000.00. Said Series 1995 A Bonds shall be issued as a single bond and designated as "Sewerage System Revenue Bonds, Series 1995 A." The Series 1995 A Bonds shall bear no interest until June 1, 1996. From June 1, 1996 the Series 1995 A Bonds shall bear interest at the rate of two percent (2%) per annum. There shall also be payable on the Series 1995 A Bonds a one percent (1%) administrative fee. The Series 1995 A Bonds shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 1995 A Bonds shall be deposited in the Bond Construction Trust Fund.

Section 3.01A. Authorization of Series 1995 B Bonds.

For the purposes of financing temporarily certain Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 1995 B Bonds and related costs, there shall be issued negotiable Series 1995 B Bonds of the Issuer, in an aggregate principal amount of not more than \$150,000.00. Said Series 1995 B Bonds shall be issued as a single bond and designated as "Sewerage System Revenue Bonds, Series 1995 B." The Series 1995 B Bonds shall bear interest at such rate or rates, not exceeding the then legal maximum, payable on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, and shall have such other terms, all as the Issuer shall prescribe in a Supplemental Resolution. The proceeds of the Series 1995 B Bonds shall be disbursed to or account of the Issuer as provided herein.

Section 3.02. Terms of the Series 1995 A Bonds.

The Series 1995 A Bonds shall bear interest as set forth above; shall be payable and mature on such dates and in such amounts as set forth in Schedule Y attached hereto; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution, or as specifically provided in the Loan Agreement. The Series 1995 A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 1995 A Bonds shall be paid by check or draft of the Paying Agent mailed to the registered owner thereof at the

1 address as it appears on the books of the Bond Registrar, or by
such other method as shall be mutually agreeable so long as the
3 Authority is the Registered Owner thereof.

5 Unless otherwise provided by the Supplemental
Resolution, the Series 1995 A Bonds shall be issued in the form
7 of a single bond, fully registered to the Authority, with a
record of advances and a debt service schedule attached,
9 representing the aggregate principal amount of the Series 1995
A Bonds, and shall mature in principal installments, all as
11 provided in the Supplemental Resolution. The Series 1995 A
Bonds shall be exchangeable at the option and expense of the
13 Holder for other fully registered Bonds of the same series in
aggregate principal amount equal to the amount of said Bonds
15 then Outstanding and being exchanged, with principal
installments or maturities, as applicable, corresponding to the
17 dates of payment of principal installments of said Bonds;
provided, that the Authority shall not be obligated to pay any
19 expenses of such exchange.

21 Subsequent series of Bonds, if any, shall be issued in
fully registered form and in denominations as determined by a
23 Supplemental Resolution. The Bonds shall be dated as of the
date specified in a supplemental resolution and shall bear
25 interest from the date so specified therein.

27 Section 3.02A. Terms of the Series 1995 B Bonds. The
Series 1995 B Bonds shall bear interest, shall be payable and
29 mature on such dates and in such amounts, and shall be
redeemable, in whole or in part, at any time at the option of
31 Issuer at a redemption price equal to the principal amount
thereof, plus interest to the redemption date; the Series 1995
33 B Bonds shall be payable at the office of the Bank, in any coin
or currency which, on the dates of payment of principal is
35 legal tender for the payment of public or private debts under
the laws of the United States of America. Interest on the
37 Bonds shall be paid by check or draft of the City mailed to the
registered owner thereof at the address as it appears on the
39 books of the Bond Registrar, or by such other method as shall
be mutually agreeable so long as the Bank is the Registered
41 Owner thereof.

43 Unless otherwise provided by the Supplemental
Resolution, the Series 1995 B Bonds shall be issued in the form
45 of a single bond, fully registered to the Bank, representing
the aggregate principal amount of such Bonds.

47 Section 3.03. Execution of Bonds. The Bonds shall
49 be executed, either manually or by facsimile, in the name of
the Issuer by the Mayor, and the seal of the Issuer shall be
51 affixed thereto or imprinted thereon and attested by the
Recorder. In case any one or more of the officers who shall
53 have signed or sealed any of the Bonds shall cease to be such

1 officer of the Issuer before the Bonds so signed and sealed
 3 have been actually sold and delivered, such Bonds may
 5 nevertheless be sold and delivered as herein provided and may
 7 be issued as if the person who signed or sealed such Bonds had
 9 not ceased to hold such office. Any Bonds may be signed and
 sealed on behalf of the Issuer by such person as at the actual
 time of the execution of such Bonds shall hold the proper
 office in the Issuer, although at the date of such Bonds such
 person may not have held such office or may not have been so
 authorized.

11
 13 Section 3.04. Authentication and Registration. No
 15 Bond shall be valid or obligatory for any purpose or entitled
 17 to any security or benefit under this Bond Legislation unless
 19 and until the Certificate of Authentication and Registration on
 21 such Bond, substantially in the forms set forth in Section 3.09
 23 shall have been manually executed by the Bond Registrar. Any
 25 such executed Certificate of Authentication and Registration
 upon any such Bond shall be conclusive evidence that such Bond
 has been authenticated, registered and delivered under this
 Bond Legislation. The Certificate of Authentication and
 Registration on any Bond shall be deemed to have been executed
 by the Bond Registrar if manually signed by an authorized
 officer of the Bond Registrar, but it shall not be necessary
 that the same officer sign the Certificate of Authentication
 and Registration on all of the Bonds issued hereunder.

27
 29 Section 3.05. Negotiability, Transfer and
Registration. Subject to the provisions for transfer of
 registration set forth below, the Bonds shall be and have all
 31 of the qualities and incidents of negotiable instruments under
 the Uniform Commercial Code of the State of West Virginia, and
 33 each successive Holder, in accepting any of said Bonds shall be
 conclusively deemed to have agreed that such Bonds shall be and
 35 have all of the qualities and incidents of negotiable
 instruments under the Uniform Commercial Code of the State of
 37 West Virginia, and each successive Holder shall further be
 conclusively deemed to have agreed that said Bonds shall be
 39 incontestable in the hands of a bona fide holder for value.

41 So long as any of the Bonds remain outstanding, the
 Issuer, through the Bond Registrar or its agent, shall keep and
 43 maintain books for the registration and transfer of the Bonds.

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

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

19 Section 3.06. Bonds Mutilated, Destroyed, Stolen or
20 Lost. In case any Bond shall become mutilated or be destroyed,
21 stolen or lost, the Issuer may, in its discretion, issue, and
22 the Bond Registrar shall, if so advised by the Issuer,
23 authenticate and deliver, a new Bond of the same series and of
24 like tenor as the Bonds so mutilated, destroyed, stolen or
25 lost, in exchange and substitution for such mutilated Bond,
26 upon surrender and cancellation of such mutilated Bond, or in
27 lieu of and substitution for the Bond destroyed, stolen or
28 lost, and upon the Holder's furnishing satisfactory indemnity
29 and complying with such other reasonable regulations and
30 conditions as the Issuer may prescribe and paying such expenses
31 as the Issuer and the Bond Registrar may incur. All Bonds so
32 surrendered shall be cancelled by the Bond Registrar and held
33 for the account of the Issuer. If any such Bond shall have
34 matured or be about to mature, instead of issuing a substitute
35 Bond, the Issuer may pay the same, upon being indemnified as
36 aforesaid, and if such Bond be lost, stolen or destroyed,
37 without surrender thereof.

38 Section 3.07. Bonds not to be Indebtedness of the
39 Issuer. The Series 1995 A Bonds shall not, in any event, be or
40 constitute an indebtedness of the Issuer within the meaning of
41 any constitutional or statutory provision or limitation, but
42 shall be payable solely from the Net Revenues derived from the
43 operation of the System as herein provided and amounts, if any,
44 in the Series 1995 A Bonds Reserve Account. No holder or
45 holders of any of the Series 1995 A Bonds shall ever have the
46 right to compel the exercise of the taxing power of the Issuer
47 to pay the Series 1995 A Bonds or the interest thereon.

48 The Series 1995 B Bonds shall not, in any event, be or
49 constitute an indebtedness of the Issuer within the meaning of
50 any constitutional or statutory provision or limitation, but

1 shall be payable solely from the Net Revenues derived from the
2 operation of the System as herein provided and from the
3 subsequent issuance of revenue bonds to finance permanently the
4 Cost of the Project. No holder or holders of any of the Series
5 1995 B Bonds shall ever have the right to compel the exercise
6 of the taxing power of the Issuer to pay the Series 1995 B
7 Bonds or the interest thereon.

9 Section 3.08. Bonds Secured by Pledge of Net
10 Revenues; Series 1995 A Bonds to be on Parity with the Series
11 1995 B Bonds. The payment of the debt service of all the
12 Series 1995 B Bonds and Series 1995 B Bonds shall be secured
13 forthwith equally and ratably with each other, and with the
14 Issuer 1991 construction loan, by a first lien on the Net
15 Revenues derived from the System, which first lien shall be
16 shared prorata among all the above described indebtedness.
17 Such Net Revenues in an amount sufficient to pay the principal
18 of and interest on and other payments for the Bonds and to make
19 the payments into the Sinking Funds, the Reserve Accounts
20 therein and the Renewal and Replacement Fund hereinafter
21 established, are hereby irrevocably pledged to the payment of
22 the principal of and interest on the Bonds as the same become
23 due.

25 Section 3.09. Delivery of Bonds. The Issuer shall
26 execute and deliver the Series 1995 A Bonds and the Series 1995
27 B Bonds to the Bond Registrar, and the Registrar shall
28 authenticate register and deliver the Bonds to the original
29 purchasers thereof upon receipt of the documents set forth
30 below:

31
32 A. If other than the Authority, a list of the names in
33 which the Bonds are to be registered upon original
34 issuance, together with such taxpayer identification and
35 other information as the Bond Registrar may reasonable
36 require;

37
38 B. A request and authorization to the Bond Registrar,
39 on behalf of the Issuer, signed by an Authorized Officer,
40 to authenticate and deliver the Bonds to the original
41 purchasers; and

42
43 C. An unqualified approving opinion of bond counsel
44 on the Bonds.
45

46 Section 3.10. Form of Original Bonds. The text of
47 the Bonds shall be in substantially the following forms, with
48 such omissions, insertions and variations as may be necessary
49 and desirable and authorized or permitted hereby, or by any
50 Supplemental Resolution adopted prior to the issuance thereof:
51

1 [Form of Series 1995 A Bond]

3 UNITED STATES OF AMERICA
5 STATE OF WEST VIRGINIA
7 THE CITY OF NITRO
9 SEWERAGE SYSTEM REVENUE BOND
SERIES 1995 A

11 No. AR- _____

\$373,000.00

13
15 KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF
17 NITRO, a municipal corporation and political subdivision of the
19 State of West Virginia in Kanawha and Putnam Counties of said
21 State (the "Issuer"), for value received, hereby promises to
23 pay, solely from the special funds provided therefor, as
25 hereinafter set forth, to the West Virginia Water Development
27 Authority (the "Authority") or registered assigns the sum of
29 Three Hundred Seventy Three Thousand Dollars (\$373,000.00),
31 together interest thereon at the rate of two percent (2%) per
annum and an administrative fee of one percent (1%) per annum,
which interest and administrative fee shall begin accrue June
1, 1996, in installments on March 1, June 1, September and
December 1 of each year, beginning September 1, 1996, 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.

33 The interest rate on each installment shall run from
35 the June 1, 1996, and shall be payable on March 1, June 1,
37 September 1 and December 1 of each year, beginning September 1,
39 1996, as shown on the aforesaid Schedule. Principal
41 installments of this Bond are payable in any coin or currency
43 which, on the respective dates of payment of such installments,
45 is legal tender for the payment of public and private debts
47 under the laws of the United States of America, at the office
49 of the West Virginia Municipal Bond Commission, Charleston,
West Virginia (the "Paying Agent"). The interest on this Bond
is payable by check or draft of the Paying Agent mailed to the
registered owner hereof at the address as it appears on the
books of _____, West
Virginia, as registrar (the "Registrar") on the 15th day of the
month next preceding an interest payment date, or by such other
method as shall be mutually agreeable so long as the Authority
is the Registered Owner hereof.

51 This Bond may be redeemed prior to its stated date of
53 maturity in whole or in part, but only upon the express consent
of the Authority, and upon the terms and conditions prescribed
by, and otherwise in compliance with the Loan Agreement by and

1 among the Issuer, the Authority and the West Virginia Division
of Environmental Protection, dated _____, 1995.
3

5 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
7 of the Issuer (the "Project"); and (ii) to pay certain costs of
issuance hereof and related costs. This Bond is issued under
9 the authority of and in full compliance with the Constitution
and statutes of the State of West Virginia, including
11 particularly Chapter 16, Article 13 of the West Virginia Code
of 1931, as amended (the "Act"), and an Ordinance and
13 Supplemental Resolution, duly enacted and adopted,
respectively, by the Issuer on _____, 1995,
15 and _____, 1995, (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 SEWERAGE
SYSTEM REVENUE BONDS, SERIES 1995 B OF THE ISSUER (THE "SERIES
25 1995 B BONDS"), ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF
\$150,000, WHICH SERIES 1995 B BONDS ARE ISSUED ON A PARITY WITH
27 THIS BOND WITH RESPECT TO LIENS AND SOURCES OF AND SECURITY FOR
PAYMENT OF THE SERIES 1995 A BONDS.
29

31 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,
33 moneys in the Reserve Account created under the Bond
Legislation for the Bonds (the "Series 1995 A Bonds Reserve
35 Account"), and unexpended proceeds of the Bonds. Such Net
Revenues shall be sufficient to pay the principal of and
37 interest on all bonds which may be issued pursuant to the Act
and which shall be set aside as a special fund hereby pledged
39 for such purpose. This Bond does not constitute a corporate
indebtedness of the Issuer within the meaning of any
41 constitutional or statutory provisions or limitations, nor
shall the Issuer be obligated to pay the same or the interest
43 hereon except from said special fund provided from the Net
Revenues, the moneys in the Series 1995 A Bonds Reserve Account
45 and unexpended Bond proceeds. Pursuant to the Bond
Legislation, the Issuer has covenanted and agreed to establish
47 and maintain just and equitable rates and charges for the use
of the System and the services rendered thereby, which shall be
49 sufficient, together with other revenues of the System, to
provide for the reasonable expenses of operation, repair and
51 maintenance of the System, and to leave a balance each year
equal to at least 115% of the maximum amount required in any
53 year for principal of and interest on the Series 1995 A Bonds,

1 the Series 1995 B Bonds, and all other obligations secured by a
2 lien on or payable from such revenues prior to or on a parity
3 with the Bonds or the Series 1995 B Bonds, provided however,
4 that so long as there exists in the Series 1995 A Bonds Reserve
5 Account an amount at least equal to the maximum amount of
6 principal and interest which will become due on the Bonds in
7 the then current or any succeeding year, and in the respective
8 reserve accounts established for the Series 1995 B Bonds and
9 any other obligations outstanding prior to or on a parity with
10 the Bonds or the Series 1995 B Bonds, an amount at least equal
11 to the requirement therefor, such percentage may be reduced to
12 110%. The Issuer has entered into certain further covenants
13 with the registered owners of the Bonds for the terms of which
14 reference is made to the Bond Legislation. Remedies provided
15 the registered owners of the Bonds are exclusively as provided
16 in the Bond Legislation, to which reference is here made for a
17 detailed description thereof.

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

27
28 Subject to the registration requirements set forth
29 herein, this Bond, under the provision of the Act is, and has
30 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
34 reimbursement and repayment of all amounts advanced for
35 preliminary expenses as provided by law, shall be applied
36 solely to the payment of the Costs of the Project described in
37 the Bond Legislation, and there shall be and hereby is created
38 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
42 acts, conditions and things required to exist, happen and be
43 performed precedent to and in the issuance of this Bond have
44 existed, have happened, and have been performed in due time,
45 form and manner as required by law, and that the amount of this
46 Bond, together with all other obligations of the Issuer, does
47 not exceed any limit prescribed by the Constitution or statutes
48 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
50 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
7 IN WITNESS WHEREOF, THE CITY OF NITRO has caused this
Bond to be signed by its Mayor and its corporate seal to be
hereunto affixed and attested by its Recorder, and has caused
9 this Bond to be dated _____, 1995.

11 [SEAL]

13 _____
Mayor

15 ATTEST:

17
19 _____
Recorder

21

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

1
3
5
7
9
11
13
15
17
19
21

This Bond is one of The City of Nitro Sewerage System Revenue Bonds, Series 1995 A, described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____

as Registrar

By _____
Its Authorized Officer

1
3
5

EXHIBIT A
SCHEDULE OF ANNUAL DEBT SERVICE

SCHEDULE OF ADVANCES

1	SCHEDULE OF ADVANCES	
3	Amount	Date
5		
7		
9		
11		
13		
15		
17		
19		
21		
23		
25		
27		

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29

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

In the presence of:

1
3
5
7
9

[Form of Series 1995 B Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF NITRO
SEWERAGE SYSTEM REVENUE BOND
SERIES 1995 B

11 No. BR-_____

\$150,000.00

13

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF NITRO, a municipal corporation and political subdivision of the State of West Virginia in Kanawha and Putnam Counties of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to Huntington Bank, West Virginia, National Association (the "Bank") or registered assigns the sum of One Hundred Fifty Thousand Dollars (\$150,000.00), together with interest at the rate of _____% per annum, which principal, together with any unpaid interest shall fully due and payable on July 1, 1997. Payments of accrued interest shall be paid on the first day of each, beginning on the first day of the month subsequent to the date of the issuance of this Bond.

The principal of and interest on this Bond is 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 Bank.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, upon not less than five days' notice to the Bank.

This Bond is issued (i) to finance temporarily 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 _____, 1995, and _____, 1995, (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

1 by the funds and revenues and other security provided for the
2 Bonds under the Bond Legislation.

3

4 THIS BOND IS ISSUED CONCURRENTLY WITH THE SEWERAGE
5 SYSTEM REVENUE BONDS, SERIES 1995 A, OF THE ISSUER (THE "SERIES
6 1995 A BONDS"), ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF
7 \$373,000, WHICH SERIES 1995 A BONDS ARE ISSUED ON A PARITY WITH
8 THE SERIES 1995 B BONDS WITH RESPECT TO LIEN AND SOURCES OF AND
9 SECURITY FOR PAYMENT OF THE BONDS.

11 This Bond is payable only from and secured by a first
12 lien pledge of the Net Revenues (as defined in the Bond
13 Legislation) to be derived from the operation of the System,
14 which first lien is shared with the holders of the Series 1995
15 A Bonds and the Issuer's 1991 Construction Loan. Such Net
16 Revenues shall be sufficient to pay the principal of and
17 interest on all bonds which may be issued pursuant to the Act
18 and which shall be set aside as a special fund hereby pledged
19 for such purpose. This Bond does not constitute a corporate
20 indebtedness of the Issuer within the meaning of any
21 constitutional or statutory provisions or limitations, nor
22 shall the Issuer be obligated to pay the same, except from said
23 special fund provided from the Net Revenues. Pursuant to the
24 Bond Legislation, the Issuer has covenanted and agreed to
25 establish and maintain just and equitable rates and charges for
26 the use of the System and the services rendered thereby, which
27 shall be sufficient, together with other revenues of the
28 System, to provide for the reasonable expenses of operation,
29 repair and maintenance of the System, and to leave a balance
30 each year equal to at least 115% of the maximum amount required
31 in any year for principal of and interest, if any, on the
32 series 1995 B Bonds, the Series 1995 A Bonds and all other
33 obligations secured by a lien on or payable from such revenues
34 prior to or on a parity with the Series 1995 A Bonds or the
35 Series 1995 B Bonds, provided however, that so long as there
36 exists in the Series 1995 A Bonds Reserve Account and the
37 reserve account established for the Series 1995 A Bonds,
38 respectively, amounts at least equal to the maximum amount of
39 principal and interest, if any, which will become due on the
40 Bonds and the Series 1995 A Bonds in the then current or any
41 succeeding year, and any reserve account for any such prior or
42 parity obligations is funded at least at the requirement
43 therefor, such percentage may be reduced to 110%. The Issuer
44 has entered into certain further covenants with the registered
45 owners of the Bonds for the terms of which reference is made to
46 the Bond Legislation. Remedies provided the registered owners
47 of the Bonds are exclusively as provided in the Bond
48 Legislation, to which reference is here made for a detailed
49 description thereof.

51 Subject to the registration requirements set forth
52 herein, this Bond is transferable, as provided in the Bond
53 Legislation, only upon the books of _____

1 _____, West Virginia, as registrar (the "Registrar")
by the registered owner, or by its attorney duly authorized in
3 writing, upon the surrender of this Bond together with a
written instrument of transfer satisfactory to the Bond
5 Registrar duly executed by the registered owner or its attorney
duly authorized in writing.

7
Subject to the registration requirements as set forth
9 herein, this Bond, under the provision of the Act is, and has
all the qualities and incidents of, a negotiable instrument
11 under the Uniform Commercial Code of the State of West Virginia.

13 All money received from the sale of this Bond, after
reimbursement and repayment of all amounts advanced for
15 preliminary expenses as provided by law, shall be applied
solely to the payment of the Costs of the Project described in
17 the Bond Legislation.

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

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

35 IN WITNESS WHEREOF, THE CITY OF NITRO has caused this
37 Bond to be signed by its Mayor and its corporate seal to be
hereunto affixed and attested by its Recorder, and has caused
39 this Bond to be dated _____, 1995.

41 [SEAL]

43 _____
45 Mayor

47 ATTEST:

49 _____
Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

1
3
5
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This Bond is one of The City of Nitro Sewerage System Revenue Bonds, Series 1995 B, 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

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(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

In the presence of:

1 Section 3.11. Sale of Series 1995 A Bonds;
Ratification of Execution of Loan Agreement with Authority.
3 The Series 1995 A Bonds shall be sold to the Authority,
5 pursuant to the terms and conditions of the Loan Agreement. If
7 not so authorized by previous ordinance or resolution, the
9 Mayor is specifically authorized and directed to execute the
11 Loan Agreement in the form attached hereto as "Exhibit A" and
made a part hereof and the Recorder is directed to affix the
seal of the Issuer, attest the same and deliver the Loan
Agreement to the Authority, and any such prior execution and
delivery is hereby authorized, ratified and approved.

13 Section 3.12. "Amended Schedule A" Filing. Upon
15 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,
17 setting forth the actual costs of the Project and sources of
funding therefor.

ARTICLE IV

SYSTEM REVENUES AND APPLICATION THEREOF

Section 4.01. Establishment of Fund and Accounts with Depository Bank. The following special funds or accounts are created with and shall be held by, the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and from each other:

- (1) Revenue Fund;
(2) Renewal and Replacement Fund; and
(3) Bond Construction Trust Fund.

Section 4.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby established with the Commission:

- (1) Series 1995 A Bonds Sinking Fund;
(a) Within the Series 1995 A Bonds Sinking Fund, the Series 1995 A Bonds Reserve Account.

Section 4.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided.

(1) The Issuer shall, each month, pay from the Revenue Fund, all current Operating Expenses of the System and retain the sum permitted as working capital.

(2) (a) From the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, pay the amount payable under the 1991 Construction loan.

(b) Simultaneously, the Issuer shall, commencing 3 months prior to the first date of payment of interest on the Series 1995 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in the Series 1995 A Bonds Sinking Fund, a sum equal to 1/3rd of the amount of interest which will become due on said Series 1995 A Bonds on the next ensuing quarterly interest payment date; provided, that, in the event the period to elapse between the date of such initial deposit in the Series 1995 A Bonds Sinking Fund and the next quarterly

1 interest payment date is less than 3 months, then such
3 monthly payments shall be increased proportionately to
5 provide, one month prior to the next quarterly interest
7 payment date, the required amount of interest coming due on
9 such date.

7 (c) Simultaneously, the Issuer shall, commencing
9 3 months prior to the first date of payment of principal on
11 the Series 1995 A Bonds, apportion and set apart out of the
13 Revenue Fund and remit to the Commission for deposit in the
15 Series 1995 A Bonds Sinking Fund, a sum equal to 1/3rd of
17 the amount of principal which will mature and become due on
19 said Series 1995 A Bonds on the next ensuing principal
21 payment date; provided that, in the event the period to
23 elapse between the date of such initial deposit in the
25 Series 1995 A Bonds Sinking Fund and the next quarterly
27 principal payment date is less than 3 months then such
29 monthly payments shall be increased proportionately to
31 provide, one month prior to the next quarterly principal
33 payment date, the required amount of principal coming due
35 on such date.

23 (d) Simultaneously, the Issuer shall, commencing
25 3 months prior to the first date of payment of principal of
27 the Series 1995 A Bonds apportion and set apart out of the
29 Revenue Fund and remit to the Commission for deposit in the
31 Series 1995 A Bonds Reserve Account, an amount equal to
33 1/120th of the Series 1995 A Bonds Reserve Requirement;
35 provided, that no further payments shall be made into the
37 Series 1995 A Bonds Reserve Account when there shall have
39 been deposited therein, and as long as there shall remain
41 on deposit therein, an amount equal to the Series 1995 A
43 Bonds Reserve Requirement.

35 (e) Simultaneously, the Issuer shall pay to the
37 Bank, the amount then due on the Series 1995 B Bonds.

39 In the event there is insufficient in the Revenue Fund
41 to make the payments described in paragraph 2 above, the Issuer
43 shall use the available moneys and make the payments provided
45 for on a prorata basis.

43 (3) From the moneys remaining in the Revenue Fund, the
45 Issuer shall next, on the first day of each month,
47 commencing with the month succeeding the first full
49 calendar month after completion of the Project, transfer to
51 the Renewal and Replacement Fund a sum equal to 2 1/2% of
53 the Gross Revenues each month, exclusive of any payments
for account of the Series 1995 A Bonds Reserve Account.
All funds in the Renewal and Replacement Fund shall be kept
apart from all other funds of the Issuer or of the
Depository Bank and shall be invested and reinvested in
accordance with Article VII hereof. Withdrawals and

1 disbursements may be made from the Renewal and Replacement
 3 Fund for replacements, emergency repairs, improvements or
 5 extensions to the System; provided, that any deficiencies
 7 in the Series 1995 A Bonds Reserve Account [except to the
 9 extent such deficiency exists because the required payments
 into such account have not, as of the date of determination
 of a deficiency, funded such account to the maximum extent
 required by Subsection 4.03(A)(2)(d)] shall be promptly
 eliminated with moneys from the Renewal and Replacement
 Fund.

11 Moneys in the Series 1995 A Bonds Sinking Fund shall
 13 be used only for the purposes of paying principal of and
 15 interest, if any, on the respective Series 1995 A Bonds as
 the same shall become due. Moneys in the Series 1995 A
 17 Bonds Reserve Account shall be used only for the purpose of
 paying principal of and interest, if any, on the Series
 19 1995 A Bonds, as the same shall come due, when other moneys
 in the Sinking Fund are insufficient therefor, and for no
 other purpose.

21 All investment earnings on moneys in the Sinking Fund
 23 and Reserve Account shall be returned, not less than once
 25 each year, by the Commission to the Issuer, and such
 amounts shall, during construction of the Project, be
 27 deposited in the Bond Construction Trust Fund, and
 following completion of construction of the Project, shall
 29 be deposited in the Series 1995 A Bonds Sinking Fund and
 applied to the next ensuing interest payments, if any, due
 on the Series 1995 A Bonds, and then to the next ensuing
 31 principal payments due thereon.

33 Any withdrawals from the Series 1995 A Bonds Reserve
 35 Account which result in a reduction in the balance of the
 Series 1995 A Bonds Reserve Account to below the Series
 37 1995 A Bonds Reserve Requirement shall be subsequently
 restored from the first Net Revenues available after all
 required payments set forth in Section 4.03(A)(2) above
 39 have been made in full.

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

1 The Issuer shall not be required to make any further
 3 payments into the Series 1995 A Bonds Sinking Fund or into
 5 the Reserve Account therein when the aggregate amount of
 7 funds in said Series 1995 A Bonds Sinking Fund and Reserve
 9 Account are at least equal to the aggregate principal
 amount of the Series 1995 A Bonds issued pursuant to this
 Bond Legislation then Outstanding and all interest to
 accrue until the maturity thereof.

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

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

25 Moneys in the Reserve Account shall be invested and
 27 reinvested by the Commission in accordance with Section
 7.01 hereof.

29 The Sinking Fund, including the Reserve Account
 31 therein, shall be used solely and only for, and are hereby
 pledged for, the purpose of servicing the Series 1995 A
 33 Bonds and any additional Bonds ranking on a parity
 therewith that may be issued and Outstanding under the
 35 conditions and restrictions hereinafter set forth.

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

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

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

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

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

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

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

ARTICLE V

BOND PROCEEDS; FUNDS AND ACCOUNTS

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Section 5.01. Application of Series 1995 A Bond Proceeds; Pledge of Unexpended Bond Proceeds. The moneys received from the sale of the Series 1995 A Bonds, as requisitioned by the Issuer, shall be deposited in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 5.02.

The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Bond Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Bond Construction Trust Fund set forth in the Bond Legislation. Moneys in the Bond Construction Trust Fund shall be used solely to pay Costs of the Project and until so expended, are hereby pledged as additional security for the Series 1995 A Bonds.

Section 5.02. Disbursements From the Bond Construction Trust Fund. Payments for Costs of the Project shall be made monthly.

Disbursements from the Bond Construction Trust Fund (except for the costs of issuance of the Series 1995 A Bonds which shall be made upon request of the Issuer), shall be made only after submission to the Depository Bank of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:

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

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

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

(D) That payment for each of the items proposed is then due and owing, or that Issuer or the Sanitary Board has previously paid such item in connection with the Project is being reimbursed for such payment.

In case any contract provides for the retention of a portion of the contract price, the Depository Bank shall disburse from the Bond Construction Trust Fund only the net amount remaining after deduction of any such portion. All payments made from the Bond Construction Trust Fund shall be presumed by the Depository Bank to be made for the purposes set

1 forth in said certificate, and the Depository Bank shall not be
required to monitor the application of disbursements from the
3 Bond Construction Trust Fund. The Consulting Engineers shall
from time to time file with the Depository Bank written
5 statements advising the Depository Bank of its then authorized
representative.

7
Pending such application, moneys in the Bond
9 Construction Trust Fund, including any accounts therein, shall
be invested and reinvested in Qualified Investments at the
11 written direction of the Issuer.

13 After completion of the Project, as certified by the
Consulting Engineers, the Depository Bank shall transfer any
15 moneys remaining in the Bond Construction Trust Fund to the
Series 1995 A Bonds Reserve Account, and when fully funded,
17 shall return such remaining moneys to the Issuer for deposit in
the Revenue Fund. The Issuer shall thereafter, apply such
19 moneys in full, first to the next ensuing interest payments, if
any, due on the Series 1995 A Bonds and thereafter to the next
21 ensuing principal payments due thereon.

23 Section 5.03. Disbursement of the Proceeds of the
Series 1995 B Bonds. The Bank shall disburse the proceeds of
25 the Series 1995 B Bonds upon submission by the Issuer of a
requisition signed by an Authorized Officer and the Consulting
27 Engineers, stating:

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

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

37 (C) That each of such costs has been otherwise
properly incurred; and
39

(D) That payment for each of the items proposed is
41 then due and owing, or that Issuer or the Sanitary Board
has previously paid such item in connection with the
43 Project is being reimbursed for such payment.

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

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

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

13 Section 6.06. Issuance of Other Obligations Payable
Out of Revenues and General Covenant Against Encumbrances.
15 Except as provided in this Section 6.06 and in Section 6.07B,
the Issuer shall not issue any other obligations whatsoever
17 payable from the revenues of the System which rank prior to, or
equally, as to lien on and source of and security for payment
19 from such revenues with the Bonds; provided, however, that
additional Bonds on a parity with the Bonds may be issued as
21 provided for in Section 6.07 hereof. All obligations issued by
the Issuer after the issuance of the Bonds and payable from the
23 revenues of the System, except such additional parity Bonds,
shall contain an express statement that such obligations are
25 junior and subordinate, as to lien on and source of and
security for payment from such revenues and in all other
27 respects, to the Series 1995 A Bonds and the Series 1995 B
Bonds; provided, that no such subordinate obligations shall be
29 issued unless all payments required to be made into the Reserve
Accounts and the Renewal and Replacement Fund at the time of
31 the issuance of such subordinate obligations have been made and
are current.

33
Except as provided above, the Issuer shall not create,
35 or cause or permit to be created, any debt, lien, pledge,
assignment, encumbrance or any other charge having priority
37 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
39 System pledged for payment of the Bonds and the interest
thereon in this Bond Legislation, or upon the System or any
41 part thereof.

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

49
No such Parity Bonds shall be issued except for the
51 purpose of financing the costs of the construction or
acquisition of extensions, improvements or betterments to the
53 System or refunding one or more series of Bonds issued pursuant
hereto, or both such purposes.

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

- 19 (1) The Bonds then Outstanding;
- 21 (2) Any Parity Bonds theretofore issued pursuant to
 23 the provisions contained in this Resolution then
 Outstanding; and
- 25 (3) The Parity Bonds then proposed to be issued.

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

39 The Net Revenues actually derived from the System
 41 during the 12-consecutive-month period hereinabove referred to
 may be adjusted by adding to such Net Revenues such additional
 Net Revenues which would have been received, in the opinion of
 43 the Consulting Engineers and the said Independent Certified
 Public Accountants, as stated in a certificate jointly made and
 45 signed by the Consulting Engineers and said Independent
 Certified Public Accountants, on account of increased rates,
 47 rentals, fees and charges for the System adopted by the Issuer,
 the period for appeal of which has expired prior to issuance of
 49 such Parity Bonds.

51 Not later than simultaneously with the delivery of
 53 such Parity Bonds, the Issuer shall have entered into written
 contracts for the immediate construction or acquisition of such

1 additions, betterments or improvements, if any, to the System
that are to be financed by such Parity Bonds.

3
4 All covenants and other provisions of this Bond
5 Legislation (except as to details of such Parity Bonds
inconsistent herewith) shall be for the equal benefit,
7 protection and security of the Holders of the Bonds and the
8 Holders of any Parity Bonds subsequently issued from time to
9 time within the limitations of and in compliance with this
section. Bonds issued on a parity, regardless of the time or
11 times of their issuance, shall rank equally with respect to
their lien on the revenues of the System and their source of
13 and security for payment from said revenues, without preference
of any Bond of one series over any other Bond of the same
15 series. The Issuer shall comply fully with all the increased
payments into the various funds and accounts created in this
17 Bond Legislation required for and on account of such Parity
Bonds, in addition to the payments required for Bonds
19 theretofore issued pursuant to this Bond Legislation.

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

25
26 Parity Bonds shall not be deemed to include bonds,
27 notes, certificates or other obligations subsequently issued,
the lien of which on the revenues of the System is subject to
29 the prior and superior liens of the Series 1995 A Bonds and the
Series 1995 B Bonds on such revenues. The Issuer shall not
31 issue any obligations whatsoever payable from the revenues of
the System, or any part thereof, which rank prior to or, except
33 in the manner and under the conditions provided in this
section, equally, as to lien on and source of and security for
35 payment from such revenues, with the Series 1995 A Bonds or the
Series 1995 B Bonds.

37
38 No Parity Bonds shall be issued any time, however,
39 unless all the payments into the respective funds and accounts
provided for in this Bond Legislation with respect to the Bonds
41 then Outstanding, and any other payments provided for in this
Bond Legislation, shall have been made in full as required to
43 the date of delivery of such Parity Bonds, and the Issuer shall
then be in full compliance with all the covenants, agreements
45 and terms of this Bond Legislation.

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

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Section 6.08. Books and Records.

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

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

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

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

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

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

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

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

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

Commencing on the date contracts are executed for the acquisition and construction of the Project and for 2 years following completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the Loan Agreement as Exhibit B, and forward a copy to the Authority and DEP by the 10th day of each month.

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

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

Section 6.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Recorder, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be

1 changed and readjusted whenever necessary so that the aggregate
of the rates and charges will be sufficient for such purposes.
3 In order to assure full and continuous performance of this
covenant, with a margin for contingencies and temporary
5 unanticipated reduction in income and revenues, the Issuer
hereby covenants and agrees that the schedule of rates or
7 charges from time to time in effect shall be sufficient,
together with other revenues of the System (i) to provide for
9 all reasonable expenses of operation, repair and maintenance of
the System and (ii) to leave a balance each year equal to at
11 least 115% of the maximum amount required in any year for
payment of principal of and interest on the Bonds and all other
13 obligations secured by a lien on or payable from such revenues
prior to or on a parity with the Bonds; provided that, in the
15 event an amount equal to or in excess of the Reserve
Requirement is on deposit in the Reserve Account and reserve
17 accounts for obligations prior to or on a parity with the Bonds
are funded at least at the requirement therefor, such balance
19 each year need only equal at least 110% of the maximum amount
required in any year for payment of principal of and interest
21 on the Bonds and all other obligations secured by a lien on or
payable from such revenues prior to or on a parity with the
23 Bonds. In any event, subject to any requirements of law, the
Issuer shall not reduce the rates and charges for set forth in
25 the rate ordinance described in the Section 6.04 hereof.

27 Section 6.10. Operating Budget and Audit. The
Issuer shall annually, at least 45 days preceding the beginning
29 of each Fiscal Year, prepare and adopt by resolution a
detailed, balanced budget of the estimated expenditures for
31 operation and maintenance of the System during the succeeding
Fiscal Year and shall submit a copy of such budget to the
33 Authority and DEP within 30 days of adoption thereof.. No
expenditures for the operation and maintenance of the System
35 shall be made in any Fiscal Year in excess of the amounts
provided therefor in such budget without a written finding and
37 recommendation by the Consulting Engineers, which finding and
recommendation shall state in detail the purpose of and
39 necessity for such increased expenditures for the operation and
maintenance of the System, and no such increased expenditures
41 shall be made until the Issuer shall have approved such finding
and recommendation by a resolution duly adopted. No increased
43 expenditures in excess of 10% of the amount of such budget
shall be made except upon the further certificate of the
45 Consulting Engineers that such increased expenditures are
necessary for the continued operation of the System. The
47 Issuer shall mail copies of such annual budget and all
resolutions authorizing increased expenditures for operation
49 and maintenance to the Authority and to any Holder of any
Bonds, who shall file his or her address with the Issuer and
51 request in writing that copies of all such budgets and
resolutions be furnished him or her and shall make available
53 such budgets and all resolutions authorizing increased

1 expenditures for operation and maintenance of the System at all
 2 reasonable times to any Holder of any Bonds or anyone acting
 3 for and in behalf of such Holder of any Bonds.

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

11 Section 6.12. Engineering Services and Operating
 12 Personnel. The Issuer shall provide and maintain competent and
 13 adequate resident engineering services satisfactory to the
 14 Authority and DEP covering the supervision and inspection of
 15 the development and construction of the Project and bearing
 16 responsibility of assuring that construction conforms to the
 17 plans specifications and designs prepared by the Consulting
 18 Engineers, which have been approved by all necessary
 19 governmental bodies. Such resident engineer shall certify to
 20 the Authority, the DEP and the Issuer at the completion of
 21 construction that construction of the Project is in accordance
 22 with the approved plans, specifications and designs, or
 23 amendments thereto, approved by all necessary governmental
 24 bodies.

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

33 The Issuer shall require the Consulting Engineers to
 34 submit the final Operation and Maintenance Manual, as defined
 35 in the SRF Regulations, to the DEP when the Project is 90%
 36 completed.

37 The Issuer agrees that qualified operating personnel
 38 properly certified by the State will be employed before the
 39 Project is 25% completed and agrees that it will retain wuch a
 40 certified operator(s) to operate the System during the entire
 41 term of the Loan Agreement. The Issuer will notify the DEP in
 42 writing of the certified operator employed are the 25%
 43 completion stage.

44 Section 6.13. Enforcement of Collections. The
 45 Issuer will diligently enforce and collect all fees, rentals or
 46 other charges for the services and facilities of the System,
 47 and take all steps, actions and proceedings for the enforcement
 48 and collection of such fees, rentals or other charges which

06
1 shall become delinquent to the full extent permitted or
authorized by the Act, the rules of the Issuer, the rules and
3 regulations of the Public Service Commission of West Virginia
and other laws of the State of West Virginia.
5

Whenever any fees, rates, rentals or other charges for
7 the services and facilities of the System shall remain unpaid
for a period of 30 days after the same shall become due and
9 payable, the property and the owner thereof, as well as the
user of the services and facilities, shall be delinquent until
11 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
13 regulations of the Public Service Commission of West Virginia,
rates, rentals and other charges, if not paid, when due, shall
15 become a lien on the premises served by the System. The Issuer
further covenants and agrees that, it will, to the full extent
17 permitted by law and the rules and regulations promulgated by
the Public Service Commission of West Virginia, discontinue and
19 shut off the services of the System and any services and
facilities of the water system, if so owned by the Issuer, to
21 all users of the services of the System delinquent in payment
of charges for the services of the System and will not restore
23 such services of either system until all delinquent charges for
the services of the System, plus reasonable interest and
25 penalty charges for the restoration of service, have been fully
paid and shall take all further actions to enforce collections
27 to the maximum extent permitted by law, or, if the waterworks
facilities are not owned by the Issuer, the Issuer will, to the
29 extent allowed by law, use diligent efforts to enter into a
similar termination agreement with the provider of such water,
31 subject to any required approval of such agreement by the
Public Service Commission of West Virginia and all rules,
33 regulations and orders of the Public Service Commission of West
Virginia.

35
Section 6.14. No Free Services. The Issuer will not
37 render or cause to be rendered any free services of any nature
by the System, nor will any preferential rates be established
39 for users of the same class; and in the event the Issuer, or
any department, agency, instrumentality, officer or employee of
41 the Issuer shall avail itself or themselves of the facilities
or services provided by the System, or any part thereof, the
43 same rates, fees or charges applicable to other customers
receiving like services under similar circumstances shall be
45 charged the Issuer and any such department, agency,
instrumentality, officer or employee. The revenues so received
47 shall be deemed to be revenues derived from the operation of
the System, and shall be deposited and accounted for in the
49 same manner as other revenues derived from such operation of
the System.

51
Section 6.15. Insurance and Construction Bonds. A.
53 The Issuer hereby covenants and agrees that so long as any of

1 the Bonds remain Outstanding, the Issuer will, as an Operating
Expense, procure, carry and maintain insurance with a reputable
3 insurance carrier or carriers as is customarily covered with
respect to works and properties similar to the System. Such
5 insurance shall initially cover the following risks and be in
the following amounts:

7
8 (1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF
9 AND EXTENDED COVERAGE INSURANCE, on all above-ground
insurable portions of the System in an amount equal to the
11 actual cost thereof. In time of war the Issuer will also
carry and maintain insurance to the extent available
13 against the risks and hazards of war. The proceeds of all
such insurance policies shall be placed in the Renewal and
15 Replacement Fund and used only for the repairs and
restoration of the damaged or destroyed properties or for
17 the other purposes provided herein for said Renewal and
Replacement Fund. The Issuer will itself, or will require
19 each contractor and subcontractor to, obtain and maintain
builder's risk insurance (fire and extended coverage) to
21 protect the interests of the Issuer, the Authority, the
Bank, the prime contractor and all subcontractors as their
23 respective interests may appear, in accordance with the
Loan Agreement, during construction of the Project on a
25 100% basis (completed value form) on the insurable portion
of the Project, such insurance to be made payable to the
27 order of the Authority, the Issuer, the Bank, the
contractors and subcontractors, as their interests may
29 appear.

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

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

51 (4) FLOOD INSURANCE, to the extent available at
reasonable cost to the Issuer.
53

0.5
1 (5) BUSINESS INTERRUPTION INSURANCE, to the extent
available at reasonable cost to the Issuer.
3

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

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

23 The Issuer shall require all contractors engaged in
the construction of the Project to furnish a performance bond
25 and a payment bond, each in an amount at least equal to 100% of
the contract price of the portion of the Project covered by the
27 particular contract as security for the faithful performance of
such contract.

29 Section 6.16. Completion of Project. The Issuer
31 will complete the Project as promptly as possible and operate
and maintain the System in good condition and in compliance
33 with all federal and state requirements and standards.

35 The Issuer will obtain all permits required by state
and federal laws for the acquisition and construction of the
37 Project, and all orders and approvals from the Public Service
Commission of West Virginia necessary for the acquisition and
39 construction of the Project and the operation of the System.

41 Section 6.17. Tax Covenants. The Issuer hereby
further covenants and agrees as follows:
43

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

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

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

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

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

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

47 Section 6.18. Mandatory Connections. The mandatory
 use of the System is essential and necessary for the protection
 49 and preservation of the public health, comfort, safety,
 convenience and welfare of the inhabitants and residents of,
 51 and the economy of, the Issuer and in order to assure the
 rendering harmless of sewage and water-borne waste matter
 53 produced or arising within the territory served by the System.

70

1 Accordingly, every owner, tenant or occupant of any house,
dwelling or building located near the System, where sewage will
3 flow by gravity or be transported by such other methods
approved by the State Department of Health from such house,
5 dwelling or building into the System, to the extent permitted
by the laws of the State of West Virginia and the rules and
7 regulations of the Public Service Commission of West Virginia,
shall connect with and use the System and shall cease the use
9 of all other means for the collection, treatment and disposal
of sewage and waste matters from such house, dwelling or
11 building where there is gravity flow or transportation by such
other method approved by the State Health Department and such
13 house, dwelling or building can be adequately served by the
System, and every such owner, tenant or occupant shall, after a
15 30 day notice of the availability of the System, pay the rates
and charges established therefor.

17
19 Any such house, dwelling or building from which
emanates sewage or water-borne waste matter and which is not so
connected with the System is hereby declared and found to be a
21 hazard to the health, safety, comfort and welfare of the
inhabitants of the Issuer and a public nuisance which shall be
23 abated to the extent permitted by law and as promptly as
possible by proceedings in a court of competent jurisdiction.

25
27 Section 6.19. Compliance with Loan Agreement and
Law. The Issuer agrees to comply with all the terms and
conditions of the Loan Agreement. Notwithstanding anything
29 herein to the contrary, the Issuer will provide the DEP with
copies of all documents submitted to the Authority.

31
33 The Issuer also agrees to comply with all applicable
laws, rules and regulations issued by the Authority, the DEP or
other State, federal or local bodies in regard to the
35 acquisition and construction of the Project and the operation,
maintenance and use of the System.

37

ARTICLE VII

INVESTMENT OF FUNDS; NON ARBITRAGE

1
3
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
17 Issuer in any Qualified Investments to the fullest extent
19 possible under applicable laws, this Bond Legislation, the need
21 for such moneys for the purposes set forth herein and the
23 specific restrictions and provisions set forth in this Section
25 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
41 The Depository Bank shall keep complete and accurate
43 records of all funds, accounts and investments, and shall
45 distribute to the Issuer, at least once each year, a summary of
47 such funds, accounts and investment earnings. The Issuer shall
retain all such records and any additional records with respect
to such funds, accounts and investment earnings so long as any
of the Bonds are Outstanding.

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)
it will take all actions that may be required of it (including,

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

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

33
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 A. CREATION OF FUNDS. There are hereby created, to
39 be held by the Depository Bank as separate funds distinct from
40 all other funds and accounts held by the Depository Bank under
41 this Bond Legislation, the Earnings Fund and the Rebate Fund.
42 All interest earnings and profits on amounts in all funds and
43 accounts established under this Bond Legislation, other than
44 (i) interest earnings and profits on any funds referenced in
45 Subsection C(5) of this Section if such earnings in any Bond
46 Year are less than \$100,000, (ii) interest earnings and profits
47 on amounts in funds and accounts which do not constitute Gross
48 Proceeds, and (iii) interest earnings and profits on the Rebate
49 Fund shall, upon receipt by the Depository Bank, be deposited
50 in the Earnings Fund. In addition, all interest earnings and
51 profits on Gross Proceeds in funds held by the Issuer shall,
52 upon receipt, be paid to the Depository Bank for deposit in the
53 Earnings Fund. Annually, on or before the 30th day following

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

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

21 C. CALCULATION OF EXCESS INVESTMENT EARNINGS. Within
 22 15 days following the last day of the first Bond Year, the
 23 Issuer shall calculate, and shall provide written notice to the
 24 Authority and Depository Bank of, the Excess Investment
 25 Earnings referenced in clause (A) of the definition of Excess
 26 Investment Earnings. Thereafter, within 15 days following the
 27 last day of each Bond Year and within 15 days following the
 28 date of the retirement of the Bond, the Issuer shall calculate,
 29 and shall provide written notice to the Authority and
 30 Depository Bank of, the amount of Excess Investment Earnings.
 31 Said calculations shall be made or caused to be made by the
 32 Issuer in accordance with the following:

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

1
3 (2) In determining the amount described in clause (A)
5 of the definition of Excess Investment Earnings, Investment
7 Property shall be treated as acquired for its fair market
9 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.

11 (3) In determining the amount described in clause
13 (A)(ii) of the definition of Excess Investment Earnings,
15 the Yield on the Bonds shall be determined based on the
17 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).

19 (4) In determining the amount described in clause (B)
21 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
income exceeds the Yield of the Bond, and no amount may be
treated as "negative arbitrage."

25 (5) In determining the amount of Excess Investment
27 Earnings, there shall be excluded any amount earned on any
29 fund or account which is used primarily to achieve a proper
31 matching of revenues and Debt Service within each Bond Year
33 and which is depleted at least once a year except for a
35 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.

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

1 the same may be in time to time in effect with such reports and
statements as may be prescribed by such Regulations. In the
3 event that, for any reason, amounts in the Rebate Fund are
insufficient to make the payments to the United States which
5 are required by this Subsection D, the Issuer shall assure that
such payments are made by the Issuer to the United States, on a
7 timely basis, from any funds lawfully available therefor.

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

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

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

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

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

53

ARTICLE VIII

DEFAULT AND REMEDIES

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Section 8.01. Events of Default. A. Each of the following events shall constitute an "Event of Default" with respect to the Series 1995 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on the Series 1995 A Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 1995 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 1995 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, Registrar or any other Paying Agent or a Holder of a Bond; or

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

B. Each of the following events shall constitute an "Event of Default" with respect to the Series 1995 B Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on the Series 1995 B Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 1995 B Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 1995 B Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Bank; or

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

Section 8.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other

1 appropriate proceeding enforce all rights of such Registered
 2 Owners including the right to require the Issuer to perform its
 3 duties under the Act and the Bond Legislation relating thereto,
 4 including but not limited to the making and collection of
 5 sufficient rates or charges for services rendered by the
 6 System, (iii) bring suit upon the Bonds, (iv) by action at law
 7 or bill in equity require the Issuer to account as if it were
 8 the trustee of an express trust for the Registered Owners of
 9 the Bonds, and (v) by action or bill in equity enjoin any acts
 10 in violation of the Bond Legislation with respect to the Bonds,
 11 or the rights of such Registered Owners.

13 Section 8.03. Appointment of Receiver. Any
 14 Registered Owner of a Bond may, by proper legal action, compel
 15 the performance of the duties of the Issuer under the Bond
 16 Legislation and the Act, including, after commencement of
 17 operation of the System, the making and collection of
 18 sufficient rates and charges for services rendered by the
 19 System and segregation of the revenues therefrom and the
 20 application thereof. If there be any Event of Default with
 21 respect to such Bonds any Registered Owner of a Bond shall, in
 22 addition to all other remedies or rights, have the right by
 23 appropriate legal proceedings to obtain the appointment of a
 24 receiver to administer the System or to complete the
 25 acquisition and construction of the Project on behalf of the
 26 Issuer with power to charge rates, rentals, fees and other
 27 charges sufficient to provide for the payment of Operating
 28 Expenses of the System, the payment of the Bonds and interest
 29 and the deposits into the funds and accounts hereby
 30 established, and to apply such rates, rentals, fees, charges or
 31 other revenues in conformity with the provisions of this Bond
 32 Legislation and the Act.

33
 34 The receiver so appointed shall forthwith, directly or
 35 by his or her or its agents and attorneys, enter into and upon
 36 and take possession of all facilities of said System and shall
 37 hold, operate and maintain, manage and control such facilities,
 38 and each and every part thereof, and in the name of the Issuer
 39 exercise all the rights and powers of the Issuer with respect
 40 to said facilities as the Issuer itself might do.

41
 42 Whenever all that is due upon the Bonds and interest
 43 thereon and under any covenants of this Bond Legislation for
 44 Reserve, Sinking or other funds and upon any other obligations
 45 and interest thereon having a charge, lien or encumbrance upon
 46 the revenues of the System shall have been paid and made good,
 47 and all defaults under the provisions of this Bond Legislation
 48 shall have been cured and made good, possession of the System
 49 shall be surrendered to the Issuer upon the entry of an order
 50 of the court to that effect. Upon any subsequent default, any
 51 Registered Owner of any Bonds shall have the same right to
 52 secure the further appointment of a receiver upon any such
 53 subsequent default.

1

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

13

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

ARTICLE IX

DEFEASANCE

Section 9.01. Defeasance of Series 1995 A Bonds.

If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1995 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1995 A Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1995 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1995 A Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Series 1995 A Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1995 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1995 A Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1995 A Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For

1 the purpose of this section, securities shall mean and include
only Government Obligations.

3

Section 9.02. Defeasance of Series 1995 B Bonds. If

5 the Issuer shall pay or cause to be paid, or there shall
otherwise be paid, to the respective Holders of all Series 1995
7 B Bonds, the principal due or to become due thereon, at the
times and in the manner stipulated therein and in this Bond
9 Legislation, then with respect to the Series 1995 B Bonds only,
the pledge of Net Revenues and other moneys and securities
11 pledged under this Bond Legislation and all covenants,
agreements and other obligations of the Issuer to the
13 Registered Owners of the Series 1995 B Bonds shall thereupon
cease, terminate and become void and be discharged and
15 satisfied.

ARTICLE X

MISCELLANEOUS

1
3
5 Section 10.01. Amendment or Modification of Bond
6 Legislation. No material modification or amendment of this
7 Bond Legislation, or of any resolution amendatory or
8 supplemental hereto, that would materially and adversely affect
9 the respective rights of Registered Owners of the Bonds shall
10 be made without the consent in writing of the Registered Owners
11 of 66-2/3% or more in principal amount of the Series 1995 A
12 Bonds or the Series 1995 B Bonds so affected and then
13 Outstanding; provided, that no change shall be made in the
14 maturity of any Bond or Bonds or the rate of interest thereon,
15 or in the principal amount thereof, or affecting the
16 unconditional promise of the Issuer to pay such principal and
17 interest out of the funds herein respectively pledged therefor
18 without the consent of the respective Registered Owner
19 thereof. No amendment or modification shall be made that would
20 reduce the percentage of the principal amount of Bonds required
21 for consent to the above-permitted amendments or
22 modifications. Notwithstanding the foregoing, this Bond
23 Legislation may be amended without the consent of any
24 Bondholder as may be necessary to assure compliance with
25 Section 148(f) of the Code relating to rebate requirements or
26 otherwise as may be necessary to assure the excludability of
27 interest on the Bonds from gross income of the holders thereof.

29 Section 10.02. Bond Legislation Constitutes
30 Contract. The provisions of the Bond Legislation shall
31 constitute a contract between the Issuer and the Registered
32 Owners of the Bonds, and no change, variation or alteration of
33 any kind of the provisions of the Bond Legislation shall be
34 made in any manner, except as in this Bond Legislation provided.
35

37 Section 10.03. Severability of Invalid Provisions.
38 If any section, paragraph, clause or provision of this
39 Ordinance should be held invalid by any court of competent
40 jurisdiction, the invalidity of such section, paragraph, clause
41 or provision shall not affect any of the remaining provisions
42 of this Ordinance, the Supplemental Resolution or the Bonds.

43 Section 10.04. Headings, Etc. The headings and
44 catchlines of the articles, sections and subsections hereof are
45 for convenience of reference only, and shall not affect in any
46 way the meaning or interpretation of any provision hereof.
47

49 Section 10.05. Conflicting Provisions Repealed. All
50 ordinances, orders or resolutions and or parts thereof in with
51 the provisions of this Ordinance are, to the extent of
52 conflict, hereby repealed.

WV MUNICIPAL BOND COMMISSION
 Suite 337 Building 3
 1800 Washington St. E
 State Capitol Complex
 Charleston, WV 25305
 (304) 348-3971

NEW ISSUE REPORT FORM

Date of Report: 7-27-95

(See Reverse for Instructions)

ISSUER & ISSUE: <u>The City of Nitro Sewer System Revenue Bonds Series 1995 A</u>	
ADDRESS: <u>20th Street and 2nd Avenue, Nitro, WV</u>	COUNTY: <u>Kanawha</u>
PURPOSE: <u>New Money</u> <input checked="" type="checkbox"/> <u>Refunding</u> <input type="checkbox"/>	Refunds issue(s) dated: _____
ISSUE DATE: <u>7-27-95</u>	CLOSING DATE: <u>7-2-95</u>
ISSUE AMOUNT: \$ <u>373,000</u>	RATE: _____
1st DEBT SERVICE DUE: <u>9-1-96</u>	1st PRINCIPAL DUE: <u>9-1-96</u>
1st DEBT SERVICE AMOUNT: <u>6,600.50</u>	PAYING AGENT: <u>MBC - DEP</u>
ISSUERS: BOND COUNSEL: <u>Vaughan & Withrow</u> Contact Person: <u>Jim Withrow</u> Phone: <u>342-3900</u>	UNDERWRITERS: BOND COUNSEL: _____ Contact Person: _____ Phone: _____
CLOSING BANK: _____ Contact Person: _____ Phone: _____	ESCROW TRUSTEE: _____ Contact Person: _____ Phone: _____
KNOWLEDGEABLE ISSUER CONTACT Contact Person: <u>Connie Stephens</u> Position: <u>Manager Sanitary Board</u> Phone: <u>755-3669</u>	OTHER: _____ Contact Person: _____ Function: _____ Phone: _____
DEPOSITS TO MBC AT CLOSE: Accrued Interest: _____ Days \$ _____	
By <u>Wire</u> Capitalized Interest: \$ _____	
<input checked="" type="checkbox"/> <u>Check</u> Reserve Account: \$ <u>33,000.00</u>	
<u>IGT</u> Other: \$ _____	
REFUNDS & TRANSFERS BY MBC AT CLOSE:	
By <u>Wire</u> To Escrow Trustee: \$ _____	
<u>Check</u> To Issuer: \$ _____	
<u>IGT</u> To CIF-State Treasury \$ _____	
To Other: \$ _____	
NOTES: _____	
FOR MUNICIPAL BOND COMMISSION USE ONLY:	
DOCUMENTS REQUIRED: _____	
TRANSFERS REQUIRED: _____	

VAUGHAN & WITHROW
Attorneys and Counsellors at Law

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CHARLESTON, WEST VIRGINIA 25301

TELEPHONE (304) 342-3900
TELECOPY (304) 344-2386

July 27, 1995

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, WV 25064

The City of Nitro
20th Street and 2nd Avenue
Nitro, WV 25143

Re: The City of Nitro, West Virginia, Sewerage
System Revenue Bonds, Series 1995 A

Gentlemen:

We are Bond Counsel to The City of Nitro (the "City"), a municipal corporation created under the laws of the State of West Virginia.

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement dated March 20, 1995 (the "Loan Agreement") among the City, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection and (ii) the issuance of a series of revenue bonds of the City, denoted as Sewerage System Revenue Bonds, Series 1995 A, dated July 27, 1995 (the "Series 1995 A Bonds"), issued pursuant to an Ordinance enacted by the Council of the City on July 11, 1995, effective on July 25, 1995, as amended and supplemented by a Supplemental Resolution adopted on July 25, 1995 (the "Ordinance").

The Series 1995 A Bonds are in the aggregate principal amount of \$373,000.00, issued in the form of one bond, registered in the name of the West Virginia Water Development Authority, as to principal and interest, with interest payable September 1, December 1, March 1 and June 1 of each year, beginning September 1, 1996, all as set forth in the Series 1995 A Bonds. The Series 1995 A Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Ordinance and the Loan Agreement.

West Virginia Water Development Authority
The City of Nitro
July 27, 1995
Page 2

The Series 1995 A Bonds are issued for the purpose of providing funds to pay the costs of preliminary engineering expenses for the acquisition and construction of certain extensions, improvements and betterments to the public sewerage system (the "System") for the City, funding a reserve fund for the Series 1995 A Bonds, and paying the costs of issuance thereof.

We have also examined the applicable provisions of Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Act"), under which the Series 1995 A Bonds are issued.

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

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

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

3. The City is a duly organized and presently existing municipal corporation, with full power and authority to operate and maintain the System referred to in the Ordinance and to issue and sell the Series 1995 A Bonds, all under the Ordinance, the Act and other applicable provisions of law.

4. The City has legally and effectively enacted the Ordinance and all other necessary actions and certifications in connection with the issuance and sale of the Series 1995 A Bonds.

5. The Series 1995 A Bonds are valid and legally enforceable special obligations of the City, payable from the net revenues of the System referred to in the Ordinance and secured by a first lien on and pledge of the net revenues of said System, which first lien is shared with Huntington Banks, West Virginia, as holder of the City's 1991 construction loan and the City's Series 1995 B Bonds to be issued in conjunction herewith.

West Virginia Water Development Authority
The City of Nitro
July 27, 1995
Page 3

6. The City has reserved the right to issue additional bonds ranking on a parity with the Series 1995 A Bonds, as provided in the Ordinance.

7. The interest on the Series 1995 A Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted with respect to corporations, (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. The opinion set forth above is subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Series 1995 A Bonds in order that the interest thereon be (or continue to be) excludable from gross income for federal income tax purposes. Failure to comply with such covenants and representations could cause the interest on the Series 1995 A Bonds to be so included in gross income retroactive to the date of issuance. We express no opinion regarding other federal tax consequences with respect to the Series 1995 A Bonds.

8. The Series 1995 A Bonds and the interest thereon are, under the Act, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

The rights of the owners of the Series 1995 A Bonds and the enforceability of the Series 1995 A Bonds and the Ordinance may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors rights heretofore or hereafter enacted to the extent constitutionally applicable, and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We have examined the executed and authenticated Series 1995 A Bond numbered AR-1, and in our opinion, the form of said Bond and its execution and authentication are regular and proper.

Very truly yours,

VAUGHAN & WITHROW

