# CITY OF OAK HILL

## Sewer Revenue Bonds, Series 1996 A
## (West Virginia SRF Program)

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# CITY OF OAK HILL

# SEWER REVENUE BONDS, SERIES 1995
# (WEST VIRGINIA SRF PROGRAM)

# BOND ORDINANCE

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CITY OF OAK HILL

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE CITY OF OAK HILL AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $1,200,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1995 (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ENACTED AND ORDAINED BY THE COUNCIL OF THE CITY OF OAK HILL:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

A. The City of Oak Hill (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Fayette County of said State.

B. The Issuer presently owns and operates a public sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain additions, betterments and improvements to the existing public sewerage system of the Issuer, consisting of new sewer

lines, including force mains and gravity lines, manholes and a pump station, together with all appurtenant facilities (collectively, the "Project"), which constitute properties for the collection, transportation, treatment, purification and disposal of liquid or solid wastes, sewage or industrial wastes (the existing public sewerage system of the Issuer, the Project and any further additions thereto or extensions thereof are herein called the "System") at an estimated cost of not to exceed $1,950,000, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the City Clerk of the Issuer.

C. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of the System, the principal of and interest on the Prior Bonds and the Series 1995 Bonds and to make all payments into all Sinking Funds, Reserve Accounts and other payments provided for herein and in the Prior Ordinances, all as such terms are hereinafter defined.

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

E. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds, Series 1995 (West Virginia SRF Program) (the "Series 1995 Bonds"), in the aggregate principal amount of not more than $1,200,000, initially to be represented by a single bond, to permanently finance a portion of the costs of acquisition and construction of the Project. The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Series 1995 Bonds prior to and during construction or acquisition and for a period not exceeding 6 months after completion of construction or acquisition of the Project; amounts which may be deposited in the Series 1995 Bonds Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, including the SRF Administrative Fee (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 1995 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the

Series 1995 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

G. It is in the best interests of the Issuer that its Series 1995 Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement (the "Loan Agreement") by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment (the "DEP"), in form satisfactory to the Issuer, the Authority and the DEP, to be approved hereby if not previously approved by resolution of the Issuer.

H. There are outstanding obligations of the Issuer which will rank either on parity with or junior and subordinate to the Series 1995 Bonds as to liens, pledges, sources of and security for payment, which obligations are designated and have the lien positions, as follows:

| Description | Lien Position |
|---|---|
| Sewer Revenue Bonds, Series 1988 A, dated August 25, 1988, issued in the original aggregate principal amount of $1,764,285 (the "Series 1988 A Bonds") | First Lien |
| Sewer Revenue Bonds, Series 1991A, dated March 28, 1991, issued in the original aggregate principal amount of $1,817,920 (the "Series 1991A Bonds") | First Lien |
| Sewer Revenue Bonds, Series 1988 B, dated August 25, 1988, issued in the original aggregate principal amount of $441,071 (the "Series 1988 B Bonds") | Second Lien |
| Sewer Revenue Bonds, Series 1991B, dated March 28, 1991, issued in the original aggregate principal amount of $82,080 (the "Series 1991B Bonds") | Second Lien |

The Series 1995 Bonds shall be issued on parity with the Series 1991A Bonds and Series 1988 A Bonds, and senior and prior to the Series 1988 B Bonds and Series 1991B Bonds with respect to liens, pledges and sources of and security for payment and in all other respects.

The Series 1988 A Bonds, Series 1991A Bonds and Series 1995 Bonds are hereinafter collectively called the "First Lien Bonds" and the Series 1988 B Bonds and Series 1991B Bonds are hereinafter collectively called the "Second Lien Bonds." The Series 1988 A Bonds, Series 1988 B Bonds, Series 1991A Bonds and Series 1991B Bonds are hereinafter collectively called the "Prior Bonds." The ordinances which authorized the issuance of the Prior Bonds are herein collectively referred to as the "Prior Ordinances." All of the Prior Bonds were issued to and are currently held by the Authority. The Issuer has met the parity requirements of the Series 1988 A Bonds and the Series 1991A Bonds and the Prior Ordinances.

Other than the Prior Bonds, there are no outstanding obligations of the Issuer which will rank prior to or on a parity with or junior and subordinate to the Series 1995 Bonds as to liens, pledge and/or source of and security for payment and in all other respects.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 1995 Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the approval (or "grandfathering") of the Project and the financing thereof, by the West Virginia Infrastructure and Jobs Development Council and obtaining of a Certificate of Public Convenience and Necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 1995 Bonds or such final order will not be subject to appeal.

J. Pursuant to the Act, the Issuer has heretofore established a Sanitary Board, and the Sanitary Board has petitioned the Council to issue the Series 1995 Bonds for the purposes set forth herein.

K. The Issuer is a governmental unit which has general taxing powers to finance operations of or facilities of the nature of the Project and the System; 95% or more of the Net Proceeds of the Series 1995 Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and the Issuer, all subordinate entities, all entities which issue obligations on behalf of the Issuer, and all entities formed or, to the extent provided under Section 148 of the Code, herein defined, availed of, to avoid the purposes of Section 148(f)(4)(D) of the Code and all other entities benefiting thereby, reasonably expect to issue less than $1,200,000 aggregate principal amount of tax-exempt obligations (other than private activity bonds) during the calendar year in which the Series 1995 Bonds are to be issued.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of Series 1995 Bonds by the Registered Owners of the same from time

to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Bondholders of any and all of such Series 1995 Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 1995 Bonds, or any other agency, board or department of the State that succeeds to the functions of the Authority.

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

"Board" means the Sanitary Board of the Issuer.

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

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

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

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

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

"Bonds" means, collectively, the Series 1995 Bonds, the Prior Bonds, and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

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

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

"Closing Date" means the date upon which there is an exchange of the Series 1995 Bonds for the proceeds representing the purchase price of the Series 1995 Bonds or at least a de minimis portion thereof from the Authority.

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

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

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

"Consulting Engineers" means Pentree Incorporated, Princeton, West Virginia, or any qualified engineer or firm of engineers that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System, or portion thereof; provided however, that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions, or political subdivisions.

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

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

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

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

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

"First Lien Bonds" means, collectively, the Series 1988 A Bonds, Series 1991A Bonds and Series 1995 Bonds.

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

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

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

"Grant" means all moneys received by the Issuer on account of any grant in aid of construction of the Project.

"Grant Agreement" means a written commitment for the payment of any Grant, specifying the amount of such Grant, the terms and conditions upon which such Grant is made and the date or dates or event or events upon which such Grant is to be paid to the Issuer.

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the system, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided, that "Gross Revenues" does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined, purchased pursuant to Article 8.01 hereof) or any Tap Fees, as hereinafter defined.

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

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

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract, investment-type property or any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax

purposes other than specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

"Issuer" means the City of Oak Hill, a municipal corporation and political subdivision of the State of West Virginia, in Fayette County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body and the Sanitary Board of the Issuer.

"Loan Agreement" means the Loan Agreement, heretofore entered into, or to be entered into among the Authority, the DEP and the Issuer, providing for the purchase of the Series 1995 Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 1995 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 1995 Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 1995 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds or any other proceeds of the Series 1995 Bonds and is not acquired in order to carry out the governmental purpose of the Series 1995 Bonds.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, operation and maintenance of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs, the SRF Administrative Fee, fees and expenses of the Authority, fiscal agents, the Depository Bank, the Registrar and the Paying Agent (all as herein defined), other than those capitalized as part of the Costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Series 1995 Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

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

"Paying Agent" means the Commission or such other entity or authority as may be designated as a Paying Agent by the Issuer in the Supplemental Resolution with the written consent of the Authority and the DEP.

"Prior Bonds" means, collectively, the Series 1988 A Bonds, the Series 1988 B Bonds, the Series 1991A Bonds and the Series 1991B Bonds.

"Prior Ordinances" means, collectively, the ordinance of the Issuer adopted August 23, 1988, as supplemented by the supplemental resolution of the Issuer adopted August 23, 1988, authorizing the issuance of the Series 1988 A and Series 1988 B Bonds, and the ordinance of the Issuer adopted February 19, 1991, as supplemented by the supplemental resolution of the Issuer adopted March 5, 1991, authorizing the issuance of the Series 1991A and Series 1991B Bonds.

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

"Project" means the acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer, consisting of new sewer lines, including force mains and gravity lines, manholes and a pump station, together will all appurtenant facilities.

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

(a) Government Obligations;

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

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

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

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

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

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York,

provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

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

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

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

"Registrar" means the Bond Registrar.

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

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

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Prior Bonds and the Series 1995 Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in any reserve account for the Prior Bonds and the Series 1995 Bonds.

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

"Second Lien Bonds" means, collectively, the Series 1988 B Bonds and Series 1991B Bonds.

"Series 1988 A Bonds" means the Issuer's Sewer Revenue Bonds, Series 1988 A, dated August 25, 1988, issued in the original principal amount of $1,764,285.

"Series 1988 A Bonds Reserve Account" means the Series 1988 A Bonds Reserve Account established for the Series 1988 A Bonds by the Prior Ordinances.

"Series 1988 A Bonds Sinking Fund" means the Series 1988 A Bonds Sinking Fund established for the Series 1988 A Bonds by the Prior Ordinances.

"Series 1988 B Bonds" means the Issuer's Sewer Revenue Bonds, Series 1988 B, dated August 25, 1988, issued in the original principal amount of $441,071.

"Series 1988 B Bonds Reserve Account" means the Series 1988 B Bonds Reserve Account established for the Series 1988 B Bonds by the Prior Ordinances.

"Series 1988 B Bonds Sinking Fund" means the Series 1988 B Bonds Sinking Fund established for the Series 1988 B Bonds by the Prior Ordinances.

"Series 1991A Bonds" means the Issuer's Sewer Revenue Bonds, Series 1991A, dated March 28, 1991, issued in the original purchase amount of $1,817,920.

"Series 1991A Bonds Reserve Account" means the Series 1991A Bonds Reserve Account established for the Series 1991A Bonds by the Prior Ordinances.

"Series 1991A Bonds Sinking Fund" means the Series 1991A Bonds Sinking Fund established for the Series 1991A Bonds by the Prior Ordinances.

"Series 1991B Bonds" means the Issuer's Sewer Revenue Bonds, Series 1991B, dated March 28, 1991, issued in the original principal amount of $82,080.

"Series 1991B Bonds Reserve Account" means the Series 1991B Bonds Reserve Account established for the Series 1991B Bonds by the Prior Ordinances.

"Series 1991B Bonds Sinking Fund" means the Series 1991B Bonds Sinking Fund established for the Series 1991B Bonds by the Prior Ordinances.

"Series 1995 Bonds" means the not more than $1,200,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1995 (West Virginia SRF Program), of the Issuer.

"Series 1995 Bonds Reserve Account" means the Series 1995 Bonds Reserve Account established in the Series 1995 Bonds Sinking Fund pursuant to Section 5.02 hereof.

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

"Series 1995 Bonds Sinking Fund" means the Series 1995 Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective sinking funds established for the Prior Bonds and the Series 1995 Bonds.

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

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

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

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 1995 Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 1995 Bonds, and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Series 1995 Bonds, the Prior Bonds or any other obligations of the Issuer, including, without limitation, the Renewal and Replacement Fund and the Reserve Accounts.

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

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

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

## ARTICLE II

## AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed $1,950,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 1995 Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the SRF Program.

The cost of the Project is estimated not to exceed $1,950,000, of which approximately $1,200,000 will be obtained from proceeds of the Series 1995 Bonds and approximately $750,000 from a grant by the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia).

## ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 1995 Bonds, funding a reserve account for the Series 1995 Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 1995 Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 1995 Bonds of the Issuer, in an aggregate principal amount of not more than $1,200,000. The Series 1995 Bonds shall be issued as a single Bond, designated as "Sewer Revenue Bond, Series 1995 (West Virginia SRF Program)," and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 1995 Bonds remaining after funding of the Series 1995 Bonds Reserve Account (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the Bond Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 1995 Bonds shall bear interest at such rate or rates, not exceeding the then legal maximum, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 1995 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 Bonds shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

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

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

Section 3.03. Execution of Bonds. The Series 1995 Bonds shall be executed in the name of the Issuer by the Mayor and the City Manager, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the City Clerk. In case any one or more of the officers who shall have signed or sealed the Series 1995 Bonds shall cease to be such officer of the Issuer before the Series 1995 Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 1995 Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of the authorization of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 1995 Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 1995 Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 1995 Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 1995 Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 1995 Bonds remain outstanding, the Issuer, through the Bond Registrar or its agent, shall keep and maintain books for the registration and transfer of the Series 1995 Bonds.

The registered Series 1995 Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 1995 Bonds or transferring the registered Series 1995 Bonds are exercised, all Series 1995 Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 1995 Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Series 1995 Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Series 1995 Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 1995 Bonds or, in the case of any proposed redemption of Series 1995 Bonds, next preceding the date of the selection of Series 1995 Bonds to be redeemed, and ending on such interest payment date or redemption date.

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

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

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 1995 Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the operation of the System, on a parity with the lien on the Net Revenues in favor of the Holders of the Series 1988 A Bonds and the Series 1991A Bonds and senior and prior to the lien on the Net Revenues in favor of the Holders of the Series 1988 B Bonds and the Series 1991B Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 1995 Bonds and to make the payments into the respective Sinking Funds, the Reserve Accounts therein, and the Renewal and Replacement Fund, and all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due, and for the other purposes provided in the Bond Legislation.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 1995 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 1995 Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 1995 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 1995 Bonds to the original purchasers;

C. An executed and certified copy of Bond Legislation;

D. An executed copy of the Loan Agreement; and

E. The unqualified approving opinion of bond counsel on the Series 1995 Bonds.

Section 3.10. Form of Series 1995 Bonds. The text of the Series 1995 Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[FORM OF SERIES 1995 BOND]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF OAK HILL
SEWER REVENUE BOND, SERIES 1995
(WEST VIRGINIA SRF PROGRAM)

No. R-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF OAK HILL, a municipal corporation and political subdivision of the State of West Virginia in Fayette County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 199____, 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 and the SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 199____, as set forth on EXHIBIT B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and 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 _____, 199____.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); (ii) [to pay interest on the Bonds of this Series (the "Bonds") during the construction of the Project and for not more than 6 months thereafter; (iii) to fund a reserve account for the Bonds; (iv)] to pay certain costs of issuance hereof and related costs. The existing public sewerage system of the Issuer, the Project, and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on _____, 199____, and a Supplemental Resolution duly adopted by the Issuer on _____, 199____ (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1988 A, DATED AUGUST 25, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,764,285 (THE "SERIES 1988 A BONDS"), AND SEWER REVENUE BONDS, SERIES 1991A, DATED MARCH 28, 1991, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,817,920 (THE "SERIES 1991A BONDS").

THIS BOND IS ISSUED SENIOR AND PRIOR, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, TO THE ISSUER'S SEWER REVENUE BONDS, SERIES 1988 B, DATED AUGUST 25, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $441,071 (THE "SERIES 1988 B BONDS"), AND SEWER REVENUE BONDS, SERIES 1991B, DATED MARCH 28, 1991, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $82,080 (THE "SERIES 1991B BONDS").

THE SERIES 1988 A BONDS, THE SERIES 1991A BONDS, THE SERIES 1988 B BONDS AND THE SERIES 1991B BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS".

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Series 1988 A Bonds and the Series 1991A Bonds, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1995 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 Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with or junior to the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 1995 Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding prior to or on a parity with or junior to the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to the payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is

created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond 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 Net 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 OAK HILL has caused this Bond to be signed by its Mayor and City Manager and its corporate seal to be hereunto affixed and attested by its City Clerk, and has caused this Bond to be dated _____, 199____.

[SEAL]

_____
Mayor

_____
City Manager

ATTEST:

_____
City Clerk

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: _____, 199____.

ONE VALLEY BANK, NATIONAL ASSOCIATION, as Registrar

By _____
Its Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

| | AMOUNT | DATE | | AMOUNT | DATE |
|---|---|---|---|---|---|
| (1) | $ | | (7) | $ | |
| (2) | $ | | (8) | $ | |
| (3) | $ | | (9) | $ | |
| (4) | $ | | (10) | $ | |
| (5) | $ | | (11) | $ | |
| (6) | $ | | (12) | $ | |

TOTAL $_____

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

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

Section 3.12. "Amended Schedule A" Filing. Within 60 days following the Completion Date, the Issuer will file with the Authority a schedule in substantially the form of the "Amended Schedule A" to the Loan Agreement, setting forth the actual costs of the Project and sources of funds therefor.

## ARTICLE IV

[RESERVED]

## ARTICLE V

## FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

(1) Revenue Fund (established and continued by the Prior Ordinances);

(2) Renewal and Replacement Fund (established and continued by the Prior Ordinances); and

(3) Bond Construction Trust Fund.

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

(1) Series 1988 A Bonds Sinking Fund (established by the Prior Ordinances);

(a) Within the Series 1988 A Bonds Sinking Fund, the Series 1988 A Bonds Reserve Account (established by the Prior Ordinances);

(2) Series 1988 B Bonds Sinking Fund (established by the Prior Ordinances);

(a) Within the Series 1988 B Bonds Sinking Fund, the Series 1988 B Bonds Reserve Account (established by the Prior Ordinances);

(3) Series 1991A Bonds Sinking Fund (established by the Prior Ordinances);

(a) Within the Series 1991A Bonds Sinking Fund, the Series 1991A Bonds Reserve Account (established by the Prior Ordinances);

(4) Series 1991B Bonds Sinking Fund (established by the Prior Ordinances);

(a) Within the Series 1991B Bonds Sinking Fund, the Series 1991B Bonds Reserve Account (established by the Prior Ordinances);

(5) Series 1995 Bonds Sinking Fund;

(a) Within the Series 1995 Bonds Sinking Fund, the Series 1995 Bonds Reserve Account.

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

(1) The Issuer shall first, each month, pay from the moneys in the Revenue Fund, all current Operating Expenses of the System.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and, simultaneously, (i) remit to the Commission the amounts required by the Prior Ordinances to be deposited in the Series 1988 A Bonds Sinking Fund for payment of the interest on and principal of the Series 1988 A Bonds, (ii) remit to the Commission the amounts required by the Prior Ordinances to be deposited in the Series 1991A Bonds Sinking Fund for payment of the interest on and principal of the Series 1991A Bonds, (iii) commencing 4 months prior to the first date of payment of interest on the Series 1995 Bonds for which interest has not been capitalized, or as required in the Loan Agreement, remit to the Commission, for deposit in the Series 1995 Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will become due on the Series 1995 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 Bonds Sinking Fund and the next quarterly interest payment date is less than 4 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next quarterly interest payment date, the required amount of interest coming due on such date, and (iv) commencing 4 months prior to the first date of payment of principal on the Series 1995 Bonds, remit to the Commission for deposit in the Series 1995 Bonds Sinking Fund, an amount

equal to 1/3rd of the amount of principal which will mature and become due on the Series 1995 Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1995 Bonds Sinking Fund and the next quarterly principal payment date is less than 4 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(3) The Issuer shall next, on each date that payment is made as set forth in subsection 5.03A(2)(i) above, transfer from the Revenue Fund and, simultaneously, (i) remit to the Commission the amount required by the Prior Ordinances to be deposited in the Series 1988 A Bonds Reserve Account, (ii) remit to the Commission the amount required by the Prior Ordinances to be deposited in the Series 1991A Bonds Reserve Account, and (iii) commencing 3 months prior to the first date of payment of principal of the Series 1995 Bonds, if not fully funded upon issuance of the Series 1995 Bonds, remit to the Commission for deposit in the Series 1995 Bonds Reserve Account an amount equal to 1/120 of the Series 1995 Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1995 Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1995 Bonds Reserve Requirement.

(4) The Issuer shall next, from the moneys remaining in the Revenue Fund, on the first day of each month (as previously set forth in the Prior Ordinances and not in addition thereto), transfer to the Renewal and Replacement Fund, a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the reserve accounts established with respect to the Prior Bonds or the Series 1995 Bonds Reserve Account [except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and pay to the Commission the amounts required by the Prior Ordinances to be deposited in the Series 1988 B Bonds Sinking Fund

for payment of principal of the Series 1988 B Bonds, and in the Series 1991B Bonds Sinking Fund for payment of principal of the Series 1991B Bonds.

(6) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund to the Commission the amounts required by the Prior Ordinances to be deposited in the Series 1988 B Bonds Reserve Account and in the Series 1991B Bonds Reserve Account.

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

All investment earnings on moneys in the Series 1995 Bonds Sinking Fund and the Series 1995 Bonds Reserve Account (if fully funded) shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Bond Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 1995 Bonds, and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 1995 Bonds Reserve Account which result in a reduction in the balance of the Series 1995 Bonds Reserve Account to below the Series 1995 Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full to the Series 1988 A Bonds Sinking Fund, the Series 1991A Bonds Sinking Fund and the Series 1995 Bonds Sinking Fund, and on a pro-rata basis, in accordance with the respective principal amounts then outstanding, to the Series 1988 A Bonds Reserve Account, the Series 1991A Bonds Reserve Account and the Series 1995 Bonds Reserve Account.

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

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

Principal and interest payments, and any payments made for the purpose of funding any Reserve Account, whether for a deficiency or otherwise, shall be made on a parity basis and pro rata with respect to the Series 1988 A Bonds, the Series 1991A Bonds and Series 1995 Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 1995 Bonds Sinking Fund and the Series 1995 Bonds Reserve Account created hereunder, and all amounts required for said Sinking Fund and Reserve Account shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein.

Moneys in the Series 1995 Bonds Sinking Fund and the Series 1995 Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

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

B. The Issuer shall each month, on the day set forth in subsections 5.03A(2) and (3) hereof (if such day is not a business day, then the next succeeding business day), deposit with the Commission the required interest, principal and reserve payments with respect to the Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

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

D. The Issuer shall each month, on the day set forth in subsections 5.03A(2) hereof (if such day is not a business day, then the next succeeding

business day), deposit with the Commission the SRF Administrative Fee as set forth in Schedule Y attached to the Loan Agreement.

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

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

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

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

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

J. All Tap Fees shall be deposited by the Issuer, as received, in the Series 1995 Bonds 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 VI

## BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of the Series 1995 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1995 Bonds, there shall first be deposited with the Commission in the Series 1995 Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 1995 Bonds for the period commencing on the date of issuance of such Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 1995 Bonds, there shall be deposited with the Commission in the Series 1995 Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 1995 Bonds Reserve Account.

C. Next, from the proceeds of the Series 1995 Bonds, there shall first be credited to the Bond Construction Trust Fund and then paid, any and all borrowings by the Issuer made for the purpose of temporarily financing a portion of the Costs of the Project, including interest accrued thereon to the date of such payment, not otherwise paid from funds of the Issuer; provided that the Authority and the DEP have previously consented to the payment of such borrowings.

D. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 1995 Bonds, such moneys shall be deposited with the Depository Bank in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02 hereof.

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

Section 6.02. Disbursements From the Bond Construction Trust Fund. On or before the Closing Date, the Issuer shall have delivered to the Authority and the DEP a report listing the specific purposes for which the proceeds of the Series 1995 Bonds will

be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for Costs of the Project shall be made monthly.

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

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

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

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

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

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

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

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

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

## ARTICLE VII

## ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 1995 Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 1995 Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 1995 Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 1995 Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 1995 Bonds, shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 1995 Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 1995 Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the operation of the System, on a parity with the lien on the Net Revenues in favor of the Holders of the Series 1988 A Bonds and the Series 1991A Bonds and senior and prior to the lien on the Net Revenues in favor of the Holders of the Series 1988 B Bonds and the Series 1991B Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 1995 Bonds and to make the payments into the respective Sinking Funds, including the Reserve Accounts therein, and all other payments provided for in the Bond Legislation, are hereby irrevocably pledged, in the manner provided herein, to the payment of the principal of and interest on the Bonds as the same become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the sewer rate ordinance of the Issuer enacted on November 7, 1995.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease, or otherwise dispose of or encumber the System, or any part thereof, except as provided in the Prior Ordinances and with the

written consent of the Authority and the DEP. Additionally, so long as the Series 1995 Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the DEP, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully the Series 1995 Bonds and the Prior Bonds, or to effectively defease the pledge created by this Bond Legislation in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 1995 Bonds, be immediately remitted to Commission for deposit in the Series 1995 Bonds Sinking Fund, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal at maturity of and interest on the Series 1995 Bonds as prescribed by Section 10.01 hereof, all on a parity basis and pro rata with the Prior Bonds. Any balance remaining after the payment of the Bonds and the interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $10,000 and not in excess of $50,000, shall, with the written consent of the Authority, be remitted by the Issuer to the Commission for deposit in the Sinking Funds and shall be applied only to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the par value thereof plus 3% of such par value or otherwise. Such payment of such proceeds into the Sinking Funds or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for

such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of over 50% in amount of the Bonds then Outstanding and the Consulting Engineers. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in Section 7.07 hereof, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 1995 Bonds and the Prior Bonds. All obligations issued by the Issuer after the issuance of the Series 1995 Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 1995 Bonds and the Prior Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts established by this Bond Legislation and the Prior Ordinances at the time of the issuance of such subordinate obligations have been made and are current.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 1995 Bonds and the Prior Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 1995 Bonds and the Prior Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinances shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 1995 Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and the DEP and without complying with the conditions and requirements herein provided (unless less restrictive than the provisions of the Prior Ordinances).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1995 Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the acquisition or construction of additions, extensions, improvements or betterments to the System or refunding the Series 1995 Bonds or the Prior Bonds issued pursuant hereto, or both such purposes.

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the City Clerk a written statement by the Independent Certified Public Accountants, based upon the necessary investigation and certification by the Consulting Engineers, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months in 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 be not less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

(1) The Bonds then Outstanding, including, without limitation, the Prior Bonds;

(2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Bond Legislation then Outstanding; and

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

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

The Net Revenues actually derived from the System during the 12-consecutive-month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Consulting Engineers and the Independent Certified Public Accountants, as stated in a certificate jointly made and signed by the Consulting Engineers and the Independent Certified Public Accountants, and filed with the City Clerk, on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to issuance of such Parity Bonds.

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

The term "Parity Bonds," as used in this section, shall be deemed to mean additional Bonds issued under the provisions and within the limitations of this section and the Prior Ordinances, payable from the Net Revenues of the System on a parity with the Series 1995 Bonds, and all covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Series 1995 Bonds and the Holders of any Parity Bonds theretofore or subsequently issued from time to time within the limitations of and in compliance with this section and the Prior Ordinances. All such Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Net Revenues of the System, and their source of and security for payment from said Net Revenues, without preference of any such Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

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

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

Section 7.08. Books; Records and Facilities. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Authority and the DEP, or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Authority and the DEP such documents and information as they may reasonably require in connection with the

acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

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

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

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

The Issuer shall file with the Consulting Engineers, the Authority and the DEP, or any other original purchaser of the Series 1995 Bonds, and shall mail in each year to any Holder or Holders of the Series 1995 Bonds, requesting the same, an annual report containing the following:

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

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

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

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

mail, upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 1995 Bonds and shall submit said report to the Authority and the DEP, or any other original purchaser of the Series 1995 Bonds. Such audit report submitted to the Authority and the DEP shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's operation and maintenance expenses and debt service requirements.

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

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

Section 7.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the City Clerk, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created (or, where appropriate, continued) hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the Reserve Requirements are on deposit respectively in the Reserve Accounts and reserve accounts for obligations prior to or on a parity with the Bonds (including the Prior Bonds) are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds. In any

event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance described in Section 7.04. In any event, subject to any requirements of law, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance described in Section 7.04 hereof.

Section 7.10. Operating Budget; Audit and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority and the DEP within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the Consulting Engineers, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate by the Consulting Engineers, that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority, the DEP and to any Holder of any Bonds who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder of any Bonds or anyone acting for and in behalf of such Holder of any Bonds.

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

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

The Issuer shall provide and maintain competent and adequate resident engineering services satisfactory to the Authority and the DEP covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by

the Consulting Engineers, which have been approved by all necessary governmental bodies. Such resident engineer shall certify to the Authority, the DEP and the Issuer at the completion of construction that construction of the Project is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

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

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

The Issuer agrees that qualified operating personnel properly certified by the State will be employed before the Project is 25% complete and agrees that it will retain such a certified operator(s) to operate the System during the entire term of the Loan Agreement. The Issuer shall notify the DEP in writing of the certified operator employed at the 25% completion stage.

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

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

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

delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law. If the waterworks facilities are not owned by the Issuer, the Issuer will, to the extent allowed by law, use diligent efforts to enter into a similar termination agreement with the provider of such water, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

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

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 1995 Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

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

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

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

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

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

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

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

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

Section 7.16. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the

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

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

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

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

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

The Issuer 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 acquisition and construction of the Project and the operation, maintenance and use of the System.

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

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 1995 Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the

interest due on the Series 1995 Bonds during the term thereof is, under the terms of the Series 1995 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 1995 Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 1995 Bonds during the term thereof is, under the terms of the Series 1995 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 1995 Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 1995 Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related. All of the foregoing to be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of 5% of the Net Proceeds of the Series 1995 Bonds or $5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 1995 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 1995 Bonds and the interest thereon, including, without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 1995 Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions, or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.20. Securities Laws Compliance. The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of

changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17CFR Part 240).

## ARTICLE VIII

## INVESTMENT OF FUNDS; NON ARBITRAGE

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

Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission, 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 investment or trust department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year (or more often if reasonably requested by the Issuer), a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Bonds are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of interest on the Series 1995 Bonds from gross income for federal income tax purposes.

Section 8.02. Arbitrage and Tax Exemption. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 1995 Bonds which would cause the Series 1995 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take any and all actions that may be required of it (including, without implied limitation, the timely filing of a Federal information return with respect to the Series 1995 Bonds) so that the interest on the Series 1995 Bonds will be and remain excludable from gross income for

Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. Small Issuer Exemption from Rebate of Excess Investment Earnings to the United States. In accordance with Section 148(f)(4)(D) of the Code, the Issuer covenants that it is a governmental unit with general taxing powers; that no part of the Series 1995 Bonds are private activity bonds; that 95% or more of the Net Proceeds of the Series 1995 Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and that the aggregate face amount of all the tax-exempt obligations (other than private activity bonds) issued by the Issuer during the calendar year in which the Series 1995 Bonds are issued does not and will not exceed $1,200,000, determined in accordance with Section 148(f)(4)(D) of the Code and the Regulations from time to time in effect and applicable to the Series 1995 Bonds. For purposes of this first paragraph of Section 8.03 and for purposes of applying Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this first paragraph of Section 8.03 and Section 148(f)(4)(D) of the Code, be treated as not issued by such unit; all obligations issued by a subordinate entity shall, for purposes of applying this first paragraph of Section 8.03 and Section 148(f)(4)(D) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(D) of the Code and all other entities benefiting thereby shall be treated as one issuer.

Notwithstanding the foregoing, if in fact the Issuer is subject to the rebate requirements of Section 148(f) of the Code, and not exempted from such requirements, the Issuer covenants to make, or cause to be made, all rebate calculations, computations and payments in the time, manner and as required in Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Series 1995 Bonds and otherwise covenants and agrees to comply with the provisions of such Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Series 1995 Bonds. In the event of a failure to pay the correct rebate amount or amounts, the Issuer will pay, from any lawful sources available therefor, to the United States such amount or amounts, plus a penalty equal to 50% of the rebate amount not paid when required to be paid, plus interest on that amount, unless waived. In order to provide for the administration of this paragraph, the Issuer may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the Issuer may deem appropriate.

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

rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer.

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation or, if the Issuer qualifies for the small governmental issuer exception to rebate, the Issuer shall submit a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Series 1995 Bonds subject to rebate. The Issuer shall also furnish to the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority, including information with respect to earnings on all funds constituting "gross proceeds" of the Bonds (as such term "gross proceeds" is defined in the Code).

## ARTICLE IX

## DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 1995 Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on any Series 1995 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 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 1995 Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond; or

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners, including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds; (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided however, that all rights and remedies of the Holders of the Series 1995 Bonds shall be on a parity with those of the Holders of the Series 1988A Bonds and Series 1991A Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and

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

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

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

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

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

## ARTICLE X

## DEFEASANCE

Section 10.01. Defeasance of Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of the Series 1995 Bonds, the principal of and interest due or to become due thereon, if any, at the times and in the manner stipulated therein and in this Bond Legislation, then 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 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 1995 Bonds from gross income for federal income tax purposes.

The Series 1995 Bonds, for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Series 1995 Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. The Series 1995 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 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 Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

## ARTICLE XI

## MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 1995 Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 1995 Bonds, no material modification or amendment of this Ordinance, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 1995 Bonds shall be made without the consent in writing of the Registered Owners of 66-2/3% or more in principal amount of the Series 1995 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Series 1995 Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein respectively pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 1995 Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest on the Series 1995 Bonds from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 1995 Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution or the Series 1995 Bonds.

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

Section 11.05. Conflicting Provisions Repealed; Prior Ordinances. All ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed, provided that, in the event of any conflict between this Ordinance and the Prior Ordinances, the Prior Ordinances shall control (unless less restrictive), so long as the Prior Bonds or any portion thereof are Outstanding.

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

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

Section 11.08. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in the Fayette Tribune, a qualified newspaper of general circulation in the City of Oak Hill, there being no newspaper published therein, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

| | | |
|---|---|---|
| Passed on First Reading: | - | October 17, 1995 |
| Passed on Second Reading: | - | November 7, 1995 |
| Passed on Final Reading Following Public Hearing: | - | December 5, 1995 |

Mayor

City Clerk

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the CITY OF OAK HILL on the 5th day of December, 1995.

Dated: August 20, 1996.

[SEAL]

Virginia M. Fox
City Clerk

08/14/96
COHJ.A6
667770/95001

EXHIBIT A

Loan Agreement included in bond transcript as Document No. 3

* CONFORMED COPY

# CITY OF OAK HILL

## SEWER REVENUE BONDS, SERIES 1996 A (WEST VIRGINIA SRF PROGRAM)

## BOND ORDINANCE

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CITY OF OAK HILL

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE CITY OF OAK HILL AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $1,200,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1996 A (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ENACTED AND ORDAINED BY THE COUNCIL OF THE CITY OF OAK HILL:

## ARTICLE I

## STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

A. The City of Oak Hill (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Fayette County of said State.

B. The Issuer presently owns and operates a public sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain additions, betterments and improvements to the existing public sewerage system of the Issuer, consisting of new sewer

lines, including force mains and gravity lines, manholes and a pump station, together with all appurtenant facilities (collectively, the "Project"), which constitute properties for the collection, transportation, treatment, purification and disposal of liquid or solid wastes, sewage or industrial wastes (the existing public sewerage system of the Issuer, the Project and any further additions thereto or extensions thereof are herein called the "System") at an estimated cost of not to exceed $1,950,000, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the City Clerk of the Issuer.

C. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of the System, the principal of and interest on the Prior Bonds and the Series 1996 A Bonds and to make all payments into all Sinking Funds, Reserve Accounts and other payments provided for herein and in the Prior Ordinances, all as such terms are hereinafter defined.

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

E. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds, Series 1996 A (West Virginia SRF Program) (the "Series 1996 A Bonds"), in the aggregate principal amount of not more than $1,200,000, initially to be represented by a single bond, to permanently finance a portion of the costs of acquisition and construction of the Project. The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Series 1996 A Bonds prior to and during construction or acquisition and for a period not exceeding 6 months after completion of construction or acquisition of the Project; amounts which may be deposited in the Series 1996 A Bonds Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, including the SRF Administrative Fee (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 1996 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the

issuance of the Series 1996 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

G. It is in the best interests of the Issuer that its Series 1996 A Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement (the "Loan Agreement") by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment (the "DEP"), in form satisfactory to the Issuer, the Authority and the DEP, to be approved hereby if not previously approved by resolution of the Issuer.

H. There are outstanding obligations of the Issuer which will rank either on parity with or junior and subordinate to the Series 1996 A Bonds as to liens, pledges, sources of and security for payment, which obligations are designated and have the lien positions, as follows:

| Description | Lien Position |
|---|---|
| Sewer Revenue Bonds, Series 1988 A, dated August 25, 1988, issued in the original aggregate principal amount of $1,764,285 (the "Series 1988 A Bonds") | First Lien |
| Sewer Revenue Bonds, Series 1991A, dated March 28, 1991, issued in the original aggregate principal amount of $1,817,920 (the "Series 1991A Bonds") | First Lien |
| Sewer Revenue Bonds, Series 1988 B, dated August 25, 1988, issued in the original aggregate principal amount of $441,071 (the "Series 1988 B Bonds") | Second Lien |
| Sewer Revenue Bonds, Series 1991B, dated March 28, 1991, issued in the original aggregate principal amount of $82,080 (the "Series 1991B Bonds") | Second Lien |

The Series 1996 A Bonds shall be issued on parity with the Series 1991A Bonds and Series 1988 A Bonds, and senior and prior to the Series 1988 B Bonds and Series 1991B Bonds with respect to liens, pledges and sources of and security for payment and in all other respects.

The Series 1988 A Bonds, Series 1991A Bonds and Series 1996 A Bonds are hereinafter collectively called the "First Lien Bonds" and the Series 1988 B Bonds and Series 1991B Bonds are hereinafter collectively called the "Second Lien Bonds." The Series 1988 A Bonds, Series 1988 B Bonds, Series 1991A Bonds and Series 1991B Bonds are hereinafter collectively called the "Prior Bonds." The ordinances which authorized the issuance of the Prior Bonds are herein collectively referred to as the "Prior Ordinances." All of the Prior Bonds were issued to and are currently held by the Authority. The Issuer has met the parity requirements of the Series 1988 A Bonds and the Series 1991A Bonds and the Prior Ordinances.

Other than the Prior Bonds, there are no outstanding obligations of the Issuer which will rank prior to or on a parity with or junior and subordinate to the Series 1996 A Bonds as to liens, pledge and/or source of and security for payment and in all other respects.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 1996 A Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the approval (or "grandfathering") of the Project and the financing thereof, by the West Virginia Infrastructure and Jobs Development Council and obtaining of a Certificate of Public Convenience and Necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 1996 A Bonds or such final order will not be subject to appeal.

J. Pursuant to the Act, the Issuer has heretofore established a Sanitary Board, and the Sanitary Board has petitioned the Council to issue the Series 1996 A Bonds for the purposes set forth herein.

K. The Issuer is a governmental unit which has general taxing powers to finance operations of or facilities of the nature of the Project and the System; 95% or more of the Net Proceeds of the Series 1996 A Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and the Issuer, all subordinate entities, all entities which issue obligations on behalf of the Issuer, and all entities formed or, to the extent provided under Section 148 of the Code, herein defined, availed of, to avoid the purposes of Section 148(f)(4)(D) of the Code and all other entities benefiting thereby, reasonably expect to issue less than $1,200,000 aggregate principal amount of tax-exempt obligations (other than private activity bonds) during the calendar year in which the Series 1996 A Bonds are to be issued.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of Series 1996 A Bonds by the Registered Owners of the same from time

to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Bondholders of any and all of such Series 1996 A Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 1996 A Bonds, or any other agency, board or department of the State that succeeds to the functions of the Authority.

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

"Board" means the Sanitary Board of the Issuer.

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

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

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

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

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

"Bonds" means, collectively, the Series 1996 A Bonds, the Prior Bonds, and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

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

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

"Closing Date" means the date upon which there is an exchange of the Series 1996 A Bonds for the proceeds representing the purchase price of the Series 1996 A Bonds or at least a de minimis portion thereof from the Authority.

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

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

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

"Consulting Engineers" means Pentree Incorporated, Princeton, West Virginia, or any qualified engineer or firm of engineers that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System, or portion thereof; provided however, that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions, or political subdivisions.

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

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

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

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

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

"First Lien Bonds" means, collectively, the Series 1988 A Bonds, Series 1991A Bonds and Series 1996 A Bonds.

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

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

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

"Grant" means all moneys received by the Issuer on account of any grant in aid of construction of the Project.

"Grant Agreement" means a written commitment for the payment of any Grant, specifying the amount of such Grant, the terms and conditions upon which such Grant is made and the date or dates or event or events upon which such Grant is to be paid to the Issuer.

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the system, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided, that "Gross Revenues" does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined, purchased pursuant to Article 8.01 hereof) or any Tap Fees, as hereinafter defined.

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

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

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract, investment-type property or any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax

purposes other than specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

"Issuer" means the City of Oak Hill, a municipal corporation and political subdivision of the State of West Virginia, in Fayette County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body and the Sanitary Board of the Issuer.

"Loan Agreement" means the Loan Agreement, heretofore entered into, or to be entered into among the Authority, the DEP and the Issuer, providing for the purchase of the Series 1996 A Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 1996 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 1996 A Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 1996 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds or any other proceeds of the Series 1996 A Bonds and is not acquired in order to carry out the governmental purpose of the Series 1996 A Bonds.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, operation and maintenance of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs, the SRF Administrative Fee, fees and expenses of the Authority, fiscal agents, the Depository Bank, the Registrar and the Paying Agent (all as herein defined), other than those capitalized as part of the Costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Series 1996 A Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

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

"Paying Agent" means the Commission or such other entity or authority as may be designated as a Paying Agent by the Issuer in the Supplemental Resolution with the written consent of the Authority and the DEP.

"Prior Bonds" means, collectively, the Series 1988 A Bonds, the Series 1988 B Bonds, the Series 1991A Bonds and the Series 1991B Bonds.

"Prior Ordinances" means, collectively, the ordinance of the Issuer adopted August 23, 1988, as supplemented by the supplemental resolution of the Issuer adopted August 23, 1988, authorizing the issuance of the Series 1988 A and Series 1988 B Bonds, and the ordinance of the Issuer adopted February 19, 1991, as supplemented by the supplemental resolution of the Issuer adopted March 5, 1991, authorizing the issuance of the Series 1991A and Series 1991B Bonds.

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

"Project" means the acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer, consisting of new sewer lines, including force mains and gravity lines, manholes and a pump station, together will all appurtenant facilities.

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

(a) Government Obligations;

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

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

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

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

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

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York,

provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

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

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

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

"Registrar" means the Bond Registrar.

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

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

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Prior Bonds and the Series 1996 A Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in any reserve account for the Prior Bonds and the Series 1996 A Bonds.

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

"Second Lien Bonds" means, collectively, the Series 1988 B Bonds and Series 1991B Bonds.

"Series 1988 A Bonds" means the Issuer's Sewer Revenue Bonds, Series 1988 A, dated August 25, 1988, issued in the original principal amount of $1,764,285.

"Series 1988 A Bonds Reserve Account" means the Series 1988 A Bonds Reserve Account established for the Series 1988 A Bonds by the Prior Ordinances.

"Series 1988 A Bonds Sinking Fund" means the Series 1988 A Bonds Sinking Fund established for the Series 1988 A Bonds by the Prior Ordinances.

"Series 1988 B Bonds" means the Issuer's Sewer Revenue Bonds, Series 1988 B, dated August 25, 1988, issued in the original principal amount of $441,071.

"Series 1988 B Bonds Reserve Account" means the Series 1988 B Bonds Reserve Account established for the Series 1988 B Bonds by the Prior Ordinances.

"Series 1988 B Bonds Sinking Fund" means the Series 1988 B Bonds Sinking Fund established for the Series 1988 B Bonds by the Prior Ordinances.

"Series 1991A Bonds" means the Issuer's Sewer Revenue Bonds, Series 1991A, dated March 28, 1991, issued in the original purchase amount of $1,817,920.

"Series 1991A Bonds Reserve Account" means the Series 1991A Bonds Reserve Account established for the Series 1991A Bonds by the Prior Ordinances.

"Series 1991A Bonds Sinking Fund" means the Series 1991A Bonds Sinking Fund established for the Series 1991A Bonds by the Prior Ordinances.

"Series 1991B Bonds" means the Issuer's Sewer Revenue Bonds, Series 1991B, dated March 28, 1991, issued in the original principal amount of $82,080.

"Series 1991B Bonds Reserve Account" means the Series 1991B Bonds Reserve Account established for the Series 1991B Bonds by the Prior Ordinances.

"Series 1991B Bonds Sinking Fund" means the Series 1991B Bonds Sinking Fund established for the Series 1991B Bonds by the Prior Ordinances.

"Series 1996 A Bonds" means the not more than $1,200,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1996 A (West Virginia SRF Program), of the Issuer.

"Series 1996 A Bonds Reserve Account" means the Series 1996 A Bonds Reserve Account established in the Series 1996 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1996 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1996 A Bonds in the then current or any succeeding year.

"Series 1996 A Bonds Sinking Fund" means the Series 1996 A Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective sinking funds established for the Prior Bonds and the Series 1996 A Bonds.

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

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

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

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 1996 A Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 1996 A Bonds, and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Series 1996 A Bonds, the Prior Bonds or any other obligations of the Issuer, including, without limitation, the Renewal and Replacement Fund and the Reserve Accounts.

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

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

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

## ARTICLE II

## AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed $1,950,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 1996 A Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the SRF Program.

The cost of the Project is estimated not to exceed $1,950,000, of which approximately $1,200,000 will be obtained from proceeds of the Series 1996 A Bonds and approximately $750,000 from a grant by the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia).

## ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 1996 A Bonds, funding a reserve account for the Series 1996 A Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 1996 A Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 1996 A Bonds of the Issuer, in an aggregate principal amount of not more than $1,200,000. The Series 1996 A Bonds shall be issued as a single Bond, designated as "Sewer Revenue Bond, Series 1996 A (West Virginia SRF Program)," and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 1996 A Bonds remaining after funding of the Series 1996 A Bonds Reserve Account (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the Bond Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 1996 A Bonds shall bear interest at such rate or rates, not exceeding the then legal maximum, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 1996 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 1996 A Bonds shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 1996 A Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 1996 A Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 1996 A Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 1996 A Bonds shall be executed in the name of the Issuer by the Mayor and the City Manager, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the City Clerk. In case any one or more of the officers who shall have signed or sealed the Series 1996 A Bonds shall cease to be such officer of the Issuer before the Series 1996 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 1996 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of the authorization of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 1996 A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 1996 A Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 1996 A Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 1996 A Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 1996 A Bonds remain outstanding, the Issuer, through the Bond Registrar or its agent, shall keep and maintain books for the registration and transfer of the Series 1996 A Bonds.

The registered Series 1996 A Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 1996 A Bonds or transferring the registered Series 1996 A Bonds are exercised, all Series 1996 A Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 1996 A Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Series 1996 A Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Series 1996 A Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 1996 A Bonds or, in the case of any proposed redemption of Series 1996 A Bonds, next preceding the date of the selection of Series 1996 A Bonds to be redeemed, and ending on such interest payment date or redemption date.

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

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 1996 A Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided and amounts, if any, in the Series 1996 A Bonds Sinking Fund and the Series 1996 A Bonds Reserve Account. No holder or holders of the Series 1996 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 1996 A Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 1996 A Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the operation of the System, on a parity with the lien on the Net Revenues in favor of the Holders of the Series 1988 A Bonds and the Series 1991A Bonds and senior and prior to the lien on the Net Revenues in favor of the Holders of the Series 1988 B Bonds and the Series 1991B Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 1996 A Bonds and to make the payments into the respective Sinking Funds, the Reserve Accounts therein, and the Renewal and Replacement Fund, and all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due, and for the other purposes provided in the Bond Legislation.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 1996 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 1996 A Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 1996 A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 1996 A Bonds to the original purchasers;

C. An executed and certified copy of Bond Legislation;

D. An executed copy of the Loan Agreement; and

E. The unqualified approving opinion of bond counsel on the Series 1996 A Bonds.

Section 3.10. Form of Series 1996 A Bonds. The text of the Series 1996 A Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[FORM OF SERIES 1996 A BOND]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF OAK HILL
SEWER REVENUE BOND, SERIES 1996 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF OAK HILL, a municipal corporation and political subdivision of the State of West Virginia in Fayette County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 199____, 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 and the SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 199____, as set forth on EXHIBIT B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and 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 _____, 199____.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); (ii) [to pay interest on the Bonds of this Series (the "Bonds") during the construction of the Project and for not more than 6 months thereafter; (iii) to fund a reserve account for the Bonds; (iv)] to pay certain costs of issuance hereof and related costs. The existing public sewerage system of the Issuer, the Project, and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on _____, 199____, and a Supplemental Resolution duly adopted by the Issuer on _____, 199____ (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1988 A, DATED AUGUST 25, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,764,285 (THE "SERIES 1988 A BONDS"), AND SEWER REVENUE BONDS, SERIES 1991A, DATED MARCH 28, 1991, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,817,920 (THE "SERIES 1991A BONDS").

THIS BOND IS ISSUED SENIOR AND PRIOR, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, TO THE ISSUER'S SEWER REVENUE BONDS, SERIES 1988 B, DATED AUGUST 25, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $441,071 (THE "SERIES 1988 B BONDS"), AND SEWER REVENUE BONDS, SERIES 1991B, DATED MARCH 28, 1991, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $82,080 (THE "SERIES 1991B BONDS").

THE SERIES 1988 A BONDS, THE SERIES 1991A BONDS, THE SERIES 1988 B BONDS AND THE SERIES 1991B BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS".

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Series 1988 A Bonds and the Series 1991A Bonds, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1996 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 1996 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with or junior to the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 1996 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding prior to or on a parity with or junior to the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to the payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is

created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond 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 Net 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 OAK HILL has caused this Bond to be signed by its Mayor and City Manager and its corporate seal to be hereunto affixed and attested by its City Clerk, and has caused this Bond to be dated _____, 199____.

[SEAL]

_____
Mayor

_____
City Manager

ATTEST:

_____
City Clerk

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1996 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 199____.

ONE VALLEY BANK, NATIONAL ASSOCIATION, as Registrar

By _____
Its Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

| | AMOUNT | DATE | | AMOUNT | DATE |
|---|---|---|---|---|---|
| (1) | $ | | (7) | $ | |
| (2) | $ | | (8) | $ | |
| (3) | $ | | (9) | $ | |
| (4) | $ | | (10) | $ | |
| (5) | $ | | (11) | $ | |
| (6) | $ | | (12) | $ | |

TOTAL $

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 1996 A Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous ordinance or resolution, the Mayor and City Manager are specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the City Clerk is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

Section 3.12. "Amended Schedule A" Filing. Within 60 days following the Completion Date, the Issuer will file with the Authority a schedule in substantially the form of the "Amended Schedule A" to the Loan Agreement, setting forth the actual costs of the Project and sources of funds therefor.

## ARTICLE IV

[RESERVED]

## ARTICLE V

## FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

(1) Revenue Fund (established and continued by the Prior Ordinances);

(2) Renewal and Replacement Fund (established and continued by the Prior Ordinances); and

(3) Bond Construction Trust Fund.

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

(1) Series 1988 A Bonds Sinking Fund (established by the Prior Ordinances);

(a) Within the Series 1988 A Bonds Sinking Fund, the Series 1988 A Bonds Reserve Account (established by the Prior Ordinances);

(2) Series 1988 B Bonds Sinking Fund (established by the Prior Ordinances);

(a) Within the Series 1988 B Bonds Sinking Fund, the Series 1988 B Bonds Reserve Account (established by the Prior Ordinances);

(3) Series 1991A Bonds Sinking Fund (established by the Prior Ordinances);

(a) Within the Series 1991A Bonds Sinking Fund, the Series 1991A Bonds Reserve Account (established by the Prior Ordinances);

(4) Series 1991B Bonds Sinking Fund (established by the Prior Ordinances);

(a) Within the Series 1991B Bonds Sinking Fund, the Series 1991B Bonds Reserve Account (established by the Prior Ordinances);

(5) Series 1996 A Bonds Sinking Fund;

(a) Within the Series 1996 A Bonds Sinking Fund, the Series 1996 A Bonds Reserve Account.

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

(1) The Issuer shall first, each month, pay from the moneys in the Revenue Fund, all current Operating Expenses of the System.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and, simultaneously, (i) remit to the Commission the amounts required by the Prior Ordinances to be deposited in the Series 1988 A Bonds Sinking Fund for payment of the interest on and principal of the Series 1988 A Bonds, (ii) remit to the Commission the amounts required by the Prior Ordinances to be deposited in the Series 1991A Bonds Sinking Fund for payment of the interest on and principal of the Series 1991A Bonds, (iii) commencing 4 months prior to the first date of payment of interest on the Series 1996 A Bonds for which interest has not been capitalized, or as required in the Loan Agreement, remit to the Commission, for deposit in the Series 1996 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will become due on the Series 1996 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 1996 A Bonds Sinking Fund and the next quarterly interest payment date is less than 4 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next quarterly interest payment date, the required amount of interest coming due on such date, and (iv) commencing 4 months prior to the first date of payment of principal on the Series 1996 A Bonds, remit to the Commission for deposit in the Series 1996 A Bonds

Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 1996 A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1996 A Bonds Sinking Fund and the next quarterly principal payment date is less than 4 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(3) The Issuer shall next, on each date that payment is made as set forth in subsection 5.03A(2)(i) above, transfer from the Revenue Fund and, simultaneously, (i) remit to the Commission the amount required by the Prior Ordinances to be deposited in the Series 1988 A Bonds Reserve Account, (ii) remit to the Commission the amount required by the Prior Ordinances to be deposited in the Series 1991A Bonds Reserve Account, and (iii) commencing 3 months prior to the first date of payment of principal of the Series 1996 A Bonds, if not fully funded upon issuance of the Series 1996 A Bonds, remit to the Commission for deposit in the Series 1996 A Bonds Reserve Account an amount equal to 1/120 of the Series 1996 A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1996 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1996 A Bonds Reserve Requirement.

(4) The Issuer shall next, from the moneys remaining in the Revenue Fund, on the first day of each month (as previously set forth in the Prior Ordinances and not in addition thereto), transfer to the Renewal and Replacement Fund, a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the reserve accounts established with respect to the Prior Bonds or the Series 1996 A Bonds Reserve Account [except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and pay to the Commission the amounts required by the Prior Ordinances to be deposited in the Series 1988 B Bonds Sinking Fund

for payment of principal of the Series 1988 B Bonds, and in the Series 1991B Bonds Sinking Fund for payment of principal of the Series 1991B Bonds.

(6) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund to the Commission the amounts required by the Prior Ordinances to be deposited in the Series 1988 B Bonds Reserve Account and in the Series 1991B Bonds Reserve Account.

Moneys in the Series 1996 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 1996 A Bonds as the same shall become due. Moneys in the Series 1996 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 1996 A Bonds, as the same shall come due, when other moneys in the Series 1996 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 1996 A Bonds Sinking Fund and the Series 1996 A Bonds Reserve Account (if fully funded) shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Bond Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 1996 A Bonds, and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 1996 A Bonds Reserve Account which result in a reduction in the balance of the Series 1996 A Bonds Reserve Account to below the Series 1996 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full to the Series 1988 A Bonds Sinking Fund, the Series 1991A Bonds Sinking Fund and the Series 1996 A Bonds Sinking Fund, and on a pro-rata basis, in accordance with the respective principal amounts then outstanding, to the Series 1988 A Bonds Reserve Account, the Series 1991A Bonds Reserve Account and the Series 1996 A Bonds Reserve Account.

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

The Issuer shall not be required to make any further payments into the Series 1996 A Bonds Sinking Fund or into the Series 1996 A Bonds Reserve Account therein when the aggregate amount of funds in said Sinking Fund and Reserve Account are at least equal to the aggregate principal amount of the Series 1996 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

Principal and interest payments, and any payments made for the purpose of funding any Reserve Account, whether for a deficiency or otherwise, shall be made on a parity basis and pro rata with respect to the Series 1988 A Bonds, the Series 1991A Bonds and Series 1996 A Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 1996 A Bonds Sinking Fund and the Series 1996 A Bonds Reserve Account created hereunder, and all amounts required for said Sinking Fund and Reserve Account shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein.

Moneys in the Series 1996 A Bonds Sinking Fund and the Series 1996 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 1996 A Bonds Sinking Fund, including the Series 1996 A Bonds Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 1996 A Bonds, and any additional Bonds ranking on a parity therewith that may be issued and outstanding, under the conditions and restrictions hereinafter set forth.

B. The Issuer shall each month, on the day set forth in subsections 5.03A(2) and (3) hereof (if such day is not a business day, then the next succeeding business day), deposit with the Commission the required interest, principal and reserve payments with respect to the Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

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

D. The Issuer shall each month, on the day set forth in subsections 5.03A(2) hereof (if such day is not a business day, then the next succeeding

business day), deposit with the Commission the SRF Administrative Fee as set forth in Schedule Y attached to the Loan Agreement.

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

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

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

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

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

J. All Tap Fees shall be deposited by the Issuer, as received, in the Series 1996 A Bonds 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 VI

## BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of the Series 1996 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1996 A Bonds, there shall first be deposited with the Commission in the Series 1996 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 1996 A Bonds for the period commencing on the date of issuance of such Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 1996 A Bonds, there shall be deposited with the Commission in the Series 1996 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 1996 A Bonds Reserve Account.

C. Next, from the proceeds of the Series 1996 A Bonds, there shall first be credited to the Bond Construction Trust Fund and then paid, any and all borrowings by the Issuer made for the purpose of temporarily financing a portion of the Costs of the Project, including interest accrued thereon to the date of such payment, not otherwise paid from funds of the Issuer; provided that the Authority and the DEP have previously consented to the payment of such borrowings.

D. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 1996 A Bonds, such moneys shall be deposited with the Depository Bank in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02 hereof.

E. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Bond Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Bond Construction Trust Fund set forth in the Bond Legislation. Moneys in the Bond Construction Trust Fund shall be used solely to pay Costs of the Project and until so transferred or expended, are hereby pledged as additional security for the Series 1996 A Bonds.

Section 6.02. Disbursements From the Bond Construction Trust Fund. On or before the Closing Date, the Issuer shall have delivered to the Authority and the DEP a report listing the specific purposes for which the proceeds of the Series 1996 A Bonds will

be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for Costs of the Project shall be made monthly.

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

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

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

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

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

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

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

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

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

## ARTICLE VII

## ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 1996 A Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 1996 A Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 1996 A Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 1996 A Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 1996 A Bonds, shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 1996 A Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 1996 A Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the operation of the System, on a parity with the lien on the Net Revenues in favor of the Holders of the Series 1988 A Bonds and the Series 1991A Bonds and senior and prior to the lien on the Net Revenues in favor of the Holders of the Series 1988 B Bonds and the Series 1991B Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 1996 A Bonds and to make the payments into the respective Sinking Funds, including the Reserve Accounts therein, and all other payments provided for in the Bond Legislation, are hereby irrevocably pledged, in the manner provided herein, to the payment of the principal of and interest on the Bonds as the same become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the sewer rate ordinance of the Issuer enacted on November 7, 1995.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease, or otherwise dispose of or encumber the System, or any part thereof, except as provided in the Prior Ordinances and with the written consent of the Authority and the DEP. Additionally, so long as the Series 1996 A

Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the DEP, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully the Series 1996 A Bonds and the Prior Bonds, or to effectively defease the pledge created by this Bond Legislation in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 1996 A Bonds, be immediately remitted to Commission for deposit in the Series 1996 A Bonds Sinking Fund, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal at maturity of and interest on the Series 1996 A Bonds as prescribed by Section 10.01 hereof, all on a parity basis and pro rata with the Prior Bonds. Any balance remaining after the payment of the Bonds and the interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $10,000 and not in excess of $50,000, shall, with the written consent of the Authority, be remitted by the Issuer to the Commission for deposit in the Sinking Funds and shall be applied only to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the par value thereof plus 3% of such par value or otherwise. Such payment of such proceeds into the Sinking Funds or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and

insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of over 50% in amount of the Bonds then Outstanding and the Consulting Engineers. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in Section 7.07 hereof, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 1996 A Bonds and the Prior Bonds. All obligations issued by the Issuer after the issuance of the Series 1996 A Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 1996 A Bonds and the Prior Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts established by this Bond Legislation and the Prior Ordinances at the time of the issuance of such subordinate obligations have been made and are current.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 1996 A Bonds and the Prior Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 1996 A Bonds and the Prior Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinances shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 1996 A Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and the DEP and without complying with the conditions and requirements herein provided (unless less restrictive than the provisions of the Prior Ordinances).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1996 A Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the acquisition or construction of additions, extensions, improvements or betterments to the System or refunding the Series 1996 A Bonds or the Prior Bonds issued pursuant hereto, or both such purposes.

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the City Clerk a written statement by the Independent Certified Public Accountants, based upon the necessary investigation and certification by the Consulting Engineers, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months in 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 be not less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

(1) The Bonds then Outstanding, including, without limitation, the Prior Bonds;

(2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Bond Legislation then Outstanding; and

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

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

The Net Revenues actually derived from the System during the 12-consecutive-month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Consulting Engineers and the Independent Certified Public Accountants, as stated in a certificate jointly made and signed by the Consulting Engineers and the Independent Certified Public Accountants, and filed with the City Clerk, on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to issuance of such Parity Bonds.

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

The term "Parity Bonds," as used in this section, shall be deemed to mean additional Bonds issued under the provisions and within the limitations of this section and the Prior Ordinances, payable from the Net Revenues of the System on a parity with the Series 1996 A Bonds, and all covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Series 1996 A Bonds and the Holders of any Parity Bonds theretofore or subsequently issued from time to time within the limitations of and in compliance with this section and the Prior Ordinances. All such Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Net Revenues of the System, and their source of and security for payment from said Net Revenues, without preference of any such Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

The term "Parity Bonds," as used in this section, shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior lien of the Series 1996 A Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or equally, as to lien on and source of and security for payment from such revenues, with the Bonds except in the manner and under the conditions provided in this section.

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

Section 7.08. Books; Records and Facilities. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Authority and the DEP, or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Authority and the DEP such

documents and information as they may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

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

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

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

The Issuer shall file with the Consulting Engineers, the Authority and the DEP, or any other original purchaser of the Series 1996 A Bonds, and shall mail in each year to any Holder or Holders of the Series 1996 A Bonds, requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants and shall mail, upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 1996 A Bonds and shall submit said report to the Authority and the DEP, or any other original purchaser of the Series 1996 A Bonds. Such audit report submitted to the Authority and the DEP shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's operation and maintenance expenses and debt service requirements.

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

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

Section 7.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the City Clerk, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created (or, where appropriate, continued) hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the Reserve Requirements are on deposit respectively in the Reserve Accounts and reserve accounts for obligations prior to or on a parity with the Bonds (including the Prior Bonds) are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any

year for payment of principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance described in Section 7.04. In any event, subject to any requirements of law, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance described in Section 7.04 hereof.

Section 7.10. Operating Budget; Audit and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority and the DEP within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the Consulting Engineers, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate by the Consulting Engineers, that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority, the DEP and to any Holder of any Bonds who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder of any Bonds or anyone acting for and in behalf of such Holder of any Bonds.

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

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

The Issuer shall provide and maintain competent and adequate resident engineering services satisfactory to the Authority and the DEP covering the supervision and

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

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

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

The Issuer agrees that qualified operating personnel properly certified by the State will be employed before the Project is 25% complete and agrees that it will retain such a certified operator(s) to operate the System during the entire term of the Loan Agreement. The Issuer shall notify the DEP in writing of the certified operator employed at the 25% completion stage.

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

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia,

discontinue and shut off the services of the System, and any services and facilities of the water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law. If the waterworks facilities are not owned by the Issuer, the Issuer will, to the extent allowed by law, use diligent efforts to enter into a similar termination agreement with the provider of such water, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

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

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 1996 A Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

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

order of the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

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

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

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

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

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

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

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

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

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

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

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

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

The Issuer 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 acquisition and construction of the Project and the operation, maintenance and use of the System.

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

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 1996 A Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 1996 A Bonds during the term thereof is, under the terms of the Series 1996 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 1996 A Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 1996 A Bonds during the term thereof is, under the terms of the Series 1996 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 1996 A Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 1996 A Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related. All of the foregoing to be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of 5% of the Net Proceeds of the Series 1996 A Bonds or $5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 1996 A Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 1996 A Bonds and the interest thereon, including, without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 1996 A Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions, or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.20. Securities Laws Compliance. The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17CFR Part 240).

## ARTICLE VIII

## INVESTMENT OF FUNDS; NON ARBITRAGE

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

Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission, 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 investment or trust department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year (or more often if reasonably requested by the Issuer), a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Bonds are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of interest on the Series 1996 A Bonds from gross income for federal income tax purposes.

Section 8.02. Arbitrage and Tax Exemption. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 1996 A Bonds which would cause the Series 1996 A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take any and all actions that may be required of it (including, without implied limitation, the timely filing of a Federal information return with respect to the Series 1996 A Bonds) so that the interest on the Series 1996 A Bonds will be and remain excludable from gross income for

Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. Small Issuer Exemption from Rebate of Excess Investment Earnings to the United States. In accordance with Section 148(f)(4)(D) of the Code, the Issuer covenants that it is a governmental unit with general taxing powers; that no part of the Series 1996 A Bonds are private activity bonds; that 95% or more of the Net Proceeds of the Series 1996 A Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and that the aggregate face amount of all the tax-exempt obligations (other than private activity bonds) issued by the Issuer during the calendar year in which the Series 1996 A Bonds are issued does not and will not exceed $1,200,000, determined in accordance with Section 148(f)(4)(D) of the Code and the Regulations from time to time in effect and applicable to the Series 1996 A Bonds. For purposes of this first paragraph of Section 8.03 and for purposes of applying Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this first paragraph of Section 8.03 and Section 148(f)(4)(D) of the Code, be treated as not issued by such unit; all obligations issued by a subordinate entity shall, for purposes of applying this first paragraph of Section 8.03 and Section 148(f)(4)(D) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(D) of the Code and all other entities benefiting thereby shall be treated as one issuer.

Notwithstanding the foregoing, if in fact the Issuer is subject to the rebate requirements of Section 148(f) of the Code, and not exempted from such requirements, the Issuer covenants to make, or cause to be made, all rebate calculations, computations and payments in the time, manner and as required in Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Series 1996 A Bonds and otherwise covenants and agrees to comply with the provisions of such Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Series 1996 A Bonds. In the event of a failure to pay the correct rebate amount or amounts, the Issuer will pay, from any lawful sources available therefor, to the United States such amount or amounts, plus a penalty equal to 50% of the rebate amount not paid when required to be paid, plus interest on that amount, unless waived. In order to provide for the administration of this paragraph, the Issuer may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the Issuer may deem appropriate.

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

rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer.

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation or, if the Issuer qualifies for the small governmental issuer exception to rebate, the Issuer shall submit a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Series 1996 A Bonds subject to rebate. The Issuer shall also furnish to the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority, including information with respect to earnings on all funds constituting "gross proceeds" of the Bonds (as such term "gross proceeds" is defined in the Code).

## ARTICLE IX

## DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 1996 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on any Series 1996 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 1996 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 1996 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond; or

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners, including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds; (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided however, that all rights and remedies of the Holders of the Series 1996 A Bonds shall be on a parity with those of the Holders of the Series 1988 A Bonds and Series 1991A Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and

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

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

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

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

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

## ARTICLE X

## DEFEASANCE

Section 10.01. Defeasance of Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of the Series 1996 A Bonds, the principal of and interest due or to become due thereon, if any, at the times and in the manner stipulated therein and in this Bond Legislation, then 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 1996 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 1996 A Bonds from gross income for federal income tax purposes.

The Series 1996 A Bonds, for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Series 1996 A Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. The Series 1996 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 1996 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 1996 A Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

## ARTICLE XI

## MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 1996 A Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 1996 A Bonds, no material modification or amendment of this Ordinance, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 1996 A Bonds shall be made without the consent in writing of the Registered Owners of 66-2/3% or more in principal amount of the Series 1996 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Series 1996 A Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein respectively pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 1996 A Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest on the Series 1996 A Bonds from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 1996 A Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution or the Series 1996 A Bonds.

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

Section 11.05. Conflicting Provisions Repealed; Prior Ordinances. All ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed, provided that, in the event of any conflict between this Ordinance and the Prior Ordinances, the Prior Ordinances shall control (unless less restrictive), so long as the Prior Bonds or any portion thereof are Outstanding.

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

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

Section 11.08. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in the Fayette Tribune, a qualified newspaper of general circulation in the City of Oak Hill, there being no newspaper published therein, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

Passed on First Reading: - October 17, 1995

Passed on Second Reading: - November 7, 1995

Passed on Final Reading Following Public Hearing: - December 5, 1995

Mayor

City Clerk

## CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the CITY OF OAK HILL on the 5th day of December, 1995.

Dated: August 20, 1996.

[SEAL]

Virginia M. Fry
City Clerk

08/14/96
COHJ.H3
667770/95001

EXHIBIT A

Loan Agreement included in bond transcript as Document No. 3

CITY OF OAK HILL

Sewer Revenue Bonds, Series 1996 A
(West Virginia SRF Program)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1996 A (WEST VIRGINIA SRF PROGRAM), OF THE CITY OF OAK HILL; RATIFYING AND APPROVING A LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the city council (the "Governing Body") of the City of Oak Hill (the "Issuer"), has duly and officially adopted and enacted a bond ordinance, effective December 5, 1995 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE CITY OF OAK HILL AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $1,200,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1995 (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE

TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Ordinance provides for the issuance of Sewer Revenue Bonds, Series 1995 (West Virginia SRF Program), of the Issuer, in the aggregate principal amount not to exceed $1,200,000;

WHEREAS, the Sewer Revenue Bonds, Series 1995 (West Virginia SRF Program), were not issued in 1995, but will be issued in 1996;

WHEREAS, the Governing Body desires to redesignate the Bonds as "Sewer Revenue Bonds, Series 1996 A (West Virginia SRF Program)" (the "Bonds" or the "Series 1996 A Bonds");

WHEREAS, the Bond Ordinance has authorized the execution and delivery of a loan agreement relating to the Bonds dated June 10, 1996 (the "Loan Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection (the "DEP"), all in accordance with Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Ordinance it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, interest rate, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

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

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Bonds be

redesignated, that the Loan Agreement be ratified and approved by the Issuer, that the exact principal amount, the date, the maturity date, the interest rate, the interest and principal payment dates and the sale price of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

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

Section 1. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted, the Sewer Revenue Bonds, Series 1995 (West Virginia SRF Program), are hereby redesignated as "Sewer Revenue Bonds, Series 1996 A (West Virginia SRF Program)," and there are hereby authorized and ordered to be issued the Sewer Revenue Bonds, Series 1996 A (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered R-1, in the principal amount of $1,000,000. The Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2017, and shall bear interest at the rate of 2% per annum. The Bonds shall be payable quarterly in principal installments and interest on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 1997, and ending June 1, 2017, and in the amounts as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds. The Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Bonds.

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

Section 3. The Issuer does hereby approve and shall pay the administrative fee equal to 1% of the principal amount of the Bonds set forth in the "Schedule Y" attached to the Loan Agreement.

Section 4. The Issuer does hereby ratify, approve and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Mayor and the City Manager, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the application to the DEP and the Authority. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 5. The Issuer does hereby appoint and designate One Valley Bank, National Association, Charleston, West Virginia, to serve as Registrar (the "Registrar") for

the Bonds and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed.

Section 6. The Issuer does hereby appoint and direct the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Bonds.

Section 7. The Issuer does hereby appoint One Valley Bank of Oak Hill, Inc., Oak Hill, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 8. Series 1996 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 1996 A Bonds Sinking Fund, as capitalized interest.

Section 9. Series 1996 A Bonds proceeds in the amount of $60,792 shall be deposited in the Series 1996 A Bonds Reserve Account.

Section 10. The balance of the proceeds of the Bonds shall be deposited in or credited to the Bond Construction Trust Fund as received from time to time for payment of Costs of the Project, including costs of issuance of the Bonds and related costs.

Section 11. The Mayor, the City Manager and the City Clerk are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered on or about August 20, 1996, to the Authority pursuant to the Loan Agreement.

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

Section 13. The Issuer hereby determines to invest all moneys in the funds and accounts established by the Bond Ordinance held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such repurchase agreements or time accounts until further directed in writing by the Issuer. Moneys in the Series 1996 A Bonds Sinking Fund, including the Series 1996 A Bonds Reserve Account therein, shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 14. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in

a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations to be promulgated thereunder.

Section 15. The Issuer is a governmental unit with general taxing powers to finance operations of or facilities of the nature of the Project and the System; no part of the Bonds are private activity bonds; 95% or more of the net proceeds of the Bonds are to be used for local governmental activities of the Issuer; and the Issuer reasonably expects to issue less than $5,000,000 aggregate principal face amount of tax-exempt obligations (other than private activity bonds) during the calendar year 1996, being the calendar year in which the Bonds are to be issued. For purposes of this Section and for purposes of applying Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this Section and Section 148(f)(4)(D) of the Code, be treated as not issued by such unit; all obligations issued by a subordinate entity shall, for purposes of applying this Section and Section 148(f)(4)(D) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(D) of the Code and all other entities benefiting thereby shall be treated as one issuer.

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

Adopted this 6th day of August, 1996.

CITY OF OAK HILL

Mayor

## CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of the City of Oak Hill on the 6th day of August, 1996.

Dated: August 20, 1996.

[SEAL]

Virginia M. Ivy
City Clerk

07/26/96
COHJM.B3
667770/95001

SRF-LP-1
(April 1993)

# LOAN AGREEMENT

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

CITY OF OAK HILL
(Local Government)

W I T N E S S E T H:

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

WHEREAS, pursuant to the provisions of Chapter 20, Article 5I, of the Code of West Virginia, 1931, as amended (the "Act"), the State of West Virginia (the "State") has established a state water pollution control revolving fund program (the "Program") to direct the distribution of loans to particular local governments pursuant to the Clean Water Act;

WHEREAS, under the Act the DEP is designated the instrumentality to enter into capitalization agreements with the United States Environmental Protection Agency ("EPA") to accept capitalization grant awards and DEP has been awarded capitalization grants to partially fund the Program;

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

WHEREAS, pursuant to the Act, the Authority and DEP are empowered to make loans from the Fund to local governments for the acquisition or construction of wastewater treatment projects by

such local governments, all subject to such provisions and limitations as are contained in the Clean Water Act and the Act;

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

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

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

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

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

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

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

## ARTICLE I

## Definitions

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

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

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

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

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

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

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

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

1.9 "Project" means the wastewater treatment facility project hereinabove referred to, to be constructed or being constructed by the Local Government in whole or in part with the net proceeds of the Local Bonds or being or having been constructed by the Local Government in whole or in part with the proceeds of bond anticipation notes or other interim financing, which is to be paid in whole or in part with the net proceeds of the Local Bonds.

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

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

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

## ARTICLE II

## The Project and the System

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

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

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

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

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

the Project, the operation and maintenance of the System and the administration of the Loan or of any State and federal grants or other sources of financing for the Project.

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

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

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

2.9 The Local Government shall provide and maintain competent and adequate resident engineering services satisfactory to the Authority and DEP covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such resident engineer shall certify to the Authority, DEP and the

Local Government at the completion of construction that construction is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies. The Local Government shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Local Government shall notify DEP in writing of such receipt. The Local Government shall submit a Performance Certificate, the form of which is attached hereto as Exhibit A, and being incorporated herein by reference, to DEP within 60 days of the end of the first year after the Project is completed.

2.10 The Local Government shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to DEP when the Project is 90% completed. The Local Government agrees that it will at all times provide operation and maintenance of the System to comply with any and all State and federal standards. The Local Government agrees that qualified operating personnel properly certified by the State will be employed before the Project is 25% complete and agrees that it will retain such a certified operator(s) to operate the System during the entire term of this Loan Agreement. The Local Government shall notify DEP in writing of the certified operator employed at the 25% completion stage.

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

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

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

ARTICLE III

Conditions to Loan;
Issuance of Local Bonds

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

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

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

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

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

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

(f) The Local Government shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") necessary for the construction of the Project and operation of the System, and the Authority and DEP shall have received an opinion of counsel to the Local Government, which may be local counsel to the Local

Government, bond counsel or special PSC counsel but must be satisfactory to the Authority and DEP, to such effect;

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

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

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

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

3.2 Subject to the terms and provisions of this Loan Agreement, the rules and regulations promulgated by the Authority and DEP, including the SRF Regulations, or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government, it is hereby agreed that the Authority shall make the Loan to the Local Government and the Local Government shall accept the Loan from the

Authority, and in furtherance thereof it is agreed that the Local Government shall sell to the Authority and the Authority shall make the Loan by purchasing the Local Bonds in the principal amount and at the price set forth in Schedule X hereto. The Local Bonds shall have such further terms and provisions as described in Article IV hereof.

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

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

3.5 The Local Government understands and acknowledges that it is one of several local governments which have applied to the Authority and DEP for loans to finance wastewater treatment projects and that the obligation of the Authority to make any such loan is subject to the Local Government's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing and to the requirements of the Program. The Local Government specifically recognizes that the Authority will not purchase the Local Bonds unless and until sufficient funds are available in the Fund to purchase all the Local Bonds and that, prior to such purchase, the Authority may purchase the bonds of other local governments set out in the State Project Priority List, as defined in the SRF Regulations. The Local Government further specifically recognizes that all loans will be originated in conjunction with the SRF Regulations and with the approval of DEP.

3.6 The Local Government shall provide DEP with the appropriate documentation to comply with the special conditions established by federal and state regulations as set forth in Exhibit E hereto at such times as are set forth in Exhibit E.

## ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

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

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

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

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

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by the net revenues from the System;

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

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

(iv) That, except as otherwise required by State law or the Regulations, the System may be sold, mortgaged, leased or otherwise disposed of as a whole or substantially as a whole provided that the net proceeds to be realized from such sale, mortgage, lease or other deposition shall be sufficient to fully pay all of the local bonds outstanding and further provided that portions of the System when no longer required for the ongoing operation of such System as evidenced by certificates from the Consulting Engineer, may be disposed of with such restrictions as are normally contained in such covenants;

(v) That the Local Government shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on all Local Bonds and parity bonds theretofore and then being issued and on any obligations secured by

a lien on or payable from the revenues of the System prior to the Local Bonds and with the written consent of the Authority and DEP; provided, however, that additional parity bonds may be issued to complete the Project, as described in the Application as of the date hereof, without regard to the foregoing;

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

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

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

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

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

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

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

(xiii) That, to the extent authorized by the laws of the State and the rules and regulations of the PSC,

prospective users of the System shall be required to connect thereto;

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

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

(xvi) That the Local Government shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the West Virginia Municipal Bond Commission (the "Commission") its required interest, principal and reserve fund payment. The Local Government shall complete the Monthly Payment Form, attached hereto as Exhibit F and incorporated herein by reference, and submit a copy of said form along with a copy of the check to the Authority by the 5th day of such calendar month;

(xvii) That the Commission shall serve as paying agent for all Local Bonds;

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

(xix) That the Local Government shall have obtained the certificate of the Consulting Engineers to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority, the Project is adequate for the purposes for which it was designed and the funding plan as submitted to the Authority is

sufficient to pay the costs of acquisition and construction of the Project; and

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

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

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

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

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

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

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

## ARTICLE V

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

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

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

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

5.4 The Local Government hereby irrevocably covenants and agrees with the Authority that, in the event of any default

hereunder by the Local Government, the Authority may exercise any or all of the rights and powers granted under Section 5 of the Act, including without limitation the right to impose, enforce and collect directly charges upon users of the System.

## ARTICLE VI

## Other Agreements of the Local Government

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

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

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

6.4 The Local Government hereby covenants that it will rebate any amounts required by Section 148 of the Internal Revenue Code of 1986, as amended, and will take all steps necessary to make any such rebates. In the event the Local Government fails to make any such rebates as required, then the Local Government shall pay any and all penalties, obtain a waiver from the Internal Revenue

Service and take any other actions necessary or desirable to preserve the exclusion from gross income for federal income tax purposes of interest on the Local Bonds.

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

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

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

## ARTICLE VII

## Miscellaneous

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

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

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

7.4 No waiver by any party of any term or condition of this Loan Agreement shall be deemed or construed as a waiver of any other terms or conditions, nor shall a waiver of any breach be deemed to constitute a waiver of any subsequent breach, whether of

the same or of a different section, subsection, paragraph, clause, phrase or other provision of this Loan Agreement.

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

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

7.7 This Loan Agreement shall terminate upon the earlier of:

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

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

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

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

City of Oak Hill
[Proper Name of Local Government]

(SEAL)

By: _____

Its: Mayor

Attest:

Virginia Fox
Its Recorder

Date: June 14, 1996

WEST VIRGINIA DIVISION OF ENVIRONMENTAL PROTECTION

By: Barbara S Taylor
Its: Chief, Office of Water Resources

Date: 6/24/96

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: David B Lyon Jr
Its: Director

Attest:

Barbara B Meadows
Secretary-Treasurer

Date: June 10, 1996

APPROVED AS TO FORM PRIOR TO ACKNOWLEDGEMENT THEREOF, THIS 25th day of August, 1992.

Attorney General
BY: Dawn E Warfield
DEPUTY ATTORNEY GENERAL

EXHIBIT A

Certificate of Performance
for
Publicly Owned Treatment Works

I. As required by the Clean Water Act under Title VI, Section 602(b)(6), and the Loan Agreement, the Local Government does hereby certify that it has :

a. Provided to the WV DEP written notification of the actual date of initiation of operation. This date of initiation was on the _____ day of _____, 19___.

b. Utilized the services of _____, our prime engineer who either:

_____ Supervised our project construction; and/or

_____ Provided architectural and engineering services during construction.

For a period of twelve (12) months following the initiation of operations, the prime engineer provided the following services:

1) Directed project operation and maintenance; and
2) Trained operating personnel and prepared the required curricula and training materials, and revised the operation and maintenance manual(s); and
3) Advised the Local Government on the status of the project meeting performance standards.

II. The Local Government, having access to and control of all the necessary data, and having monitored the construction of this project, hereby certifies that the project built under this Loan Agreement meets:

a. The specifications for which the project was planned, designed, and built.

b. The effluent limitations contained in its NPDES permit, if applicable.

_____
Local Government Name

_____ _____
Local Government Representative's Name and Title Date

EXHIBIT B

[Form of Monthly Financial Report]

[Name of Local Government]

[Name of Bond Issue]

Fiscal Year - ____

Report Month: _____

| ITEM | CURRENT MONTH | YEAR TO DATE | BUDGET YEAR TO DATE | DIFFERENCE |
|---|---|---|---|---|
| 1. Gross Revenues Collected | | | | |
| 2. Operation and Maintenance Expense | | | | |
| 3. Other Bond Debt Payments (including Reserve Fund deposits) | | | | |
| 4. SRF Bond Payments (include Reserve Fund deposits) | | | | |
| 5. Renewal and Replacement Fund Deposit | | | | |
| 6. Funds available for capital construction | | | | |

Witnesseth my signature this ____ day of _____, 19__.

[Name of Local Government]

By: _____
Authorized Officer

EXHIBIT C

PAYMENT REQUISITION FORM

(TO BE PROVIDED BY DEP FOR EACH PROJECT)

EXHIBIT D

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

I, _____, Registered Professional Engineer, West Virginia License No._____, of _____, Consulting Engineers, _____, _____, hereby certify that my firm is engineer for the acquisition and construction of _____ to the _____ system (herein called the "Project") of _____ (the "Issuer") to be constructed primarily in _____County, West Virginia, which construction and acquisition are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer. Capitalized words not defined herein shall have the meaning set forth in the _____ passed by the _____ of the Issuer on _____, 19___, effective _____, 19___, and the Loan Agreement by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Division of Environmental Protection ("DEP") dated _____, 19___.

1. The Bonds are being issued for the purpose of _____ _____ (the "Project").

2. The undersigned hereby certifies that (i) the Project will be constructed in accordance with the approved plans, specifications and designs prepared by my firm and as described in the application submitted to the Authority requesting the Authority to purchase the Bonds (the "Application") and approved by all necessary governmental bodies, (ii) the Project is adequate for the purpose for which it was designed and has an estimated useful life of at least twenty years, (iii) the Issuer has received bids for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application and my firm has ascertained that all contractors have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified by my firm for accuracy, (iv) the Issuer has obtained all permits required by the laws of the State and the federal government necessary for the construction of the Project, (v) the rates and charges for the System as adopted by the _____ of the Issuer are sufficient to comply with the provisions

of Subsection 4.1(b) of the Loan Agreement, (vi) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, are sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and (vii) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project and Sources of Funds" for the Project.

WITNESS my signature on this _____ day of _____, 19___.

_____

By _____

West Virginia License No. ____

[SEAL]

EXHIBIT E

[Special Conditions]

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

EXHIBIT F

[Monthly Payment Form]

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

Re: [Name of bond issue]

Dear Sirs:

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

Sinking Fund:

Interest $_____

Principal $_____

Total: $_____

Reserve Fund: $_____

Witness my signature this ___ day of_____.

[Name of Local Government]

By: _____
Authorized Officer

Enclosure: copy of check(s)

EXHIBIT G

[Opinion of Bond Counsel for Local Government]

[To Be Dated as of Date of Loan Closing]

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

Gentlemen:

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

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement dated _____, 19____, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Local Government and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Local Government, dated _____, 19__ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are in the principal amount of $_____, issued in the form of one bond registered as to principal and interest to the Authority, with interest payable _____ 1, _____ 1, _____ 1, and _____ 1 of each year, beginning _____ 1, 19__, at the respective rate or rates and with principal payable in installments on _____ 1 in each of the years, all as follows:

| Year | Installment | Interest Rate |
|---|---|---|

The Local Bonds are issued for the purpose of _____ _____ and paying certain issuance and other costs in connection therewith.

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

Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement that has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

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

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

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

4. The Local Government has legally and effectively enacted the Local Act and all other necessary _____ in connection with the issuance and sale of the Local Bonds. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

5. The Local Bonds are valid and legally enforceable special obligations of the Local Government, payable from the net revenues of the System referred to in the Local Act and secured by a [first] lien on and pledge of the net revenues of said System, all in accordance with the terms of the Local Bonds and the Local Act, and have been duly issued and delivered to the Authority.

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

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

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

Very truly yours,

SCHEDULE X

DESCRIPTION OF BONDS

| | |
|---|---|
| Principal Amount of Bonds | $ 1,000,000 |
| Purchase Price of Bonds | $ 1,000,000 |

Interest on the Bonds shall be zero percent from the date of delivery to and including May 31, 1997. Principal and interest on the Bonds is payable quarterly, commencing September 1, 1997 at a rate of 2 % per annum. Quarterly payments will be made thereafter on each September 1, December 1, March 1 and June 1 as set forth on Schedule Y attached hereto and incorporated herein by reference. As of the date of this Loan Agreement, it is the Authority's and DEP's understanding that the Local Government has ~~[no other obligations outstanding which have a lien as to the source of and security for payment equal to or superior to the lien being granted by the Bonds] or [provide list of outstanding debt]~~. *

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

The Bonds will be fully registered in the name of the West Virginia Water Development Authority as to principal and interest and such Bonds shall grant the Authority a first lien on the net revenues of the Local Government's system.

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

*Water Development Authority - Sewer Revenue Bonds, Series 1988A, issued August 25, 1988, in the original principal amount of $1,764,285.

Water Development Authority - Sewer Revenue Bonds, Series 1991A, issued March 28, 1991, in the original principal amount of $1,817,920.

# SCHEDULE Y

Oak Hill, City
$1,000,000
2% interest rate, 1% annual fee

DEBT SERVICE SCHEDULE

| DATE | PRINCIPAL | COUPON | INTEREST | DEBT SERVICE |
|---|---|---|---|---|
| 6/01/1997 | - | - | - | - |
| 9/01/1997 | 10,197.00 | 2.00000% | 5,000.00 | 15,197.00 |
| 12/01/1997 | 10,248.00 | 2.00000% | 4,949.02 | 15,197.02 |
| 3/01/1998 | 10,299.00 | 2.00000% | 4,897.78 | 15,196.78 |
| 6/01/1998 | 10,351.00 | 2.00000% | 4,846.28 | 15,197.28 |
| 9/01/1998 | 10,402.00 | 2.00000% | 4,794.53 | 15,196.53 |
| 12/01/1998 | 10,455.00 | 2.00000% | 4,742.52 | 15,197.52 |
| 3/01/1999 | 10,507.00 | 2.00000% | 4,690.24 | 15,197.24 |
| 6/01/1999 | 10,559.00 | 2.00000% | 4,637.71 | 15,196.71 |
| 9/01/1999 | 10,612.00 | 2.00000% | 4,584.91 | 15,196.91 |
| 12/01/1999 | 10,665.00 | 2.00000% | 4,531.85 | 15,196.85 |
| 3/01/2000 | 10,718.00 | 2.00000% | 4,478.53 | 15,196.53 |
| 6/01/2000 | 10,772.00 | 2.00000% | 4,424.94 | 15,196.94 |
| 9/01/2000 | 10,826.00 | 2.00000% | 4,371.08 | 15,197.08 |
| 12/01/2000 | 10,880.00 | 2.00000% | 4,316.95 | 15,196.95 |
| 3/01/2001 | 10,934.00 | 2.00000% | 4,262.55 | 15,196.55 |
| 6/01/2001 | 10,989.00 | 2.00000% | 4,207.88 | 15,196.88 |
| 9/01/2001 | 11,044.00 | 2.00000% | 4,152.93 | 15,196.93 |
| 12/01/2001 | 11,099.00 | 2.00000% | 4,097.71 | 15,196.71 |
| 3/01/2002 | 11,155.00 | 2.00000% | 4,042.22 | 15,197.22 |
| 6/01/2002 | 11,211.00 | 2.00000% | 3,986.44 | 15,197.44 |
| 9/01/2002 | 11,267.00 | 2.00000% | 3,930.39 | 15,197.39 |
| 12/01/2002 | 11,323.00 | 2.00000% | 3,874.05 | 15,197.05 |
| 3/01/2003 | 11,380.00 | 2.00000% | 3,817.44 | 15,197.44 |
| 6/01/2003 | 11,436.00 | 2.00000% | 3,760.54 | 15,196.54 |
| 9/01/2003 | 11,494.00 | 2.00000% | 3,703.36 | 15,197.36 |
| 12/01/2003 | 11,551.00 | 2.00000% | 3,645.89 | 15,196.89 |
| 3/01/2004 | 11,609.00 | 2.00000% | 3,588.13 | 15,197.13 |
| 6/01/2004 | 11,667.00 | 2.00000% | 3,530.09 | 15,197.09 |
| 9/01/2004 | 11,725.00 | 2.00000% | 3,471.75 | 15,196.75 |
| 12/01/2004 | 11,784.00 | 2.00000% | 3,413.13 | 15,197.13 |
| 3/01/2005 | 11,843.00 | 2.00000% | 3,354.21 | 15,197.21 |
| 6/01/2005 | 11,902.00 | 2.00000% | 3,294.99 | 15,196.99 |
| 9/01/2005 | 11,962.00 | 2.00000% | 3,235.48 | 15,197.48 |
| 12/01/2005 | 12,021.00 | 2.00000% | 3,175.67 | 15,196.67 |
| 3/01/2006 | 12,081.00 | 2.00000% | 3,115.57 | 15,196.57 |
| 6/01/2006 | 12,142.00 | 2.00000% | 3,055.16 | 15,197.16 |
| 9/01/2006 | 12,203.00 | 2.00000% | 2,994.45 | 15,197.45 |
| 12/01/2006 | 12,264.00 | 2.00000% | 2,933.44 | 15,197.44 |
| 3/01/2007 | 12,325.00 | 2.00000% | 2,872.12 | 15,197.12 |
| 6/01/2007 | 12,387.00 | 2.00000% | 2,810.49 | 15,197.49 |
| 9/01/2007 | 12,448.00 | 2.00000% | 2,748.56 | 15,196.56 |
| 12/01/2007 | 12,511.00 | 2.00000% | 2,686.32 | 15,197.32 |
| 3/01/2008 | 12,573.00 | 2.00000% | 2,623.76 | 15,196.76 |
| 6/01/2008 | 12,636.00 | 2.00000% | 2,560.90 | 15,196.90 |
| 9/01/2008 | 12,699.00 | 2.00000% | 2,497.72 | 15,196.72 |
| 12/01/2008 | 12,763.00 | 2.00000% | 2,434.22 | 15,197.22 |
| 3/01/2009 | 12,827.00 | 2.00000% | 2,370.41 | 15,197.41 |
| 6/01/2009 | 12,891.00 | 2.00000% | 2,306.27 | 15,197.27 |
| 9/01/2009 | 12,955.00 | 2.00000% | 2,241.82 | 15,196.82 |
| 12/01/2009 | 13,020.00 | 2.00000% | 2,177.04 | 15,197.04 |

Oak Hill, City
$1,000,000
2% interest rate, 1% annual fee

DEBT SERVICE SCHEDULE

| DATE | PRINCIPAL | COUPON | INTEREST | DEBT SERVICE |
|---|---|---|---|---|
| 3/01/2010 | 13,085.00 | 2.00000% | 2,111.94 | 15,196.94 |
| 6/01/2010 | 13,151.00 | 2.00000% | 2,046.52 | 15,197.52 |
| 9/01/2010 | 13,216.00 | 2.00000% | 1,980.76 | 15,196.76 |
| 12/01/2010 | 13,282.00 | 2.00000% | 1,914.68 | 15,196.68 |
| 3/01/2011 | 13,349.00 | 2.00000% | 1,848.27 | 15,197.27 |
| 6/01/2011 | 13,415.00 | 2.00000% | 1,781.53 | 15,196.53 |
| 9/01/2011 | 13,483.00 | 2.00000% | 1,714.45 | 15,197.45 |
| 12/01/2011 | 13,550.00 | 2.00000% | 1,647.04 | 15,197.04 |
| 3/01/2012 | 13,618.00 | 2.00000% | 1,579.29 | 15,197.29 |
| 6/01/2012 | 13,686.00 | 2.00000% | 1,511.20 | 15,197.20 |
| 9/01/2012 | 13,754.00 | 2.00000% | 1,442.77 | 15,196.77 |
| 12/01/2012 | 13,823.00 | 2.00000% | 1,374.00 | 15,197.00 |
| 3/01/2013 | 13,892.00 | 2.00000% | 1,304.88 | 15,196.88 |
| 6/01/2013 | 13,962.00 | 2.00000% | 1,235.42 | 15,197.42 |
| 9/01/2013 | 14,031.00 | 2.00000% | 1,165.61 | 15,196.61 |
| 12/01/2013 | 14,102.00 | 2.00000% | 1,095.46 | 15,197.46 |
| 3/01/2014 | 14,172.00 | 2.00000% | 1,024.95 | 15,196.95 |
| 6/01/2014 | 14,243.00 | 2.00000% | 954.09 | 15,197.09 |
| 9/01/2014 | 14,314.00 | 2.00000% | 882.87 | 15,196.87 |
| 12/01/2014 | 14,386.00 | 2.00000% | 811.30 | 15,197.30 |
| 3/01/2015 | 14,458.00 | 2.00000% | 739.37 | 15,197.37 |
| 6/01/2015 | 14,530.00 | 2.00000% | 667.08 | 15,197.08 |
| 9/01/2015 | 14,603.00 | 2.00000% | 594.43 | 15,197.43 |
| 12/01/2015 | 14,676.00 | 2.00000% | 521.42 | 15,197.42 |
| 3/01/2016 | 14,749.00 | 2.00000% | 448.04 | 15,197.04 |
| 6/01/2016 | 14,823.00 | 2.00000% | 374.29 | 15,197.29 |
| 9/01/2016 | 14,897.00 | 2.00000% | 300.18 | 15,197.18 |
| 12/01/2016 | 14,971.00 | 2.00000% | 225.69 | 15,196.69 |
| 3/01/2017 | 15,046.00 | 2.00000% | 150.84 | 15,196.84 |
| 6/01/2017 | 15,121.00 | 2.00000% | 75.61 | 15,196.61 |
| TOTAL | 1,000,000.00 | - | 215,763.42 | 1,215,763.42 * |

*Plus a one-percent annual administrative fee paid quarterly in the amoutn of $1,348.52. The total administrative fee over the life of the loan is $107,881.60.

YIELD STATISTICS

| | |
|---|---|
| Accrued Interest from 06/01/1997 to 06/01/1997... | - |
| Average Life..... | 10.788 YEARS |
| Bond Years..... | 10,788.16 |
| Average Coupon..... | 2.0000000% |
| Net Interest Cost (NIC)..... | 2.0000000% |
| Bond Yield for Arbitrage Purposes..... | 3.0112519% |
| True Interest Cost (TIC)..... | 2.0050000% |
| Effective Interest Cost (EIC)..... | 3.0112519% |

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: January 17, 1996

FINAL
2/6/96

CASE NO. 95-0932-S-CN

OAK HILL SANITARY BOARD,
a municipal corporation,
Fayette County.
Application for a certificate of convenience and necessity to construct a sanitary sewer extension in the Five Streets area of Oak Hill, Fayette County, and for approval of financing incidental thereto.

## RECOMMENDED DECISION

On September 26, 1995, Oak Hill Sanitary Board (Applicant), a municipal corporation, Fayette County, filed with the Public Service Commission (Commission), pursuant to West Virginia Code §24-2-11, a duly certified application for a certificate of convenience and necessity to construct a sanitary sewer extension in the Five Streets area of Oak Hill, and for approval of financing. The application stated that construction will cost approximately $1,750,000 and will be financed by a $750,000 Small Cities Block Grant and a $1,000,000 State Revolving Fund Loan.

On September 27, 1995, the Commission directed the Applicant to publish the Notice of Filing. The Notice of Filing provided that, if no substantial protests to the application are filed within thirty (30) days after the date of publication, the Commission may waive formal hearing and grant the application based upon its review of the evidence submitted with the application.

On October 16, 1995, Staff Attorney Susan J. Riggs filed the Initial Joint Staff Memorandum, stating that the Applicant was intending to increase rates in order to support the proposed project and was in the process of adopting a rate ordinance. She further stated that Commission Staff was reviewing the application and would be filing a final recommendation as soon as its review was complete.

On October 23, 1995, the Commission Referral Order was entered in this proceeding, referring this matter to the Division of Administrative Law Judges (ALJ Division) for decision on or before April 23, 1996.

On November 9, 1995, the undersigned ALJ issued a Procedural Order establishing a procedural schedule for resolving this matter, including scheduling it for hearing at 10:30 a.m. on January 18, 1996, in Council

Chambers, City Building, Kelly Avenue, Oak Hill, West Virginia. The order stated that, should no substantial protests be filed to the Notice of Filing and should, upon review, there be no conflict between Commission Staff and the Applicant, the hearing might be canceled by subsequent order.

On November 10, 1995, the Applicant filed a copy of the ordinance raising the sewer rates, and on November 20, 1995, the Applicant filed an affidavit establishing publication of the notice of the ordinance adoption meeting of the City Council of Oak Hill.

On November 30, 1995, Ms. Riggs filed a Final Joint Staff Memorandum, stating that Staff was continuing to review the application.

On December 10, 1995, the Applicant filed letters of commitment for the funding, as proposed.

On January 11, 1996, Ms. Riggs filed a Further Final Joint Staff Memorandum, with attached memorandum from Randy Lengyel, Utilities Analyst, and James Spurlock, Utilities Engineer, both of the Water and Sewer Section of the Utilities Division of the Commission. Commission Staff stated that, since the Applicant has received the commitment letters needed for the funding and the rate ordinance has become final, it has no objection to the filing. Staff recommended that the application be granted, without hearing,[1] contingent upon receipt of an N.P.D.E.S. permit from the Division of Environmental Protection.

On January 17, 1996, the Applicant filed an affidavit establishing that the Notice of Filing had been published on October 5, 1995, in The Fayette Tribune.

## FINDINGS OF FACT

1. On September 26, 1995, Oak Hill Sanitary Board (Applicant), a municipal corporation, Fayette County, filed with the Public Service Commission a duly certified application for a certificate of convenience and necessity to construct a sanitary sewer extension in the Five Streets area of Oak Hill, and for approval of financing. (See application).

2. No protests were filed in response to the Notice of Filing published in The Fayette Tribune on October 5, 1995. (See affidavit of publication filed January 17, 1996; case file generally).

3. The City of Oak Hill, by ordinance, duly adopted sewer rates to be charged for the project on November 7, 1995. (See November 11, 1995 submission; Further Final Joint Staff Memorandum filed January 11, 1996).

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[1]The hearing scheduled for January 18, 1996, will be canceled by separate order.

4. Construction will cost approximately $1,750,000 and will be financed by a $750,000 Small Cities Block Grant and a $1,000,000 State Revolving Fund Loan. (See application; commitment letters filed December 8, 1995).

5. Commission Staff recommended approval of the application for a certificate of convenience and necessity, contingent upon receipt of an N.P.D.E.S. permit from the Division of Environmental Protection, and approval of the project's financing. (See Further Joint Staff Memorandum filed January 11, 1996).

## CONCLUSION OF LAW

It is appropriate to grant the application for a certificate of convenience and necessity, pursuant to W.Va. Code §24-2-11, contingent upon the Applicant receiving an N.P.D.E.S. permit from the Division of Environmental Protection, and to approve the funding for the project.

## ORDER

IT IS, THEREFORE, ORDERED that the application for a certificate of convenience and necessity filed by the Oak Hill Sanitary Board on September 26, 1995, be granted, contingent upon the Applicant receiving an N.P.D.E.S. permit from the Division of Environmental Protection for the project, and that the Oak Hill Sanitary Board not begin construction on the project until the permit is received.

IT IS FURTHER ORDERED that the funding of $750,000 Small Cities Block Grant and $1,000,000 State Revolving Fund loan, for coverage of the total project cost of $1,750,000, be approved.

IT IS FURTHER ORDERED that, if there is a change in any of the terms, conditions or scheduling of the project, or the financing of the project, the Oak Hill Sanitary Board notify the Public Service Commission and file for Commission approval of any revised project and financing.

IT IS FURTHER ORDERED that the Oak Hill Sanitary Board file with the Commission's Tariff Office, within ten (10) days after this decision becomes final, a tariff showing the rates and charges as adopted by ordinance on November 7, 1995.

IT IS FURTHER ORDERED that this matter be removed from the Commission's docket of open cases.

IT IS FURTHER ORDERED that the Executive Secretary serve a copy of this order upon the Commission by hand delivery, and upon all parties of record by United States Certified Mail, return receipt requested.

Leave is hereby granted to the parties to file written exceptions supported by a brief with the Executive Secretary of the Commission within

fifteen (15) days of the date this order is mailed. If exceptions are filed, the parties filing exceptions shall certify to the Executive Secretary that all parties of record have been served said exceptions.

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

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

Sunya Anderson
Administrative Law Judge

SA:s

STATE OF WEST VIRGINIA
**WATER DEVELOPMENT AUTHORITY**
1201 DUNBAR AVENUE
DUNBAR, WV 25064
Telephone (304) 558-3612
Telecopier (304) 558-0299

July 13, 1995

Mr. Tom Oxley
Oak Hill Sanitary Board
P.O. Box 1245
Oak Hill WV 25901

PRELIMINARY APPLICATION -
OAK HILL SANITARY BOARD (SEWER PROJECT)

The West Virginia Infrastructure and Jobs Development Council (the "Council") has reviewed the Preliminary Application for the above-referenced project and has determined that the project is technically and financially feasible within the guidelines of the Act. (See attached Sewer Assessment Committee comments.)

The Council recommends that the Oak Hill Sanitary Board use its existing Small Cities Block Grant of $750,000 and pursue a State Revolving Fund loan of $1,000,000 to finance this project. **This letter does not constitute funding approval by these agencies.**

If you have any questions, please contact Daniel Yonkosky, Director of the Water Development Authority, who serves as chairman of the Council's Funding Committee.

Daniel Yonkosky

for RUSSELL L. ISAACS, CHAIRMAN
WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL

c Fred Cutlip, West Virginia Development Office
Mike Johnson, Division of Environmental Protection

enfind

6

CITY OF OAK HILL

Sewer Revenue Bonds, Series 1996 A
(West Virginia SRF Program)

CROSS-RECEIPT FOR BOND AND BOND PROCEEDS

The undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, and the undersigned Mayor of the City of Oak Hill (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the 20th day of August, 1996, the Authority received the entire original issue of $1,000,000 principal amount of the Sewer Revenue Bonds, Series 1996 A (West Virginia SRF Program), of the Issuer (the "Bonds"), issued as a single, fully registered Bond, numbered AR-1, and dated August 20, 1996.

2. At the time of such receipt of the Bonds upon original issuance, the Bonds had been executed by the Mayor, the City Manager and the City Clerk of the Issuer, by their respective manual signatures, and the official seal of the Issuer had been affixed upon the Bonds.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Bonds, of $76,479, being a portion of the principal amount of the Bonds. The balance of the principal amount of the Bonds will be advanced by the Authority and the West Virginia Division of Environmental Protection to the Issuer as acquisition and construction of the Project progresses.

WITNESS our respective signatures on this 20th day of August, 1996.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Barbara B Meadows
Authorized Representative

CITY OF OAK HILL

Sabi S. Jam
Mayor

07/26/96
COHJM.J3
667770/95001

CITY OF OAK HILL

Sewer Revenue Bonds, Series 1996 A
(West Virginia SRF Program)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

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

Ladies and Gentlemen:

There are delivered to you herewith:

(1) Bond No. AR-1, constituting the entire original issue of the City of Oak Hill Sewer Revenue Bonds, Series 1996 A (West Virginia SRF Program), in the principal amount of $1,000,000, dated August 20, 1996 (the "Bonds"), executed by the Mayor, the City Manager and the City Clerk of the City of Oak Hill (the "Issuer") and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond Ordinance duly enacted by the Issuer on December 5, 1995, and a Supplemental Resolution duly adopted by the Issuer on August 6, 1996 (collectively, the "Bond Legislation");

(2) A copy of the Bond Legislation authorizing the above-described Bond issue, duly certified by the City Clerk of the Issuer;

(3) Executed counterparts of the loan agreement dated June 10, 1996, by and among the West Virginia Water Development Authority (the "Authority"), the West Virginia Division of Environmental Protection (the "DEP") and the Issuer (the "Loan Agreement"); and

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

You are hereby requested and authorized to deliver the Bonds to the Authority upon payment to the Issuer of the sum of $76,479, representing a portion of the principal amount of the Bonds. Prior to such delivery of the Bonds, you will please cause the Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the form of Certificate of Authentication and Registration thereon.

Dated this 20th day of August, 1996.

CITY OF OAK HILL

Mayor

07/24/96
COHJM.I2
667770/95001

(SPECIMEN SERIES 1996 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF OAK HILL
SEWER REVENUE BOND, SERIES 1996 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-1 $1,000,000

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF OAK HILL, a municipal corporation and political subdivision of the State of West Virginia in Fayette County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of ONE MILLION DOLLARS ($1,000,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 1997, 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 and the SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 1997, as set forth on EXHIBIT B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and 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 June 10, 1996.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); (ii) to fund a reserve account for the Bonds of this Series (the "Bonds"); and (iii) to pay certain costs of issuance hereof and related costs. The existing public sewerage system of the Issuer, the Project, and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on December 5, 1995, and a Supplemental Resolution duly adopted by the Issuer on August 6, 1996 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1988 A, DATED AUGUST 25, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,764,285 (THE "SERIES 1988 A BONDS"), AND SEWER REVENUE BONDS, SERIES 1991A, DATED MARCH 28, 1991, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,817,920 (THE "SERIES 1991A BONDS").

THIS BOND IS ISSUED SENIOR AND PRIOR, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, TO THE ISSUER'S SEWER REVENUE BONDS, SERIES 1988 B, DATED AUGUST 25, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $441,071 (THE "SERIES 1988 B BONDS"), AND SEWER REVENUE BONDS, SERIES 1991B, DATED MARCH 28, 1991, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $82,080 (THE "SERIES 1991B BONDS").

THE SERIES 1988 A BONDS, THE SERIES 1991A BONDS, THE SERIES 1988 B BONDS AND THE SERIES 1991B BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS".

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Series 1988 A Bonds and the Series 1991A Bonds, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1996 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 1996 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with or junior to the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 1996 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding prior to or on a parity with or junior to the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond 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 Net 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 OAK HILL has caused this Bond to be signed by its Mayor and City Manager and its corporate seal to be hereunto affixed and attested by its City Clerk, and has caused this Bond to be dated August 20, 1996.

[SEAL]

_____
Mayor

_____
City Manager

ATTEST:

_____
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1996 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: August 20, 1996.

ONE VALLEY BANK, NATIONAL ASSOCIATION, as Registrar

By_____
Its Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

| | AMOUNT | DATE | | AMOUNT | DATE |
|---|---|---|---|---|---|
| (1) | $76,479 | 8/20/96 | (7) | $ | |
| (2) | $ | | (8) | $ | |
| (3) | $ | | (9) | $ | |
| (4) | $ | | (10) | $ | |
| (5) | $ | | (11) | $ | |
| (6) | $ | | (12) | $ | |

TOTAL $

# EXHIBIT B

## SCHEDULE OF ANNUAL DEBT SERVICE

Oak Hill, City
$1,000,000
2% interest rate, 1% annual fee

DEBT SERVICE SCHEDULE

| DATE | PRINCIPAL | COUPON | INTEREST | DEBT SERVICE |
|---|---|---|---|---|
| 6/01/1997 | - | - | - | - |
| 9/01/1997 | 10,197.00 | 2.00000% | 5,000.00 | 15,197.00 |
| 12/01/1997 | 10,248.00 | 2.00000% | 4,949.02 | 15,197.02 |
| 3/01/1998 | 10,299.00 | 2.00000% | 4,897.78 | 15,196.78 |
| 6/01/1998 | 10,351.00 | 2.00000% | 4,846.28 | 15,197.28 |
| 9/01/1998 | 10,402.00 | 2.00000% | 4,794.53 | 15,196.53 |
| 12/01/1998 | 10,455.00 | 2.00000% | 4,742.52 | 15,197.52 |
| 3/01/1999 | 10,507.00 | 2.00000% | 4,690.24 | 15,197.24 |
| 6/01/1999 | 10,559.00 | 2.00000% | 4,637.71 | 15,196.71 |
| 9/01/1999 | 10,612.00 | 2.00000% | 4,584.91 | 15,196.91 |
| 12/01/1999 | 10,665.00 | 2.00000% | 4,531.85 | 15,196.85 |
| 3/01/2000 | 10,718.00 | 2.00000% | 4,478.53 | 15,196.53 |
| 6/01/2000 | 10,772.00 | 2.00000% | 4,424.94 | 15,196.94 |
| 9/01/2000 | 10,826.00 | 2.00000% | 4,371.08 | 15,197.08 |
| 12/01/2000 | 10,880.00 | 2.00000% | 4,316.95 | 15,196.95 |
| 3/01/2001 | 10,934.00 | 2.00000% | 4,262.55 | 15,196.55 |
| 6/01/2001 | 10,989.00 | 2.00000% | 4,207.88 | 15,196.88 |
| 9/01/2001 | 11,044.00 | 2.00000% | 4,152.93 | 15,196.93 |
| 12/01/2001 | 11,099.00 | 2.00000% | 4,097.71 | 15,196.71 |
| 3/01/2002 | 11,155.00 | 2.00000% | 4,042.22 | 15,197.22 |
| 6/01/2002 | 11,211.00 | 2.00000% | 3,986.44 | 15,197.44 |
| 9/01/2002 | 11,267.00 | 2.00000% | 3,930.39 | 15,197.39 |
| 12/01/2002 | 11,323.00 | 2.00000% | 3,874.05 | 15,197.05 |
| 3/01/2003 | 11,380.00 | 2.00000% | 3,817.44 | 15,197.44 |
| 6/01/2003 | 11,436.00 | 2.00000% | 3,760.54 | 15,196.54 |
| 9/01/2003 | 11,494.00 | 2.00000% | 3,703.36 | 15,197.36 |
| 12/01/2003 | 11,551.00 | 2.00000% | 3,645.89 | 15,196.89 |
| 3/01/2004 | 11,609.00 | 2.00000% | 3,588.13 | 15,197.13 |
| 6/01/2004 | 11,667.00 | 2.00000% | 3,530.09 | 15,197.09 |
| 9/01/2004 | 11,725.00 | 2.00000% | 3,471.75 | 15,196.75 |
| 12/01/2004 | 11,784.00 | 2.00000% | 3,413.13 | 15,197.13 |
| 3/01/2005 | 11,843.00 | 2.00000% | 3,354.21 | 15,197.21 |
| 6/01/2005 | 11,902.00 | 2.00000% | 3,294.99 | 15,196.99 |
| 9/01/2005 | 11,962.00 | 2.00000% | 3,235.48 | 15,197.48 |
| 12/01/2005 | 12,021.00 | 2.00000% | 3,175.67 | 15,196.67 |
| 3/01/2006 | 12,081.00 | 2.00000% | 3,115.57 | 15,196.57 |
| 6/01/2006 | 12,142.00 | 2.00000% | 3,055.16 | 15,197.16 |
| 9/01/2006 | 12,203.00 | 2.00000% | 2,994.45 | 15,197.45 |
| 12/01/2006 | 12,264.00 | 2.00000% | 2,933.44 | 15,197.44 |
| 3/01/2007 | 12,325.00 | 2.00000% | 2,872.12 | 15,197.12 |
| 6/01/2007 | 12,387.00 | 2.00000% | 2,810.49 | 15,197.49 |
| 9/01/2007 | 12,448.00 | 2.00000% | 2,748.56 | 15,196.56 |
| 12/01/2007 | 12,511.00 | 2.00000% | 2,686.32 | 15,197.32 |
| 3/01/2008 | 12,573.00 | 2.00000% | 2,623.76 | 15,196.76 |
| 6/01/2008 | 12,636.00 | 2.00000% | 2,560.90 | 15,196.90 |
| 9/01/2008 | 12,699.00 | 2.00000% | 2,497.72 | 15,196.72 |
| 12/01/2008 | 12,763.00 | 2.00000% | 2,434.22 | 15,197.22 |
| 3/01/2009 | 12,827.00 | 2.00000% | 2,370.41 | 15,197.41 |
| 6/01/2009 | 12,891.00 | 2.00000% | 2,306.27 | 15,197.27 |
| 9/01/2009 | 12,955.00 | 2.00000% | 2,241.82 | 15,196.82 |
| 12/01/2009 | 13,020.00 | 2.00000% | 2,177.04 | 15,197.04 |

Oak Hill, City
$1,000,000
2% interest rate, 1% annual fee

DEBT SERVICE SCHEDULE

| DATE | PRINCIPAL | COUPON | INTEREST | DEBT SERVICE |
|---|---|---|---|---|
| 3/01/2010 | 13,085.00 | 2.00000% | 2,111.94 | 15,196.94 |
| 6/01/2010 | 13,151.00 | 2.00000% | 2,046.52 | 15,197.52 |
| 9/01/2010 | 13,216.00 | 2.00000% | 1,980.76 | 15,196.76 |
| 12/01/2010 | 13,282.00 | 2.00000% | 1,914.68 | 15,196.68 |
| 3/01/2011 | 13,349.00 | 2.00000% | 1,848.27 | 15,197.27 |
| 6/01/2011 | 13,415.00 | 2.00000% | 1,781.53 | 15,196.53 |
| 9/01/2011 | 13,483.00 | 2.00000% | 1,714.45 | 15,197.45 |
| 12/01/2011 | 13,550.00 | 2.00000% | 1,647.04 | 15,197.04 |
| 3/01/2012 | 13,618.00 | 2.00000% | 1,579.29 | 15,197.29 |
| 6/01/2012 | 13,686.00 | 2.00000% | 1,511.20 | 15,197.20 |
| 9/01/2012 | 13,754.00 | 2.00000% | 1,442.77 | 15,196.77 |
| 12/01/2012 | 13,823.00 | 2.00000% | 1,374.00 | 15,197.00 |
| 3/01/2013 | 13,892.00 | 2.00000% | 1,304.88 | 15,196.88 |
| 6/01/2013 | 13,962.00 | 2.00000% | 1,235.42 | 15,197.42 |
| 9/01/2013 | 14,031.00 | 2.00000% | 1,165.61 | 15,196.61 |
| 12/01/2013 | 14,102.00 | 2.00000% | 1,095.46 | 15,197.46 |
| 3/01/2014 | 14,172.00 | 2.00000% | 1,024.95 | 15,196.95 |
| 6/01/2014 | 14,243.00 | 2.00000% | 954.09 | 15,197.09 |
| 9/01/2014 | 14,314.00 | 2.00000% | 882.87 | 15,196.87 |
| 12/01/2014 | 14,386.00 | 2.00000% | 811.30 | 15,197.30 |
| 3/01/2015 | 14,458.00 | 2.00000% | 739.37 | 15,197.37 |
| 6/01/2015 | 14,530.00 | 2.00000% | 667.08 | 15,197.08 |
| 9/01/2015 | 14,603.00 | 2.00000% | 594.43 | 15,197.43 |
| 12/01/2015 | 14,676.00 | 2.00000% | 521.42 | 15,197.42 |
| 3/01/2016 | 14,749.00 | 2.00000% | 448.04 | 15,197.04 |
| 6/01/2016 | 14,823.00 | 2.00000% | 374.29 | 15,197.29 |
| 9/01/2016 | 14,897.00 | 2.00000% | 300.18 | 15,197.18 |
| 12/01/2016 | 14,971.00 | 2.00000% | 225.69 | 15,196.69 |
| 3/01/2017 | 15,046.00 | 2.00000% | 150.84 | 15,196.84 |
| 6/01/2017 | 15,121.00 | 2.00000% | 75.61 | 15,196.61 |
| TOTAL | 1,000,000.00 | - | 215,763.42 | 1,215,763.42 * |

*Plus a one-percent annual administrative fee paid quarterly in the amoutn of $1,348.52. The total administrative fee over the life of the loan is $107,881.60.

YIELD STATISTICS

| | |
|---|---|
| Accrued Interest from 06/01/1997 to 06/01/1997... | - |
| Average Life..... | 10.788 YEARS |
| Bond Years..... | 10,788.16 |
| Average Coupon..... | 2.0000000% |
| Net Interest Cost (NIC)..... | 2.0000000% |
| Bond Yield for Arbitrage Purposes..... | 3.0112519% |
| True Interest Cost (TIC)..... | 2.0050000% |
| Effective Interest Cost (EIC)..... | 3.0112519% |

## 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:

_____

# STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

BANK ONE CENTER

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

FACSIMILE (304) 624-8183

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

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

126 EAST BURKE STREET
P. O. BOX 2629
MARTINSBURG, W. VA. 25401-5429
(304) 263-8991
FACSIMILE (304) 263-4785

104 WEST CONGRESS STREET
P. O. BOX 100
CHARLES TOWN, W. VA. 25414-0100
(304) 725-1414
FACSIMILE (304) 725-1913

THE BRYAN CENTRE
P. O. BOX 570
82 WEST WASHINGTON STREET, FOURTH FLOOR
HAGERSTOWN, MARYLAND 21740-0570
(301) 739-8600
FACSIMILE (301) 739-8742

FOURTH FLOOR - RILEY BUILDING
P. O. BOX 150
14TH AND CHAPLINE STREETS
WHEELING, W. VA. 26003-0020
(304) 233-0000
FACSIMILE (304) 233-0014

THE PMC BUILDING, SUITE 101
P. O. BOX 628
417 GRAND PARK DRIVE
PARKERSBURG, W. VA. 26102-0628
(304) 422-6463
FACSIMILE (304) 422-6462

WRITER'S DIRECT DIAL NUMBER


August 20, 1996

City of Oak Hill
Sewer Revenue Bonds, Series 1996 A
(West Virginia SRF Program)

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

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

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by the City of Oak Hill (the "Issuer"), a municipal corporation and political subdivision organized and existing under the laws of the State of West Virginia, of its $1,000,000 Sewer Revenue Bonds, Series 1996 A (West Virginia SRF Program), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated June 10, 1996, including all schedules and exhibits attached thereto (the "Loan Agreement"), among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Division of Environmental Protection (the "DEP") and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one Bond, registered as to principal and interest to the Authority, with interest at the rate of 2% per annum, and with principal installments and interest payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 1997, and ending June 1, 2017, all as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); (ii) funding a reserve account for the Bonds; and (iii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Bond Ordinance duly enacted by the Issuer on December 5, 1995, as supplemented by a Supplemental Resolution duly adopted by the Issuer on August 6, 1996 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement.

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

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

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

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

3. The Bond Legislation and all other necessary ordinances and resolutions have been duly and effectively enacted and adopted by the Issuer in connection with the issuance and sale of the Bonds and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms. The Bond Legislation contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Bond Legislation and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's outstanding (a) Sewer Revenue Bonds, Series 1988 A, dated August 25, 1988, issued in the original aggregate principal amount of $1,764,285, and (b) Sewer Revenue Bonds, Series 1991A, dated March 28, 1991, issued in the original aggregate principal amount of $1,817,920, and senior and prior to the Issuer's outstanding (i) Sewer Revenue Bonds, Series 1988 B, dated August 25, 1988, issued in the original agregate principal amount of $441,071, and (ii) Sewer Revenue Bonds, Series 1991B, dated March 28, 1991, issued in the original aggregate principal amount of $82,080 (collectively, the "Prior Bonds"), all in accordance with the terms of the Bonds and the Bond Legislation. The Issuer has met the coverage requirements for issuance of parity bonds under the ordinances authorizing the Prior Bonds based upon the certificate of the certified public accountant dated the date hereof, and has substantially complied

with all other parity requirements, except to the extent that noncompliance with any such other parity requirements is not of a material nature.

5. Under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Bonds (a) is excludable from gross income of the owners thereof for federal income tax purposes pursuant to the Code and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations under the Code. It should be noted, however, that interest on the Bonds is included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax that may be imposed with respect to corporations. The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Code that must be satisfied subsequent to issuance of the Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Bonds set forth in the Bond Legislation and the Certificate as to Arbitrage, and other certificates delivered in connection with the issuance of the Bonds. Failure to comply with certain of such Code provisions or such certifications, covenants and representations could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. Except as set forth in paragraph 6 below, we express no opinion regarding other federal tax consequences arising with respect to the Bonds.

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

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

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

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

Very truly yours,

STEPTOE & JOHNSON

08/06/96
COHJM.K3
667770/95001

HAMILTON, BURGESS, YOUNG, TISSUE & POLLARD
ATTORNEYS AT LAW
ONE HAMILTON PLACE
OAK HILL, WEST VIRGINIA 25901
TELEPHONE 304-469-2991

KEVIN B. BURGESS
RALPH C. YOUNG
PHILIP J. TISSUE
LYNN B. POLLARD

PAT R. HAMILTON
OF COUNSEL

P.O. BOX 1145
FAX 304-465-8413

August 20, 1996

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

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

Steptoe & Johnson
Post Office Box 2190
Clarksburg, WV 26302

Ladies and Gentlemen:

**Re: City of Oak Hill**
**Sewer Revenue Bonds, Series 1996 A**
**(West Virginia SRF Program)**

We are counsel to the City of Oak Hill in Fayette County, West Virginia (the "Issuer"). As such counsel, we have examined copies of the approving opinion of Steptoe & Johnson, as bond counsel, a loan agreement dated June 10, 1996, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and among the West Virginia Water Development Authority (the "Authority"), the West Virginia Division of Environmental Protection (the "DEP"), and the Issuer, a Bond Ordinance duly enacted by the Issuer on December 5, 1995, as supplemented by a Supplemental Resolution duly adopted by the Issuer on August 6, 1996 (collectively, the "Bond Legislation"), and other documents relating to the above-captioned Bonds of

the Issuer (the "Bonds"). Capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Loan Agreement when used herein.

We are of the opinion that:

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

2. The Issuer has been duly created and is validly existing as a municipal corporation and political subdivision of the State of West Virginia, and the Mayor, City Clerk, City Manager and members of the council of the Issuer and the Sanitary Board have been duly and properly elected or appointed, as applicable, have taken the requisite oaths, and are authorized to act on behalf of the Issuer in their respective capacities.

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

4. The execution and delivery of the Bonds and the Loan Agreement and the consummation of the transactions contemplated by the Loan Agreement and the Bond Legislation and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the Issuer, a breach of or default under any ordinance, order, resolution, agreement or other instrument to which the Issuer is a party or any existing law, regulation, court order or consent decree to which the Issuer is subject.

5. The Issuer has received all permits, licenses, approvals and authorizations necessary for the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges for use of the System, including, without limitation, the

receipt of all requisite orders and approvals from the West Virginia Infrastructure and Jobs Development Council and the Public Service Commission of West Virginia, and has taken any other action required for the imposition of such rates and charges, including, without limitation, the enactment of an ordinance prescribing such rates and charges. The time for appeal of the Final Orders of the Public Service Commission of West Virginia entered on January 17, 1996, in Case No. 95-0932-S-CN, granting to the Issuer a certificate of convenience and necessity for the Project and approving the financing for the Project, has expired prior to the date hereof without any appeal.

6. To the best of our knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Loan Agreement, the Bond Legislation, the acquisition and construction of the Project, the operation of the System, the validity of the Bonds or the collection or pledge of the Net Revenues therefor.

All counsel to this transaction may rely upon this opinion as if specifically addressed to them.

Very truly yours,

Ralph C. Young

RCY:slt

CITY OF OAK HILL

Sewer Revenue Bonds, Series 1996 A
(West Virginia SRF Program)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. CERTIFICATION OF COPIES OF DOCUMENTS
6. INCUMBENCY AND OFFICIAL NAME
7. LAND AND RIGHTS-OF-WAY
8. MEETINGS, ETC.
9. CONTRACTORS' INSURANCE, ETC.
10. LOAN AGREEMENT
11. RATES
12. SIGNATURES AND DELIVERY
13. BOND PROCEEDS
14. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE
15. PUBLIC SERVICE COMMISSION ORDER
16. PRIVATE USE OF FACILITIES
17. NO FEDERAL GUARANTY
18. IRS INFORMATION RETURN
19. SPECIMEN BOND
20. CONFLICT OF INTEREST
21. CLEAN WATER ACT
22. GRANTS

We, the undersigned MAYOR, CITY MANAGER AND CITY CLERK of the City of Oak Hill in Fayette County, West Virginia (the "Issuer"), and the undersigned Counsel to the Issuer, hereby certify in connection with the $1,000,000 principal amount of the City of Oak Hill Sewer Revenue Bonds, Series 1996 A (West Virginia SRF Program), dated the date hereof (the "Bonds" or the "Series 1996 A Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning as set forth in the Bond Ordinance of the Issuer duly enacted December 5, 1995, and the Supplemental Resolution duly adopted August 6, 1996 (collectively, the "Bond Legislation").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Bonds, the acquisition and construction of the Project, the operation of the System, the receipt of the Gross Revenues and grant proceeds, or in any way contesting or affecting the validity of the Bonds, or any proceedings of the Issuer taken with respect to the issuance or sale of the Bonds, the pledge or application of the Net Revenues or any other moneys or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, the acquisition and construction of the Project, the operation of the System, the pledge or application of moneys and security or the collection of the Gross Revenues or the pledge of Net Revenues as security for the Bonds.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the acquisition and construction of the Project, the operation of the System and the issuance of the Bonds have been obtained and remain in full force and effect, and competitive bids for the acquisition and construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the West Virginia Code of 1931, as amended, which bids remain in full force and effect.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the approval, execution and delivery by the Issuer of the Loan Agreement, and the Issuer has met all conditions prescribed in the Loan Agreement entered into among the Issuer, the DEP and the Authority. The Issuer has or can provide the financial, institutional, legal and managerial capabilities necessary to complete the Project.

There are outstanding obligations of the Issuer which will rank either on a parity with or junior and subordinate to the Series 1996 A Bonds as to liens, pledge, source of and security for payment, which obligations are designated and have the lien positions with respect to the Series 1996 A Bonds as follows:

| Designation | Lien Position |
|---|---|
| Sewer Revenue Bonds, Series 1988 A, dated August 25, 1988, issued in the original aggregate principal amount of $1,764,285 (the "Series 1988 A Bonds") | First Lien |
| Sewer Revenue Bonds, Series 1991A, dated March 28, 1991, issued in the original aggregate principal amount of $1,817,920 (the "Series 1991A Bonds") | First Lien |
| Sewer Revenue Bonds, Series 1988 B, dated August 25, 1988, issued in the original aggregate principal amount of $441,071 (the "Series 1988 B Bonds") | Second Lien |
| Sewer Revenue Bonds, Series 1991B, dated March 28, 1991, issued in the original aggregate principal amount of $82,080 (the "Series 1991B Bonds") | Second Lien |

The Series 1988 A Bonds, the Series 1991A Bonds, the Series 1988 B Bonds, and the Series 1991B Bonds are hereinafter collectively called the "Prior Bonds". The ordinances which authorized the issuance of the Prior Bonds are herein referred to as the "Prior Ordinances".

The Series 1996 A Bonds shall be issued on a parity with the Series 1988 A Bonds and the Series 1991A Bonds, and senior and prior to the Series 1988 B Bonds and the Series 1991B Bonds with respect to liens, pledge and source of and security for payment and in all other respects. Based upon the certificate of the certified public accountant delivered on the date hereof, the Issuer has met the coverage requirements for issuance of parity bonds of the Series 1988 A Bonds and the Series 1991A Bonds and the Prior Ordinances and has substantially complied with all other parity requirements, except to the extent that noncompliance with any such other parity requirements is not of a material nature. The Issuer has obtained the consent of the Holders of the Series 1988 A Bonds and the Series 1991A Bonds to the issuance of the Series 1996 A Bonds on a parity with the Series 1988 A Bonds and the Series 1991A Bonds. The Issuer has also obtained the consent of the Holders of the Series 1988 B Bonds and the Series 1991B Bonds to the issuance of the Series 1996 A Bonds senior and prior to the Series 1988 B Bonds and the Series 1991B Bonds.

Other than the Prior Bonds, there are no outstanding obligations of the Issuer which will rank prior to or on a parity with the Series 1996 A Bonds as to liens, pledge and/or source of and security for payment or in any other respects.

5. CERTIFICATION OF COPIES OF DOCUMENTS: The copies of the below-listed documents hereto attached or delivered herewith or heretofore delivered are true, correct and complete copies of the originals of the documents of which they purport to be copies, and such original documents are in full force and effect and have not been repealed, rescinded, amended or changed in any way unless modification appears from later documents also listed below:

City Charter.

Oaths of Office of City Officers and Councilmembers.

Ordinance Creating Sanitary Board.

Petition of Sanitary Board.

Sewer Rate Ordinance.

Affidavit of Publication of Sewer Rate Ordinance and Notice of Public Hearing.

Minutes on Adoption and Enactment of Sewer Rate Ordinance.

Bond Ordinance.

Supplemental Resolution.

Affidavit of Publication of Abstract of Bond Ordinance and Notice of Hearing.

Minutes on Adoption and Enactment of Bond Ordinance and Adoption of Supplemental Resolution.

1988 Ordinance and Supplemental Resolution.

1991 Ordinance and Supplemental Resolution.

Consent of Prior Bondholders to Issuance of Parity Bonds.

Loan Agreement.

NPDES Permit.

Evidence of Small Cities Block Grant.

Public Service Commission Order entered January 17, 1996.

West Virginia Infrastructure and Jobs Development Council Approval dated July 13, 1995.

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "City of Oak Hill." The Issuer is a municipal corporation in Fayette County and is presently existing under the laws of, and a political subdivision of, the State of West Virginia. The governing body of the Issuer is its Council, consisting of a Mayor and 6 councilmembers, all duly elected or appointed, as applicable, qualified and acting, and whose names and dates of commencement and termination of current terms of office are as follows:

| Name | | | Date of Commencement of Office | Date of Termination of Office |
|---|---|---|---|---|
| Calvin Jones | - | Mayor | July 1, 1995 | June 30, 1999 |
| Larry Harding | - | Councilmember | July 1, 1995 | June 30, 1999 |
| Jeffrey Atha | - | Councilmember | July 1, 1995 | June 30, 1999 |
| Dale Watkins, Sr. | - | Councilmember | July 1, 1995 | June 30, 1999 |
| Barbara Hickman | - | Councilmember | July 1, 1995 | June 30, 1999 |
| Orvill Thomas | - | Councilmember | July 1, 1995 | June 30, 1999 |
| Dianna Smallwood | - | Councilmember | July 1, 1995 | June 30, 1999 |

The names of the duly appointed, qualified and acting members of the Sanitary Board of the Issuer are as follows:

| | | |
|---|---|---|
| Chairman | - | Calvin Jones |
| Member | - | J. Walter Brown |
| Member | - | Frederick Bonhan, P.E. |

The duly appointed and acting City Manager and City Clerk of the Issuer are Thomas Oxley and Virginia Fox, respectively. The duly appointed and acting Counsel to the Issuer is Hamilton, Burgess, Young, Tissue & Pollard in Oak Hill, West Virginia.

7. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the acquisition and construction of the Project and the operation and maintenance of the System have been acquired or can and will be acquired by purchase, or, if necessary, by condemnation by the Issuer and are adequate for

such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Bonds.

8. MEETINGS, ETC.: All actions, ordinances, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the issuance of the Bonds and the acquisition, construction, operation and financing of the Project or the System were authorized or adopted at regular or special meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including, particularly and without limitation, Chapter 6, Article 9A, of the West Virginia Code of 1931, as amended, and a quorum of duly elected or appointed, as applicable, qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

9. CONTRACTORS' INSURANCE, ETC.: All contractors have been required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Bond Legislation. All insurance for the System required by the Bond Legislation is in full force and effect.

10. LOAN AGREEMENT: As of the date hereof, (i) the representations of the Issuer contained in the Loan Agreement are true and correct in all material respects as if made on the date hereof; (ii) the Loan Agreement does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (iii) to the best knowledge of the undersigned, no event affecting the Issuer has occurred since the date of the Loan Agreement which should be disclosed for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information in the Loan Agreement not misleading; and (iv) the Issuer is in compliance with the Loan Agreement.

11. RATES: The Issuer has duly enacted a sewer rate ordinance on November 7, 1995, setting rates and charges for the services of the System. The time for appeal of such sewer rate ordinance has expired prior to the date hereof without any appeal, and such rates are currently in effect.

12. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Mayor and City Manager did officially sign all of the Bonds of the aforesaid issue, consisting upon original issuance of a single Bond, dated the date hereof, by their respective manual signatures, and the undersigned City Clerk did officially cause the official seal of

the Issuer to be affixed upon said Bonds and to be attested by his manual signature, and the Registrar did officially authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreement. Said official seal is also impressed above the signatures appearing on this certificate.

13. BOND PROCEEDS: On the date hereof, the Issuer received $76,479 from the Authority and the DEP, being a portion of the principal amount of the Bonds and more than a de minimis amount of the proceeds of the Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

14. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE: Upon adoption of the Bond Ordinance, an abstract thereof, determined by the Governing Body to contain sufficient information as to give notice of the contents thereof, was published once each week for 2 successive weeks, with not less than 6 full days between each publication, the first such publication occurring not less than 10 days before the date stated below for the public hearing, in *The Fayette Tribune*, a newspaper published and of general circulation in the City of Oak Hill, together with a notice to all persons concerned, stating that the Bond Ordinance had been adopted and that the Issuer contemplated the issuance of the Bonds described in such Bond Ordinance, stating that any person interested may appear before the Council at the public hearing held at a public meeting of Council on the 5th day of December, 1995, at 7:30 p.m., at the Oak Hill City Hall and present protests, and stating that a certified copy of the Bond Ordinance was on file at the office of the City Clerk of the Issuer for review by interested parties during the office hours of the Issuer. At such hearing all objections and suggestions were heard by the Governing Body and the Bond Ordinance became finally adopted, enacted and effective as of the date of such public hearing, and remains in full force and effect.

15. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received the Final Order of the Public Service Commission of West Virginia entered on January 17, 1996, in Case No. 95-0932-S-CN, granting to the Issuer a certificate of convenience and necessity for the Project and approving the financing for the Project. The time for appeal of such Final Order has expired prior to the date hereof without any appeal.

16. PRIVATE USE OF FACILITIES: The Issuer shall at all times take, and refrain from taking, and shall not fail to take, any and all actions necessary in order to assure the initial and continued tax-exempt status of the Bonds and the interest thereon. Less than 10% of the proceeds of the Bonds will be used, directly or indirectly, for any private business use, and less than 10% of the payment of principal of, or the interest on, such issue, under the terms of such issue or any underlying arrangement, is, directly or indirectly, secured by any interest in property used or to be used for a private business use, payments in respect of such property, or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use. None of the proceeds of the Bonds will be used, directly or indirectly, for

any private business use which is not related to the governmental use of the proceeds of the Bonds, including the disproportionate related business use of the proceeds of the Bonds, and none of the payment of principal on, or the interest on, such issue, under the terms of any underlying arrangement, is, directly or indirectly, secured by any interest in property used, or to be used for a private business use, payments in respect of such property or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use with respect to such private business use, which is not related to any government use of such proceeds, including the disproportionate business use of the issue of the Bonds. None of the proceeds of the issue of the Bonds will be used, directly or indirectly, to make or finance loans to persons other than governmental units. For purposes of this paragraph, private business use means use, directly or indirectly, in a trade or business carried on by any person, including related persons, other than a governmental unit or other than use as a member of the general public. All of the foregoing shall be determined in accordance with and within the meaning of the Internal Revenue Code of 1986, as amended, including any successor provisions and rules and regulations thereunder (the "Code").

17. NO FEDERAL GUARANTY: The Bonds are not and will not be, in whole or part, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

18. IRS INFORMATION RETURN: On the date hereof, the undersigned Mayor did officially execute a properly completed IRS Form 8038-G in connection with the Bonds and will cause such executed IRS Form 8038-G to be filed in a timely manner pursuant to Section 149(e) of the Code with the Internal Revenue Service Center, Philadelphia, Pennsylvania. The information contained in such executed Form 8038-G is true, correct and complete.

19. SPECIMEN BOND: Delivered concurrently herewith is a true and accurate specimen of the Bond.

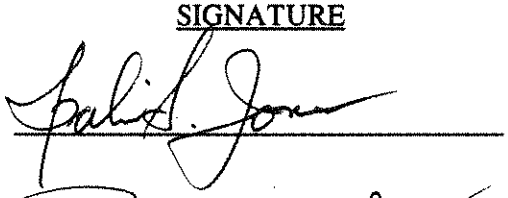
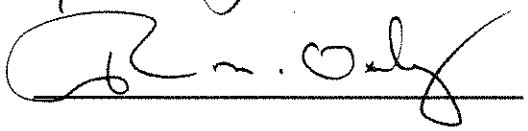
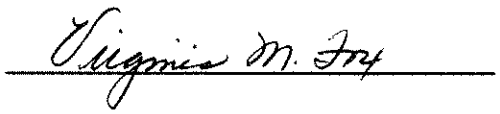
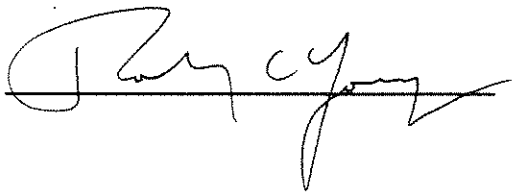
20. CONFLICT OF INTEREST: No officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Bonds, the Bond Legislation and/or the Project, including, without limitation, with respect to the Depository Bank. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

21. CLEAN WATER ACT: The Project as described in the Bond Ordinance complies with Sections 208 and 303(e) of the Clean Water Act.

22. GRANTS: As of the date hereof, the grant from the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia) in the amount of $750,000 is committed and is in full force and effect.

WITNESS our signatures and the official seal of the CITY OF OAK HILL on this 20th day of August, 1996.

[CORPORATE SEAL]

| SIGNATURE | OFFICIAL TITLE |
|---|---|
|  | Mayor |
|  | City Manager |
|  | City Clerk |
|  | Counsel to Issuer |

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CITY OF OAK HILL

Sewer Revenue Bonds, Series 1996 A
(West Virginia SRF Program)

CERTIFICATE AS TO ARBITRAGE

We, Calvin S. Jones, and Thomas Oxley, Mayor and City Manager of the City of Oak Hill in Fayette County, West Virginia (the "Issuer"), respectively, being the officials of the Issuer duly charged with the responsibility for the issuance of the $1,000,000 principal amount Sewer Revenue Bonds, Series 1996 A (West Virginia SRF Program), of the Issuer, dated the date hereof (the "Bonds"), hereby certify as follows:

1. This certificate is being executed and delivered pursuant to Section 148 of the Internal Revenue Code of 1986 and applicable regulations (the "Code"). We are the officers of the Issuer duly charged with the responsibility of issuing the Bonds. We are familiar with the facts, circumstances, and estimates herein certified and are duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the same meaning as set forth in the ordinance authorizing the Bonds duly enacted by the Issuer on December 5, 1995 (as supplemented, the "Bond Ordinance").

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

3. The Issuer has not been notified by the Internal Revenue Service of any listing or proposed listing of it as an issuer that may not certify its bonds or the certification of which may not be relied upon by holders of obligations of the Issuer or that there is any disqualification of the Issuer by the Internal Revenue Service because a certification made by the Issuer contains a material misrepresentation.

4. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on August 20, 1996, the date on which the Bonds are to be physically delivered in exchange for more than a de minimis amount of the principal amount of the Bonds, and to the best of our knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

5. The Bonds were sold on August 20, 1996, to the West Virginia Water Development Authority (the "Authority"), pursuant to a loan agreement dated June 10, 1996, by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection (the "DEP") for an aggregate purchase price of $1,000,000 (100% of par), at which time, the Issuer received $76,479.00 from the Authority and the DEP, being more than a de minimis amount of the principal amount of the Bonds. No accrued interest has been or will be paid on the Bonds. The balance of the principal amount of the

Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Issuer has covenanted in the Bond Ordinance not to take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Bonds which would cause any of the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. The Issuer has, therefore, covenanted not to intentionally use any portion of the proceeds of the Bonds to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except as otherwise allowed under Section 148 of the Code. The Issuer, in the Bond Ordinance, has further covenanted that it will take all actions that may be required of it so that the interest on the Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

7. The Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); (ii) funding a reserve account for the Bonds; and (iii) paying costs of issuance and related costs thereof.

8. Not later than simultaneously with the delivery of the Bonds, the Issuer shall enter into agreements which require the Issuer to expend in excess of $100,000 on the Project, constituting a substantial binding commitment. Acquisition, construction and equipping of the Project shall proceed with due diligence to completion, and with the exception of proceeds constituting capitalized interest (if any) and proceeds deposited in the Reserve Account for the Bonds (if any), all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before June, 1997. Construction of the Project is expected to be completed by June, 1997.

9. The total cost of the Project (including all costs of issuance of the Bonds) is estimated at $1,750,000. Sources and uses of funds for the Project are as follows:

SOURCES

| | |
|---|---|
| Gross Proceeds of the Bonds | $1,000,000 |
| Small Cities Block Grant | 750,000 |
| Total Sources | $1,750,000 |

USES

| | |
|---|---|
| Costs of Acquisition and Construction of the Project | $1,676,908 |
| Capitalized Interest | -0- |
| Fund Reserve Account | 60,792 |
| Costs of Issuance | 12,300 |
| Total Uses | $1,750,000 |

The amount of the costs of the Project is estimated to be at least equal to the gross proceeds of the Bonds and the grant proceeds. Except for the proceeds of the Bonds and the grant proceeds, no other funds of the Issuer will be available to meet costs of the Project, which would constitute "replacement proceeds" within the meaning of Treas. Reg. § 1.148-1(c), inasmuch as (i) the Issuer does not reasonably expect that the term of the Bonds is longer than is reasonably necessary for the governmental purposes of the Issuer, (ii) the weighted average maturity of the Bonds does not exceed 120% of the average expected economic life of the Project, and (iii) there are no amounts that have a sufficiently direct nexus to the Bonds or to the governmental purpose of the Bonds to conclude that the amounts would have been used for that governmental purpose if the proceeds of the Bonds were not used or to be used for that governmental purpose.

10. Pursuant to Article V of the Bond Ordinance, the following special funds or accounts have been created (or continued if previously established by the Prior Ordinances):

(1) Revenue Fund;

(2) Renewal and Replacement Fund;

(3) Bond Construction Trust Fund;

(4) Series 1988 A Bonds Sinking Fund;

(a) Within the Series 1988 A Bonds Sinking Fund, the Series 1988 A Bonds Reserve Account;

(5) Series 1988 B Bonds Sinking Fund;

(a) Within the Series 1988 B Bonds Sinking Fund, the Series 1988 B Bonds Reserve Account;

(6) Series 1991A Bonds Sinking Fund;

(a) Within the Series 1991A Bonds Sinking Fund, the Series 1991A Bonds Reserve Account;

(7) Series 1991B Bonds Sinking Fund;

(a) Within the Series 1991B Bonds Sinking Fund, the Series 1991B Bonds Reserve Account;

(8) Series 1996 A Bonds Sinking Fund; and

(9) Within the Series 1996 A Bonds Sinking Fund, the Series 1996 A Bonds Reserve Account.

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

(1) Series 1996 A Bonds proceeds in the amount of $-0- will be deposited in the Series 1996 A Bonds Sinking Fund as capitalized interest and applied to payment of interest on the Bonds during acquisition and construction of the Project and for not more than six months thereafter.

(2) Series 1996 A Bonds proceeds in the amount of $60,792 will be deposited in the Series 1996 A Bonds Reserve Account.

(3) The balance of the proceeds of the Series 1996 A Bonds will be deposited in the Bond Construction Trust Fund as received from time to time and applied solely to payment of costs of the Project, including costs of issuance of the Series 1996 A Bonds and related costs.

Amounts in the Bond Construction Trust Fund, if invested, will be invested without yield limitation for a period necessary to complete the Project, not to exceed 3 years, except as otherwise set forth herein. All of such moneys are necessary for such purpose.

Except for "preliminary expenditures" as defined in Treas. Reg. §1.150-2(f)(2), none of the proceeds of the Series 1996 A Bonds will be used to reimburse

the Issuer for costs of the Project previously incurred and paid by the Issuer with its own or other funds.

12. Moneys held in the Series 1996 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on moneys in the Series 1996 A Bonds Sinking Fund and Series 1996 A Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Bond Construction Trust Fund during construction of the Project, and following completion of the Project, will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Ordinance.

13. Except for the Series 1996 A Bonds Sinking Fund and the Series 1996 A Bonds Reserve Account, there are no other funds or accounts established or held by the Issuer which are reasonably expected to be used to pay debt service on the Bonds, or which are pledged as collateral for the Bonds and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Bonds if the Issuer encounters financial difficulties. The Issuer does not expect that moneys in the Renewal and Replacement Fund will be used or needed for payments upon the Bonds. Except as provided herein, no funds which have been or will be used to acquire directly or indirectly securities, obligations, annuity contracts, investment-type property or any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan producing a yield in excess of the yield on the Bonds have been or will be pledged to payment of the Bonds. Less than 10% of the moneys received from the sale of the Bonds, if any, will be deposited in the Series 1996 A Bonds Reserve Account or any other reserve or replacement fund. The amounts deposited in the Series 1996 A Bonds Reserve Account from time to time by the Issuer will not exceed the maximum annual principal of and interest on the Bonds and will not exceed 125% of average annual principal of and interest on the Bonds. Amounts in the Series 1996 A Bonds Reserve Account, not to exceed 10% of the proceeds of the Bonds, if invested, will be invested without yield limitation. The establishment of the Series 1996 A Bonds Reserve Account is required by the Authority, is vital to its purchase of the Bonds, and is reasonably required to assure payments of debt service on the Bonds.

Because amounts in the Renewal and Replacement Fund may be expended for other purposes, there is no reasonable assurance that any such amounts would be available to meet debt service if the Issuer encounters financial difficulties; thus, such amounts may be invested without yield limitation.

14. Not later than simultaneously with the delivery of the Bonds, the Issuer shall enter into a contract for the construction of the Project, and the amount to be expended pursuant to such contract exceeds the lesser of 2 1/2% of the estimated total Project cost financed with proceeds from the sale of the Bonds or $100,000.

15. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. The Project is expected to be completed within 10 months of the date hereof.

16. Except for a reasonable temporary period until such proceeds are needed for the purpose for which such Bonds were issued or as otherwise allowed, no portion of the proceeds of the Bonds will be used, directly or indirectly, to acquire higher yielding investments, or to replace funds which were used, directly or indirectly, to acquire higher yielding investments, all within the meaning of Section 148 of the Code.

17. The Issuer will comply with the provisions of the Code, for which the effective date precedes the date of delivery of its Bonds to the Authority.

18. With the exception of the amount deposited in the Series 1996 A Bonds Sinking Fund for payment of interest on the Bonds, if any, and the amounts deposited in the Series 1996 A Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 10 months from the date of issuance thereof.

19. The Issuer does not expect to sell or otherwise dispose of the Project in whole or in part prior to the last maturity date of the Bonds.

20. The Series 1996 A Bonds Sinking Fund (other than the Series 1996 A Bonds Reserve Account therein) is intended primarily to achieve a proper matching of payments of debt service on the Bonds each year. The Series 1996 A Bonds Sinking Fund (other than the Series 1996 A Bonds Reserve Account therein) will be depleted at least once a year except for a reasonable carryover amount not in excess of the greater of 1/12th of annual debt service on the Bonds, or 1 year's interest earnings on the Series 1996 A Bonds Sinking Fund (other than the Series 1996 A Bonds Reserve Account therein). Except as otherwise allowed, any money deposited in the Series 1996 A Bonds Sinking Fund for payment of the principal of or interest on the Bonds (other than the Series 1996 A Bonds Reserve Account therein), will be spent within a 13-month period beginning on the date of receipt and will be invested without yield limitation, and any moneys received from the investment of amounts held in the Series 1996 A Bonds Sinking Fund (other than in the Series 1996 A Bonds Reserve Account therein) will be spent within a 1-year period beginning on the date of receipt.

21. The amount designated as cost of issuance of the Bonds consists only of costs which are directly related to and necessary for the issuance of the Bonds.

22. All property financed with the proceeds of the Bonds will be held for federal income tax purposes by (or on behalf of) a qualified governmental unit.

23. No more than 10% of the proceeds of the Bonds will be used (directly or indirectly) in any trade or business carried on by, and less than 5% of the proceeds of

the Bonds have been or will be used to make or finance loans to, any person who is not a governmental unit.

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

25. The Issuer shall use the Bond proceeds solely for the costs of the Project, and the Project will be operated solely for a public purpose as a local governmental activity of the Issuer.

26. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from treatment afforded by Section 103(a) of the Code by reason of classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions and refrain from taking such actions as shall be necessary to comply with the Code in order to ensure the interest on the Bonds is excludable from gross income for federal income tax purposes.

27. The Bonds are not and will not be, in whole or in part, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

28. The Issuer is a governmental unit and has general taxing powers; no Bonds are private activity bonds; 95% or more of the net proceeds of the Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and the aggregate face amount of all tax-exempt bonds or obligations (other than private activity bonds) issued by the Issuer during the calendar year 1996, the calendar year in which the Bonds are issued, is not reasonably expected to exceed $5,000,000, determined in accordance with Section 148(f)(4)(D) of the Code. For purposes of this paragraph and for purposes of applying such Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this paragraph and Section 148(f)(4)(D) of the Code, be treated as not issued by such unit; all obligations issued by a subordinate entity shall, for purposes of applying this paragraph and Section 148(f)(4)(D) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(D) of the Code and all other entities benefiting thereby shall be treated as one issuer. No portion of the Bonds is issued to refund other obligations.

29. The Issuer has retained the right to amend or supplement its authorizing documents if such amendment or supplement is necessary to preserve the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

30. The Issuer shall comply with the yield restriction on the proceeds of the Bonds as set forth in the Code.

31. The Issuer has either (a) funded the Series 1996 A Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year with the proceeds of the Bonds, or (b) created the Series 1996 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 1996 A Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year. Moneys in the Series 1996 A Bonds Reserve Account and the Series 1996 A Bonds Sinking Fund (established for the annual payment of principal and interest) will be used solely to pay principal of and interest on the Bonds and will not be available to pay costs of the Project.

32. The Issuer shall submit to the Authority within 15 days following the end of each bond year a certified copy of its rebate calculation or, if the Issuer qualifies for the small governmental issuer exception to rebate, the Issuer shall submit a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge during the bond year which would make the Bonds subject to rebate.

33. There are no other obligations of the Issuer which (a) are to be issued at substantially the same time as the Bonds, (b) are to be sold pursuant to a common plan of financing together with any of the Bonds and (c) will be paid out of substantially the same source of funds or will have substantially the same claim to be paid out of substantially the same source of funds as any of the Bonds.

34. The transactions contemplated herein do not represent an exploitation of the difference between taxable and tax-exempt interest rates and the execution and delivery of the Bonds is not occurring sooner than otherwise necessary, nor are the Bonds in principal amounts greater than otherwise necessary or to be outstanding longer than otherwise necessary.

35. The Issuer will rebate to the United States the amount, if any, required by the Code and will take all steps necessary to make such rebates. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and obtain a waiver from the Internal Revenue Service in order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

36. The Issuer covenants and agrees to comply with the rebate requirements of the Code if not exempted therefrom, and with all other requirements of the Code necessary, proper or desirable to maintain the tax-exempt status of the Bonds.

37. The Issuer shall file Form 8038-G in a timely fashion with the Internal Revenue Service Center, Philadelphia, Pennsylvania 19255.

38. On the basis of the foregoing, it is not expected that the proceeds of any of the Bonds will be used in a manner that would cause any of the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

39. To the best of our knowledge, information and belief, there are no other facts, estimates and circumstances which would materially change the expectations herein expressed.

40. Steptoe & Johnson is entitled to rely upon the representations, expectations, covenants, certifications and statements contained herein in rendering its opinions regarding the tax-exempt status of interest on the Bonds.

41. To the best of our knowledge, information and belief, the foregoing expectations are reasonable.

WITNESS our signatures on this 20th day of August, 1996.

CITY OF OAK HILL

Mayor

City Manager

07/26/96
COHJM.O2
667770/95001

CITY OF OAK HILL

Sewer Revenue Bonds, Series 1996 A
(West Virginia SRF Program)

CERTIFICATE OF ENGINEER

I, Wilbur Smith, Registered Professional Engineer, West Virginia License No. 9046, of Pentree, Incorporated, Princeton, West Virginia, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of certain additions, betterments and improvements (the "Project") to the existing public sewerage system (the "System") of the City of Oak Hill (the "Issuer") to be constructed primarily in Fayette County, West Virginia, which acquisition and construction are being financed in part by the proceeds of the above-captioned bonds (the "Bonds") of the Issuer. Capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Ordinance enacted by the Issuer on December 5, 1995, as supplemented by the Supplemental Resolution adopted by the Issuer on August 6, 1996, and the Loan Agreement, by and among the Issuer, the West Virginia Division of Environmental Protection (the "DEP"), and the West Virginia Water Development Authority (the "Authority"), dated June 10, 1996.

2. The Bonds are being issued for the purposes of (i) paying a portion of the costs of acquisition and construction of the Project; (ii) funding a reserve account for the Bonds; and (iii) paying costs of issuance and related costs.

3. The undersigned hereby certifies that (i) the Project will be constructed in accordance with the approved plans, specifications and designs prepared by my firm and as described in the application submitted to the DEP and the Authority requesting the Authority to purchase the Bonds (the "Application") and approved by all necessary governmental bodies, (ii) the Project is adequate for the purpose for which it was designed and has an estimated useful life of at least 20 years, (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application and my firm has ascertained that all contractors have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified by my firm for accuracy, (iv) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project, (v) the rates and charges for the System as adopted by the Issuer are sufficient to comply with the provisions of Subsection 4.1(b) of the Loan Agreement, (vi) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the

Project as set forth in the Application, and (vii) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project and Sources of Funds" for the Project.

WITNESS my signature and seal ~~on this 20th day of~~ August, 1996.

PENTREE, INC.

(SEAL)

West Virginia License ~~No.~~ 9046

07/26/96
COHJM.P2
667770/95001

Revised 07/29/96

## SCHEDULE A

**NAME OF GOVERNMENTAL AGENCY:** City of Oak Hill

**ESTIMATED TOTAL COST OF PROJECT, SOURCES OF FUNDS AND COST OF FINANCING**

**Revised 05/22/96**

### A. Cost of Project

| | | | |
|---|---|---|---|
| 1. | Construction | $ 1,044,495 | |
| 2. | Technical Services | $ 197,100 | |
| 3. | Legal and Fiscal | $ 10,000 | |
| 4. | Administrative | $ 75,500 | |
| *5. | Site and Other Lands | $ 26,725 | |
| *6. | HUD Audit | $ 500 | |
| 7. | Interim Financing Costs | $ 29,500 | |
| 8. | Contingency | $ 293,088 | |
| 9. | Total of Lines 1 Through 8 | $ 1,676,908 | |
| | | | $ 1,676,908 |

### B. Sources of Funds

| | | | | |
|---|---|---|---|---|
| 10. | Federal Grants:[1] (Specify Sources) | SCBG | $ 750,000 | |
| 11. | State Grants:[1] (Specify Sources) | | $ | |
| | | | $ | |
| | | | $ | |
| | | | $ | |
| 12. | Other Grants:[1] (Specify Sources) | | $ | |
| | | | $ | |
| 13. | Any Other Sources[2] (Specify) | | $ | |
| | | | $ | |
| 14. | Total of Lines 10 Through 13 | | | $ 750,000 |
| 15. | Net Proceeds Required from Bond Issue (Line 9 Less than 14) | | | $ 926,908 |

### C. Cost of Financing

| | | | |
|---|---|---|---|
| 16. | Capitalized Interest (Construction Period plus six months) | $ | |
| 17. | Funded Reserve Account:[3] | $ 60,792 | |
| 18. | Other Costs:[4] (Bond Counsel) | $ 12,300 | |
| | | $ | |
| 19. | Total Cost of Financing (lines 16 through 18) | | $ 73,092 |
| 20. | Size of Bond Issue (Line 15 plus line 19) | | $ 1,000,000 |

* Not allowable for State Revolving Fund Assistance.

| Post-it® Fax Note 7671 | Date 7/29/96 | # of pages ▶ 1 |
|---|---|---|
| To Francesca Tan | From John Tuggle | |
| Co./Dept. Skeptoe & Johnson | Co. Pentree, Inc. | |
| Phone # | Phone # 425-9581 | |
| Fax # 1-211-9182 | Fax # 425-9585 | |

HOWARD M. CLOKE III
Certified Public Accountant
P. O. Box 513
Barboursville, West Virginia 25504
Tel & Fax 304-736-8162

August 20, 1996

City of Oak Hill
Sewer Revenue Bonds, Series 1996 A
(West Virginia SRF Program)

West Virginia Water
Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25065

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

Ladies and Gentlemen:

Based upon the rates and charges as set forth in the sewer rate ordinance of the City of Oak Hill (the "Issuer") enacted November 7, 1995, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by Pentree, Inc., it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the sewerage system of the Issuer, will pay all repair, operation and maintenance expenses and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Sewer Revenue Bonds, Series 1996A (West Virginia SRF Program) (the "Bonds"), to be issued to the West Virginia Water Development Authority and all other obligations secured by or payable from the revenues of the System prior to, on a parity with or junior to such Bonds, including the Issuer's Sewer Revenue Bonds, Series 1988A, Sewer Revenue bonds, Series 1991A, Sewer Revenue Bonds, Series 1988B, and Sewer Revenue bonds, Series 1991B (collectively, the "Prior Bonds"). It is our further opinion that the Net Revenues actually derived from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by the Bonds, shall not be less that 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for principal of and interest on the Bonds and Prior Bonds.

Sincerely,

Howard M Cloke III

Howard M. Cloke III
Certified Public Accountant

HMC\ld

# CHARTER

# CITY OF

# OAK HILL, WEST VIRGINIA

EDITOR'S NOTE: The Oak Hill Charter was approved by the voters on February 18, 1947. Dates appearing in parentheses following section headings indicate those sections were subsequently amended, added or repealed on the date given.

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# CHARTER

# CITY OF

# OAK HILL, WEST VIRGINIA

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**SECTION 1 INCORPORATION.**

The inhabitants of so much of Fayette County, West Virginia as are within the boundaries prescribed by Section Two of this Charter, and their successors, shall be and continue in perpetuity a municipal body politic and corporate under the name of the "City of Oak Hill". In the event of a change in such boundaries in the manner prescribed by law, the inhabitants therein and their successors shall likewise be and continue as such municipal body.

**SECTION 2 CORPORATE LIMITS.**

The corporate limits of the City of Oak Hill shall, for the time being and until changed in the manner provided by law, consist of the land lying within the following boundaries:

BEGINNING at a stake on the northeast side of the Giles, Fayette and Kanawha turnpike, near its junction with the Meadow Fork Road, thence N 62 degrees 45' E 1114 feet to a stake in line of Jones and Gardner; thence on Jones N 54 degrees W 907 feet to a stake and three small hickories, with dogwood and chestnut pointers near Gardner's corner; thence on Jones N 50 degrees E 1068 feet to a stake in line of the old Deviese land, with chestnut oak and white oak pointers; thence N 52 degrees W 403 feet to a black oak, corner to Clark; thence with Clark N 67 degrees E 245 feet to a white oak; thence N 24 degrees 45' W 40 feet, corner to school house lot; thence with and passing school house and church lots N 59 degrees 45' E 979 feet to a poplar and black oak on the north side of Arbuckle Road, corner to J.D. Woods and others; thence S 87 degrees E 461 feet to a white oak on north side of Arbuckle Road; thence N 66 degrees E 289 feet to corner of old Frazier Mill foundation on the north side of Arbuckle Road thence N 15 degrees W 152 feet, corner to C. Mankin and in line of J.S. Lewis; thence with and through C. Mankin, N 70 degrees E 800 feet to a stake in Mankin's field about thirty feet from the edge of the woods; thence N 52 degrees 15' E 403 feet to a stake; thence N 05 degrees 56' E 353 feet to a stake; thence around top of cliff N 41 degrees 26' W 234 feet to a T-rail on top of cliff on Clyde Mankin's property; thence with a straight line N 13 degrees 47' E 1601 feet (crossing Minden Road at 630 feet and Arbuckle Creek) to a stake, corner of Hawkins and M.M. Ingram; thence N 61 degrees 24' E 660 feet, cutting through the Hawkins property, to a stake at intersection of Young and Terry Streets; thence N 81 degrees 17' E 960 feet along south side of Young Street and with rail fence and line of R.D. Terry, O. Johnson and Treadway to a stake in the rail fence in line of M.C. Treadway; thence N 07 degrees 19' W 1233 feet, said line

being east from Park Street; thence N 45 degrees 45' W 314 feet to a stake on line between the third and fourth lots east of Park Street of Belvoir Addition; thence crossing Salem Road diagonally N 13 degrees 11' E 70 feet to a stake at north edge of Salem Road; thence N 63 degrees 54' W 981 feet, approximately on line with Richardson fence and crossing concrete pavment of U.S. Routes 19–21 and nineteen feet past west side of said concrete pavement to a post in old fence near Ray Williams' house; thence N 08 degrees 42' W 1802 feet to a red oak and pine stump and pointers, corner to Duncan property; thence S 80 degrees 56' W 1666 feet to three white oaks by fence, corner to said Duncan property; thence S 00 degrees 22' W 2399 feet to a stake, corner to Highlawn Memorial Park Company; thence S 65 degrees 46' E 464 feet to a set rail in line of said Company; thence S 23 degrees 05' W 1260 feet and on line between Lots 290 and 291, 250 and 251, 213 and 214, 177 and 178, 143 and 144, 111 and 112 of Eastview Addition, to a T–rail in concrete, corner to Eastview Addition, station 3777 on map; thence S 44 degrees 16' W 746 feet to a large white oak beside Arbuckle Creek, station 3717 on map; thence N 65 degrees 22' W 459 feet to a T–rail in concrete, two gum pointers, corner to Duncan, Ryner and Richards; thence with Duncan and Ryner N 56 degrees W 2835 feet to a stake, corner to Bowyer; thence leaving Ryner and with Bowyer S 22 degrees 30' W 1185 feet to a stake in road, corner to Bowyer; thence leaving Bowyer and with the road S 62 degrees 30' E 260 feet to a stake in said road and corner to McLain, thence leaving the road and with McLain S 36 degrees W 820 feet to a stake, corner to McLain and Hill; thence with Hill S 54 degrees E 282 feet to a stake; thence S 37 degrees 45' W 275 feet to a stone, corner to Hill and Wooldridge; thence leaving Hill S 46 degrees W 91 feet to a stake; thence S 59 degrees W 1138 feet, crossing a branch at 108 feet and crossing Loop Creek Road at 1080 feet to a stake in Col. J.W. Davis' line, with small chestnut pointer; thence S 00 degrees 03' W 876 feet, crossing the Loop Creek Road at 650 feet to a white oak on the south side of said road, corner to Duncan, Collins, Davis and others; thence with the south side of the Loop Creek Road S 63 degrees E 813 feet to a stake, corner to J. Blake and Collins; thence with Blake and Collins, S 10 degrees W 550 feet to a stake; thence S 12 degrees E 825 feet to a stake in a deep hollow in line of Gipson; thence up the hollow with Gipson, S 45 degrees E 350 feet to a stake; thence S 38 degrees E 200 feet to a stake, corner to Logan; thence with Logan S 00 degrees 04' W 346 feet to a stake, corner to same; thence S 73 degrees W 900 feet to a stake in Jones' field on northwest hillside; thence through Jones S 48 degrees W 637 feet to a stake in line of Jones and Harvey, with poplar pointer, on north side; thence S 14 degrees W 775 feet to a stake on an east hillside, dogwood and chestnut pointers; thence S 15 degrees E 400 feet, crossing the White Oak Road at 240 feet to a hickory by a branch, corner to Jones and Harvey, thence S 10 degrees W 462 feet to a gum on the side of the hill and in line of Jones and Harvey; thence S 76 degrees E 842 feet to a stake on the top of ridge in Jones' field; thence N 83 degrees E 1470 feet, crossing two deep hollows, to a stake on point of ridge in Jones' field; thence N 17 degrees E 542 feet to a stake by the side of a fence in Jones' field; thence N 61 degrees E 1487 feet to the place of beginning.

EDITOR'S NOTE: See Section 103.01 of the Administrative Code concerning boundary changes subsequent to the adoption of this Charter and the boundaries described above.

**SECTION 3 SUCCESSION.**

The City of Oak Hill, as successor in interest of the municipal corporation heretofore existing of the same name, shall have, own and possess all the rights, property, claims, demands, actions and assets of every kind and nature belonging to such prior corporation at the time this Charter takes effect, and shall also be subject to all the existing debts, obligations, liabilities and duties of such prior municipal corporation.

**SECTION 4 FORM OF GOVERNMENT.**

The "Manager Plan" form of municipal government, as now or hereafter defined by the statutes of the State of West Virginia, is established by this Charter. Subject to the provisions hereof and to any limitations imposed by the Constitution and general laws of the State of West Virginia hereto applicable, all powers of the City shall be vested in an elective City Council, which shall enact local legislation, adopt budgets, determine policies and appoint the City Manager, who shall be the administrative authority of the City and who shall execute the laws and administer the government of the City. All powers of the City shall be exercised in the manner provided by this Charter or, if the manner be not prescribed herein or by the general laws of the State, then in such manner as may be prescribed by ordinance of the City duly enacted by the Council.

**SECTION 5 CORPORATE POWERS.**

The City of Oak Hill shall have all the powers granted to municipal corporations and to cities of its class by the Constitution and general laws of the State of West Virginia, together with all the implied and fairly incidental powers necessary and proper to carry into execution all the powers so granted. Without in any manner limiting the generality of the foregoing, the enumeration of any particular powers herein or in any other section of this Charter not to be deemed in any manner exclusive, the City shall have and exercise all the powers conferred by Chapter Eight-A of the West Virginia Code of 1943, and the City shall have the power: to create by ordinance, appoint the members and provide for the financial support of any of the separate administrative boards provided for in Chapter Eight-A, Article Three, Section Five-A of said Code; to call and hold a special election to submit to the voters of the City the question of the recall of any elected officer of the City in accordance with the provisions of Chapter Eight-A, Article Three, Section Eight of said Code; to provide by ordinance for the establishment of a police court for the City with such powers, jurisdiction and duties as may be therein prescribed and to provide by ordinance for the qualifications and appointment of a police judge for said court; to have and exercise all the powers and rights as set forth in Article Nine of Chapter Eight of said Code, relating to assessments for paving or other permanent street improvements; to provide by ordinance for the establishment, continuance, maintenance, installation and/or improvement of such special services as are described in Chapter Eight, Article Four, Section Twenty of said Code; to have, exercise and provide by ordinance for the manner and method of the exercise of any or all of the powers granted to the City by said Chapter Eight-A, the general laws of the State applicable to municipal corporations, as said chapter or general laws now are or may hereafter be, or granted by this Charter; it being the expressed intention of this Charter that the City shall have and exercise all powers which it would be competent for this Charter to specifically enumerate.

**SECTION 5(a) CITY MAY BE DIVIDED INTO WARDS.**

Immediately upon the adoption of this provision, as provided by law, the Council of said City shall cause the City to be divided into five wards, having due regard to the density of the population of the territory embraced in each ward and the equalization of the population of the several wards. In all instances, where feasible, the boundary lines of the several wards shall be public ways. The division of the City into wards shall be completed not less than 180 days before the first municipal election held hereafter.

The boundaries of the wards may be changed from time to time by the Council provided that no changes may be made in the boundaries of any ward within 90 days next preceding any municipal election.

It shall be the duty of the Council to redistrict the City by ordinance with a period of six months after the official publication by the United States of the population of the City, as revealed in each official census, beginning with the census of 1990. Each ward shall be made to contain, as nearly as possible and consistent with the general laws, an equal number of residents. In addition, Council may redistrict the City at more frequent intervals, as it may deem appropriate, based upon any other such more timely information as may become available.
(Added 10–18–77.)

**SECTION 6 THE COUNCIL AND MAYOR; QUALIFICATIONS; TERMS AND SALARIES; VACANCIES; POWER OF REMOVAL OF OFFICERS.**

The Council shall consist of six members, five of whom shall respectively represent each ward of the City and one of whom shall be elected at large, together with the Mayor. Members of the Council and the Mayor shall be elected by qualified voters of the City for terms of four years or until their successors have been elected to take office.

All members of Council and the Mayor must be citizens of the United States, qualified voters, and bona fide residents of the City and over the age of 18 years. All members of Council representing a ward must be bona fide residents of the ward which they represent. The required residency must be maintained throughout the term of office. No member of Council or the Mayor shall hold during their term of office any other public office or position, including membership on any political executive committee.

If a vacancy occurs, from any cause whatsoever, in the office of councilman or Mayor, Council shall, by a majority vote of the remaining members, appoint a qualified person to fill the vacancy for the remainder of the unexpired term.

Before taking office, the Mayor and all members of the Council shall take the oath or affirmation required by Section 5, Article 4, of the Constitution of this State.

At the first regular meeting of the Council held in July following the regular City election, the newly elected councilmen shall first be inducted into office.

The salaries of the Mayor and all members of the Council shall be fixed by the Council and be payable at such times and on such terms as it may by ordinance direct.

The Council shall have and is hereby granted the power and authority to remove from office any officer, whether elected or appointive, for cause or upon written charges preferred by any responsible citizen of the City to the Council; but to remove from office under this provision at least five of the members of the Council must be present and at least four shall concur in such removal, and the officer against whom the charges are preferred shall be served with notice of the same, together with notice of the time of hearing, a reasonable time prior thereto, and shall likewise receive a copy of the charges preferred showing the nature thereof; he shall have the right to be represented before the Council in person and by attorney and may require that all witnesses be sworn and testify under oath before the Council and to have the testimony taken down. In the event of proceedings hereunder against any elective officer of the City no special election as to the question of the recall of such officer shall thereafter be held during the same term of office of that officer and in the event of such special election being held as to any elective officer no proceedings shall be had hereunder during the same term of office of that officer as to him, the remedies provided herein and by the recall provisions of this Charter being mutually exclusive and not cumulative.
(Amended 10–18–77)

**SECTION 7 QUALIFICATIONS OF VOTERS; REGISTRATION.**

Every person who shall have resided within the territory of the City for thirty days next preceding an election held therein, and who is a qualified voter under the laws and Constitution of this State, and none others, shall be entitled to vote at any election held within the City.

The Council may by ordinance provide such regulations for the registration of voters as the laws of this State may provide, giving effect therein to the permanent registration law of the State of West Virginia. (Amended 2–11–91)

**SECTION 8 CITY ELECTIONS.**

The regular City election shall be held on the first Tuesday in June, 1947, and on the first Tuesday in June of every fourth year thereafter. Special elections shall be called and held for lawful purposes at such times as may be fixed by the Council, in accordance with the general laws of the State relative thereto. All elective City officials shall be chosen at regular City elections.

Any person qualified to serve may file as a candidate for member of Council or the office of Mayor by filing with the City Clerk a certificate of candidacy, on a form to be provided by the City Clerk, accompanied by payment of the prescribed filing fee, payable in lawful currency of the United States or by bank certified check, provided same is done within the specified filing period. All candidacies so filed shall be on a nonpartisan basis.

The filing period shall be from the first Tuesday in March to the first Tuesday in April, inclusive. All qualified persons who have properly filed within the period of filing shall appear on the ballot as a candidate for the office sought, in the order to be determined by lot and on a nonpartisan basis. Drawings for ballot space shall be at a special meeting of Council to be held within five days (Sundays excepted) following the expiration date of the filing period.

Each election shall be conducted under the supervision and direction of the Council of the said City. The mode of voting shall be by ballot, but the voters shall be free to vote an open or secret ballot, as they may elect. The persons conducting said election shall, on the day the election is held and after the votes are duly tallied, deliver the ballots, tally sheets, and poll books to the City Clerk for safekeeping, and thereafter the Council of said City shall meet within five days (Sunday excepted) after said election and canvas the returns of said election and declare the results thereof, and in all respects comply with the requirements of the law relating to elections. Except as otherwise herein provided, the provisions of general law with respect to elections, so far as they may be applicable, shall govern the method of nominating and election the Mayor and members of Council whose terms of office shall be for a period of four years.

The candidate for councilman of a particular ward who received a plurality of the votes cast by voters of that ward shall be declared elected. Likewise, the candidate for Mayor and the candidate for councilman-at-large receiving the highest number of votes cast by the voters in the City shall be declared elected.

When the City shall have been laid off into wards, each ward may contain a voting precinct if so designated by Council. However, if only one voting precinct is designated for the City election, it must be at the City Hall. There shall be no voting precinct established for any ward unless a voting precinct is designated for each ward. The polling place for the City election shall be the West Virginia National Guard Armory located at 469 Central Avenue, or as otherwise designated by Council and notice thereof published in accordance with the applicable provisions of the West Virginia Code.

The Council shall fix a filing fee not to exceed ten percent of the yearly compensation for councilman and ten percent of the yearly compensation for Mayor, which filing fee must be paid at the time the certificate of candidacy is filed.

Whenever two or more persons receive an equal number of votes for Mayor or member of Council, such tie shall be decided by the Council in existence at the time the election is held.

All contested election issues shall be heard and determined by the Council in existence at the time the election is held, and the contest shall be made and conducted in the manner provided for in contests for county and district offices, and the Council, in their proceedings in such cases shall, as nearly as practicable, conform with like proceedings of the County Commission in such cases.
(Amended 10-18-77; 2-11-91)

## SECTION 9 MEETINGS OF THE COUNCIL; RULES OF PROCEDURE; JOURNAL.

Regular meetings of the Council shall be held on the first Tuesday of each month, at such hour as the Council may by rule prescribe. Special meetings may be held at any time upon the call of the Mayor or any four councilmen and upon such notice as the Council may by rule prescribe. A majority of the full membership of the Council shall constitute a quorum for the doing of business but a lesser number may adjourn the meeting from time to time. All meetings of the Council shall be open to the public and any citizen of the City shall have the right to be heard by the Council at such times and under such reasonable rules as the Council may by rule prescribe.

The Council shall by resolution adopt by-laws prescribing its own rules, procedure and order of business and shall keep a journal of all of its proceedings which shall be open to public inspection.

**SECTION 10 POWERS OF THE COUNCIL; APPOINTMENT AND SALARY OF THE CITY MANAGER; QUALIFICATIONS; REMOVAL; APPOINTMENT OF CHIEF AND MEMBERS OF POLICE DEPARTMENT.**

Except as otherwise provided in this Charter, all of the powers of the City and the determination of all matters of policy shall be vested in the Council. The Council shall provide by ordinance for the execution of any or all powers granted to the City.

The Council shall appoint a City Manager to serve for such period of time as it and the Manager may by contract agree, but such contract shall not, in any event, be for a longer period of time than the length of the term then remaining of the Council so appointing the Manager. Such contract shall expressly provide that it is subject to all provisions of this Charter. The Council shall fix the salary of the Manager in such contract. The Manager shall be chosen by the Council solely on the basis of his executive and administrative qualifications, with special reference to his experience and training in the field of city management. During his tenure of office he shall reside within the City. No councilman, during his term of office and for one year thereafter, shall be eligible for appointment as City Manager.

The Council may remove the Manager from office at any time by a majority vote of its members. At least thirty days before such removal shall become effective, the Council shall by a majority vote of its members adopt a preliminary resolution stating the reasons for his removal, a copy of which shall be forthwith delivered to the Manager. The Manager may reply in writing within ten days after such delivery and may request a public hearing, which shall be held not earlier than ten days and not later than twenty days after the filing of such request. After such public hearing, if one be requested, or if not requested, at a private hearing, and after full consideration, the Council may by a majority vote of its members adopt a final resolution of removal. By the preliminary resolution the Council may suspend the Manager from duty but shall in any case except that of fraud or gross malfeasance cause the Manager to be paid forthwith any unpaid balance of his salary and, if the final resolution of removal is adopted, his salary for the calendar month following adoption of the preliminary resolution, which payments shall constitute a full settlement of all liability of the City to the Manager under his contract of employment.

The Council shall appoint and employ the Chief and all members of the Police Department and shall fix their respective salaries. The Council shall remove or discharge the Chief or members of such Department at its sole discretion.

**SECTION 10(a) POWERS AND DUTIES OF THE MAYOR.**

The Mayor shall preside at all meetings of the Council; shall be recognized as head of the City government for all ceremonial and military purposes; and shall be the proper officer to execute deeds, contracts (except such contracts as the Council may authorize the City Manager to execute) or similar formal documents for and on behalf of the City, but the Mayor shall have no regular administrative duties. On all matters coming before the Council, the Mayor shall not have the right to vote except in the case of a tie vote.

In the absence of the Mayor, the Council, by majority vote, shall select one of its members to preside at meetings of Council and otherwise perform the Mayor's duties during such absence.

(Added 10–18–77)

**SECTION 11 COUNCIL NOT TO INTERFERE IN APPOINTMENTS OR REMOVALS.**

Neither the Council nor any of its members shall direct or request the appointment of any person to, or his removal from, office by the City Manager or any of his subordinates; nor, except upon the express request of the City Manager, shall the Council or any of its members suggest or advise any such appointment or removal, but nothing herein contained shall in any manner affect or abrogate the right of the Council, as a body, to require the Manager to conform to its lawful orders and to be strictly responsible for the proper conduct and administration of his duties.

**SECTION 12 POWERS AND DUTIES OF THE CITY MANAGER.**

The City Manager shall be the chief executive officer and the head of the administration branch of the City government. He shall be responsible to the Council for the proper and efficient administration of all affairs of the City and to that end, subject to the provisions of this Charter, shall have power and shall be required to:

(a) Appoint, and when deemed necessary or advisable, remove, all officers and employees of the City except as otherwise provided by this Charter and except as he may authorize the head of a department or office to appoint and remove subordinates in such department or office;

(b) Prepare the annual budget and submit it to the Council and be responsible for its administration after adoption by the Council;

(c) Prepare and submit to the Council as of the end of the fiscal year a complete report on the finances and administrative activities of the City for the preceding year;

(d) Keep the Council advised concerning the financial condition and future needs of the City and make such recommendations as to him may seem desirable;

(e) Perform such other duties as may be required of him by this Charter, by general law, or by order of the Council.

The Manager may by letter filed with the City Clerk designate some qualified administrative officer of the City to perform the duties of the Manager during his temporary absence or disability. If the Manager fails to make such designation, the Council may by resolution appoint an officer of the City to act for the Manager during his absence or disability.

**SECTION 13 CITY CLERK.**

The Council shall appoint an officer of the City who shall have the title of City Clerk and who may be the City Manager, to serve at its will and pleasure and shall fix his salary. The Clerk shall act as the secretary of the Council, shall give notice of its meetings, keep the journal of its proceedings, authenticate by his signature and record in full in a book kept for the purpose, all ordinances and resolutions of the Council; he shall have custody of and keep open to public inspection when not in use all books and permanent records of the City, and shall also perform such other duties as may be required of him by this Charter or by order of the Council.

**SECTION 14 CITY TREASURER.**

The Council shall appoint a City Treasurer to serve at its will and pleasure and shall fix his salary. The Treasurer shall be responsible for the custody of all City funds and for their disbursement on such order or requisition as the Council may prescribe. He shall, under the supervision of the City Manager, be charged, except as may be otherwise provided by law, with the collection of taxes, special assessments and other revenues. It shall be the duty of the Treasurer to see that the accounts of the City are kept in a detailed and systematic manner, under the proper classification so as to show the bonded and other indebtedness of the City, and the amounts and claims due the City, as well from taxes, levies and assessments as from other sources. The City Treasurer shall, under the direction of the Manager, assist in the preparation of the levy estimate for each year and shall submit the same to the Council in accordance with its direction.

**SECTION 15 CITY ATTORNEY.**

The Council may appoint a City Attorney to serve as its will and pleasure who shall be a duly licensed attorney at law. His salary shall be such as agreed upon between him and the Council and as fixed by the Council.

The City Attorney shall be the legal adviser of the Council and of all officers, departments and agencies of the City in matters relating to their official powers and duties.

He shall represent the City in all legal proceedings and shall also perform such other duties incident to his position as may be required of him by law or by the order of the Council.

**SECTION 16 ADMINISTRATIVE OFFICES AND DEPARTMENTS.**

There shall be in the City government a Police Department, a Fire Department, a Street Department and such other administrative departments as may by ordinance be created by the Council. Each department shall have such powers and duties as may be assigned to it by the Council. The City Manager shall appoint, subject to the confirmation thereof by the Council, as the head of each department except the Police Department, a chief or director, who shall be responsible for the efficient administration of the department and subject to the supervision and direction of the Manager. Two or more departments may be headed by the same individual and the Manager may, with the approval of the Council, be the head of one or more departments.

The Council may by ordinance create, combine, change or abolish offices, departments or agencies, other than those established by this Charter. The Council may assign additional duties or functions to any office, department or agency created by this Charter but may not discontinue or transfer any function or duty assigned by this Charter to any particular office, department or agency.

**SECTION 17 CONTRACTS AND PURCHASES; OFFICERS NOT TO BE PERSONALLY INTERESTED IN; PENALTY.**

Except as otherwise provided in this section, the Council may by resolution prescribe rules and regulations governing the making of contracts and purchases by City officials. Competitive bidding, after due advertisement, shall be required in the case of all contracts for City improvements costing more than one thousand dollars ($1000.00) and all contracts for the purchase of supplies and equipment, except such as may be purchased under the next paragraph of this section, shall be first approved by the Council.

The Council may provide by ordinance for the centralized purchasing of material, supplies and equipment. By agreement with the State Director of Purchases, the Council may authorize the Manager or purchasing agent of the City to purchase through the State Department of Purchases or may authorize agreements with one or more municipalities, counties and/or county boards of education for centralized purchasing for all governmental units which are parties to such an agreement.

It shall be unlawful for the Council or any member thereof, or other officer or officers of the City, to be interested personally, either directly or indirectly, or as a member, manager, officer or stockholder of any partnership, business, firm or corporation, in any contract furnishing material or supplies to the City or to any contractor or workman for the City, whereby the taxpayers of the City shall become the paymaster, either directly or indirectly. Any violation of the provisions of this section, by any member of the Council or other officer of the City, is a misdemeanor and upon conviction thereof said member or officer shall be fined not less than fifty dollars ($50.00) nor more than five hundred dollars ($500.00), and shall forfeit his office.

**SECTION 18 AUDITS AND ACCOUNTS; BONDS OF OFFICERS AND EMPLOYEES.**

The Council shall by resolution provide for such system of collecting, auditing, budgeting, accounting and record-keeping as may in its opinion be necessary or desirable.

The Council shall require the Manager and Treasurer, and may require any other City officer or employee, to give bond for the faithful performance of his duties in such amounts and with corporate surety as the Council may determine. The premium on such bonds shall be paid by the City.

In addition to the regular annual audit made by the State Tax Commissioner, the Council may at any time it is deemed necessary employ qualified public accountants to make special independent audits of the finances of the City or of the accounts of any officer.

**SECTION 19 ORDINANCES.**

In addition to such acts of the Council as are required by this Charter or by general law to be by ordinance, every act of the Council establishing a fine or other penalty or providing for the contracting of indebtedness, shall be by ordinance. All ordinances hereafter enacted shall be enacted in accordance with the provisions of this Charter, the general laws of this State and particularly with the provisions of Chapter Eight-A of the West Virginia Code of 1943, as amended.

The enacting clause of all ordinances shall be: "Be it enacted and ordained by the Council of the City of Oak Hill:"

**SECTION 20 EFFECT OF CHARTER ON EXISTING ORDINANCES AND ADMINISTRATIVE RULES AND REGULATIONS.**

All existing ordinances and all existing administrative rules, regulations and practices, if not inconsistent or in conflict with this Charter, shall continue in full force and effect until repealed or modified by the Council or other competent authority of the City and, without limiting the generality of the foregoing, the ordinance relating to zoning of the City for business, building and other purposes as adopted on the 7th day of January, 1946, shall remain in full force and effect in all respects. All ordinances, rules, regulations and practices as are inconsistent or in conflict with this Charter shall, unless sooner repealed or modified, continue in full force and effect for a period of sixty days only, and at the end of that period shall, to the extent of such inconsistency or conflict, be of no further force or effect.

**SECTION 21 FISCAL YEAR.**

The fiscal year of the City government shall begin on the first day of July and shall end on the last day of June of each calendar year. Such fiscal year shall also constitute the budget and accounting year.

**SECTION 22 PREPARATION, SUBMISSION AND ADOPTION OF BUDGET.**

The City Manager shall, in accordance with the provisions of this Charter and under such rules and regulations as the Council may prescribe, at least thirty days prior to the beginning of each budget year, submit to the Council a proposed budget and budget explanatory message in the form as desired by the Council. A public hearing on the question of the adoption of the proposed budget shall be held by the Council not later than fifteen days prior to the beginning of the budget year and the budget shall be adopted by the favorable vote of at least a majority of all the members of the Council.

The budget shall be adopted not later than the twenty-seventh day of the last month of the fiscal year prior to the beginning of the new budget year. Should the Council take no final action on or prior to such day, the budget, as submitted, shall be deemed to have been adopted by the Council and shall be in effect for the budget year, but the budget, as adopted, shall be subject to such revision by the Council as may be appropriate for the laying of the levy for the ensuing year.

**SECTION 23 BUDGET AS ESTABLISHING APPROPRIATIONS.**

From the effective date of the budget, the several amounts stated therein as proposed expenditures shall be and become appropriated to the several objects and purposes therein named.

**SECTION 24 FOR WHAT PURPOSE FUNDS MAY BE EXPENDED.**

The Council or any other officer of the City expending funds thereof derived from the levying of taxes shall expend the funds only for the purposes for which they were raised.

**SECTION 25 UNLAWFUL EXPENDITURES AND OBLIGATIONS.**

The Council shall not expend money or incur obligations, or authorize the expenditure of money or the incurring of any obligations:

(a) In an unauthorized manner;
(b) For an unauthorized purpose;
(c) In excess of the amount allocated to the fund in the levy order;
(d) In excess of the funds available for current expenses.

**SECTION 26 WHEN INDEBTEDNESS, CONTRACTS OR DRAFTS ARE VOID.**

Any indebtedness created, contract made, or order or draft issued in violation of Sections 24 and/or 25 of this Charter shall be void.

**SECTION 27 RECOVERY OF UNLAWFUL EXPENDITURE; CANCELLATION OF UNLAWFUL OBLIGATION.**

Whenever the Council expends money or incurs obligations in violation of Sections 24 and/or 25 of this Charter, suit shall be instituted in the name of the City in a court of competent jurisdiction to recover the money expended or to cancel the obligation, or both.

**SECTION 28 PERSONAL LIABILITY OF OFFICER PARTICIPATING IN UNLAWFUL EXPENDITURE; RECOVERY OF UNLAWFUL EXPENDITURE FROM PARTICIPATING OFFICER.**

Any officer of the City who in his official capacity participates in the violation of Sections 24 and/or 25 of this Charter shall be personally liable, jointly and severally, for the amount illegally expended.

Any officer who in his official capacity wilfully participates in an illegal expenditure may be proceeded against in a civil action in any court of competent jurisdiction for the recovery of the amount illegally expended and such action may be brought by the City, a taxpayer thereof, the State Tax Commissioner or any person prejudiced thereby. All moneys recovered in such proceeding shall be paid into the Treasury of the City and credited to the proper fund.

**SECTION 29 CRIMINAL LIABILITY OF OFFICER VIOLATING PROVISIONS OF THIS CHARTER.**

An officer who in his official capacity violates Sections 24 and/or 25 of this Charter shall be guilty of a misdemeanor and upon conviction shall be fined not more than five hundred dollars ($500.00) or confined in jail for a period not exceeding one year, or both. Upon conviction he shall also forfeit his office.

**SECTION 30 PRESERVATION OF PRIOR TAXING POWERS.**

The City shall have all the powers of taxation, other than property taxes, which are contained and were granted to its predecessor municipal corporation, and which are not in conflict with general law, as were contained in the Charter of such prior corporation as contained and enacted in House Bill Number 71, Chapter 16 of the Acts of the Legislature of West Virginia, one thousand nine hundred twenty–five.

**SECTION 31 EFFECTIVE DATE OF CHARTER.**

For the purpose of nominating and electing members of the Council, this Charter shall be in effect from and after the date of its adoption by the voters of the City in the manner provided by law. For all other purposes it shall be in effect on and after the first day of July next following the first election under the provisions thereof.

**SECTION 32 SEPARABILITY CLAUSE.**

If any section or part of section of this Charter shall be held invalid by a court of competent jurisdiction, such holding shall not affect the remainder of this Charter nor the context in which such section or part of section so held invalid may appear, except to the extent that an entire section or part of section may be inseparably connected in meaning and effect with the section or part of section to which such holding shall directly apply.

**CITY OF OAK HILL**

**OATH OF OFFICE**

I, Calvin Stewart Jones, being duly elected to the Office of Mayor, do hereby affirm that I will support the Constitution of the United States of America; the Constitution of the State of West Virginia; and the Charter and City Code of the City of Oak Hill to the best of my ability, so help me God.

Given under my hand this the 11th day of July, 1995.

Calvin Stewart Jones

**Witness:**

Virginia Frst

Subscribed and sworn before me this 11th day of July, 1995.

My commission expires SEPTEMBER 7, 2004

Genevieve Smith
**Notary Public**

Official Seal
Notary Public, State of West Virginia
Genevieve Smith
Route 1, Box 288-A
Fayetteville, WV 25840
My commission expires September 7, 2004

**CITY OF OAK HILL**

**OATH OF OFFICE**

I, Larry Elmer Harding, being duly elected to the Office of Council Member - Ward I, do hereby affirm that I will support the Constitution of the United States of America; the Constitution of the State of West Virginia; and the Charter and City Code of the City of Oak Hill to the best of my ability, so help me God.

Given under my hand this the 11th day of July, 1995.

Larry Elmer Harding

Larry Elmer Harding

**Witness:**

Virginia Fox

Subscribed and sworn before me this 11th day of July, 1995.

My commission expires SEPTEMBER 7, 2004

Official Seal
Notary Public, State of West Virginia
Genevieve Smith
Route 1, Box 288-A
Fayetteville, WV 25840
My commission expires September 7, 2004

Genevieve Smith

**Notary Public**

**CITY OF OAK HILL**

**OATH OF OFFICE**

I, Jeffrey (Jeff) Atha, being duly elected to the Office of Council Member - Ward II, do hereby affirm that I will support the Constitution of the United States of America; the Constitution of the State of West Virginia; and the Charter and City Code of the City of Oak Hill to the best of my ability, so help me God.

Given under my hand this the 11th day of July, 1995.

Jeffrey (Jeff) Atha

**Witness:**

Subscribed and sworn before me this 11th day of July, 1995.

My commission expires SEPTEMBER 7, 2004

Official Seal
Notary Public, State of West Virginia
Geneveve Smith
Route 1, Box 288-A
Fayetteville, WV 25840
My commission expires September 7, 2004

**Notary Public**

**CITY OF OAK HILL**

**OATH OF OFFICE**

I, Dale Allen Watkins Sr., being duly elected to the Office of Council Member - Ward III, do hereby affirm that I will support the Constitution of the United States of America; the Constitution of the State of West Virginia; and the Charter and City Code of the City of Oak Hill to the best of my ability, so help me God.

Given under my hand this the 11th day of July, 1995.

Dale Allen Watkins Sr.

Dale Allen Watkins Sr.

**Witness:**

Virginia Fry

Subscribed and sworn before me this 11th day of July, 1995.

My commission expires SEPTEMBER 7, 2004

Official Seal
Notary Public, State of West Virginia
Genevieve Smith
Route 1, Box 288-A
Fayetteville, WV 25840
My commission expires September 7, 2004

Genevieve Smith

**Notary Public**

**CITY OF OAK HILL**

**OATH OF OFFICE**

I, Barbara K. Hickman, being duly elected to the Office of Council at Large, do hereby affirm that I will support the Constitution of the United States of America; the Constitution of the State of West Virginia; and the Charter and City Code of the City of Oak Hill to the best of my ability, so help me God.

Given under my hand this the 11th day of July, 1995.

Barbara K. Hickman

**Witness:**

Virginia Fox

Subscribed and sworn before me this 11th day of July, 1995.

My commission expires SEPTEMBER 7, 2004

Official Seal
Notary Public, State of West Virginia
Genevieve Smith
Route 1, Box 268-A
Fayetteville, WV 25840
My commission expires September 7, 2004

Genevieve Smith
**Notary Public**

**CITY OF OAK HILL**

**OATH OF OFFICE**

I, Orvill Eugen Thomas, being duly elected to the Office of Council Member - Ward IV, do hereby affirm that I will support the Constitution of the United States of America; the Constitution of the State of West Virginia; and the Charter and City Code of the City of Oak Hill to the best of my ability, so help me God.

Given under my hand this the 11th day of July, 1995.

Orvill Eugen Thomas

**Witness:**

Subscribed and sworn before me this 11th day of July, 1995.

My commission expires SEPTEMBER 7, 2004

Official Seal
Notary Public, State of West Virginia
Genevieve Smith
Route 1, Box 268-A
Fayetteville, WV 25840
My commission expires September 7, 2004

**Notary Public**

**CITY OF OAK HILL**

**OATH OF OFFICE**

I, Dianna E. Smallwood, being duly elected to the Office of Council Member - Ward V, do hereby affirm that I will support the Constitution of the United States of America; the Constitution of the State of West Virginia; and the Charter and City Code of the City of Oak Hill to the best of my ability, so help me God.

Given under my hand this the 11th day of July, 1995.

Dianna E. Smallwood

Dianna E. Smallwood

**Witness:**

Virginia Fox

Subscribed and sworn before me this 11th day of July, 1995.

My commission expires SEPTEMBER 7, 2004

Official Seal
Notary Public, State of West Virginia
Genevieve Smith
Route 1, Box 288-A
Fayetteville, WV 25840
My commission expires September 7, 2004

Genevieve Smith

**Notary Public**

OFFICE OF MAYOR -

OFFICE OF CITY MANAGER
THOMAS OXLEY

# CITY OF OAK HILL

OAK HILL, WEST VIRGINIA 25901
INCORPORATED 1925
P.O. BOX 1245
304-469-9541

## OATH OF OFFICE

I, Virginia M. Fox, being duly appointed to office of City Clerk-Treasurer, do hereby affirm that I will support Constitution of the United States of America; the Constitution of the State of West Virginia; and the Charter and City Code of the City of Oak Hill to the best of my ability, so help me God.

Given under my hand this the 2 nd day of AUGUST, 1996.

Virginia M. Fox

Virginia M. Fox

Witness:

Subscribed to and sworn to before me this the 2nd day of August 1996.

My Commission expires Sept. 7, 2004.

Official Seal
Notary Public, State of West Virginia
Geneveve Smith
Route 1, Box 288-A
Fayetteville, WV 25840
My commission expires September 7, 2004

Notary Public

OFFICE OF MAYOR -

OFFICE OF CITY MANAGER
THOMAS OXLEY

# CITY OF OAK HILL

OAK HILL, WEST VIRGINIA 25901
INCORPORATED 1925
P.O. BOX 1245
304-469-9541

## OATH OF OFFICE

I, Thomas M. Oxley, being duly appointed to office of City Manager, do hereby affirm that I will support Constitution of the United States of America; the Constitution of the State of West Virginia; and the Charter and City Code of the City of Oak Hill to the best of my ability, so help me God.

Given under my hand this the 2nd day of August, 1996.

T. M. Oxley

Thomas M. Oxley

Witness:

Debbie S. Jones

Subscribed to and sworn to before me this the 2nd day of August 1996.

My Commission expires Sept. 7, 2004.

Official Seal
Notary Public, State of West Virginia
Genevieve Smith
Route 1, Box 288-A
Fayetteville, WV 25840
My commission expires September 7, 2004

Genevieve Smith

Notary Public

# ARTICLE 155
## Sanitary Board


155.01 Creation.
155.02 Powers and duties.
155.03 Membership.
155.04 Officers.
155.05 Compensation.
155.06 Financial statement.


CROSS REFERENCES
Composition of board – see W.Va. Code 16–13–18
Publication of financial statement – see W.Va. Code 16–13–18a
Powers and duties – see W.Va. Code 16–13–3 et seq.

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**155.01 CREATION.**

The Sanitary Board of the City heretofore duly created by an ordinance enacted on June 3, 1947, is hereby continued in existence and the provisions of such ordinance are hereby reaffirmed except as expressly herein modified, and all acts of the Board therein created are hereby ratified and confirmed.
(1958 Code Sec. 913.02)

**155.02 POWERS AND DUTIES.**

The Sanitary Board shall have the supervision and control of the custody, administration, operation and maintenance of any and all works for the collection and treatment of sewage, which are now owned or may hereafter be acquired by the City. The Board shall have power to take all steps and proceedings and to make and enter into all contracts or agreements necessary or incidental to the performance of its duties and the execution of the powers granted to it by law, and shall have all of the powers granted to such Board under and by virtue of West Virginia Code Article 16–13 as the same now exists and may hereafter be amended; but the powers of the Board shall be subject to all restrictions and limitations contained in West Virginia Code Article 16–13 as the same now exists or may hereafter be amended. The Board may employ engineers, architects, inspectors, superintendents, a manager, collectors, attorneys and such other employees as in its judgment may be necessary in the execution of its powers and duties, and may fix their compensation, all of

whom shall do such work as the Board shall direct. All such compensation and all expenses incurred in carrying out the provisions of West Virginia Code Article 16-13 shall be paid solely from funds provided under the authority of such article and the Board shall not exercise or carry out any authority or power given it so as to bind the Board or the City beyond the extent to which money shall have been or may be provided under the authority of West Virginia Code Article 16-13. No contract or agreement with any contractor for labor or material exceeding the amount provided in West Virginia Code 16-13-3 shall be made without advertising for bids, which bids shall be publicly opened and an award made to the lowest qualified bidder, with power in the Board to reject any and all bids. The construction, acquisition, improvement, equipment, custody, operation and maintenance of any such works for the collection, treatment or disposal of sewage and the collection of revenues therefrom for the service rendered thereby shall be under the supervision and control of the Board. After the construction, installation and completion of such works, the Board shall operate, manage and control the same and may order and complete any extensions, betterments and improvements of and to the works that the Board may deem expedient if funds therefor are available or are made available as provided by law, and shall establish rules and regulations for the use and operation of the works and of other sewers and drains connected therewith so far as they may effect the operation of such works and do all things necessary or expedient for the successful operation thereof. The Board may declare an emergency situation in the event of collector line breaks or vital treatment plant equipment failure and shall be exempted from competitive bidding requirements and enter into direct purchase agreements or contracts for such expenses. All public ways or public works damaged or destroyed by the Board in carrying out its authority under this article shall be restored or repaired by the Board and placed in their original condition, as nearly as practicable, if requested so to do by proper authority, out of the funds provided by this article. The Board shall have any and all other powers granted to it by West Virginia Code Article 16-13 or which may be granted to it by any amendments to West Virginia Code Article 16-13 hereafter made, subject to any and all restrictions and limitations therein contained.
(1958 Code Sec. 913.03)

**155.03 MEMBERSHIP.**

The Sanitary Board shall be composed of the Mayor or the City Manager and two residents of the City appointed to the Board by Council. No other officer or employee of the City, whether holding a paid or unpaid office, shall be eligible to appointment on the Board until at least one year after the expiration of the term of his public office. The term of the members of the Board appointed by Council shall be for three years and the Mayor or City Manager shall serve as such during the term of his office, the present members of the Board heretofore duly appointed and their terms are hereby confirmed. The successive successors of each such member shall be appointed to the term of three years. Vacancies shall be filled by Council for any unexpired term which may hereafter occur, in the same manner as the original appointment. No bond shall be required of the members of the Board except the treasurer thereof, as hereinafter provided.
(1958 Code Sec. 913.04)

**155.04 OFFICERS.**

The Mayor or City Manager shall act as chairman of the Sanitary Board, which shall elect a vice–chairman from its members. The Board shall also designate a secretary and a treasurer (but the secretary and the treasurer may be one and the same), either of whom may or may not be a member of the Board. The vice–chairman, secretary and treasurer shall hold office as such during the will and pleasure of the Board.
(1958 Code Sec. 913.05)

**155.05 COMPENSATION.**

The treasurer of the Sanitary Board, with whom the members of the Board shall hold joint control over all funds of the Board, shall be required to give bond conditioned upon the faithful performance of his duties as such treasurer and the faithful accounting of all moneys which may come into his hands as such treasurer and otherwise conditioned as required by law, in a sum deemed sufficient by the Board and with surety to be approved by the Board.
(1958 Code Sec. 913.06)

**155.06 FINANCIAL STATEMENT.**

The Sanitary Board shall prepare and cause to be published a financial statement in conformity with the provisions of the West Virginia Code 16–13–18a.
(1958 Code Sec. 913.09)

CITY OF OAK HILL

Sewer Revenue Bonds, Series 1996 A
(West Virginia SRF Program)

PETITION OF SANITARY BOARD

The Sanitary Board of the City of Oak Hill (the "City") hereby petitions the Council of the City to enact an ordinance directing that sewer revenue bonds of the City be issued pursuant to the provisions of Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended, such bonds to be in an amount not to exceed $1,000,000 for the purpose of financing the costs of acquisition and construction of additions, betterments and improvements to the existing public sewerage system of the City, together with all necessary appurtenances, and the costs of issuance and related costs.

Directed this 11th day of October, 1995.

SANITARY BOARD OF THE CITY OF
OAK HILL

Chairman

08/06/96
COHJM.W2
667770/95001

AN ORDINANCE TO AMEND
PART 9, CHAPTER 3, ARTICLE 15, SECTION 1,
OF THE CODE OF THE CITY OF OAK HILL

BE IT ENACTED AND ORDAINED BY THE COUNCIL OF THE CITY OF OAK HILL THAT PART 9, CHAPTER 3, ARTICLE 15, SECTION 1 OF THE CODE OF THE CITY OF OAK HILL BE AMENDED AND REENACTED TO PROVIDE AS FOLLOWS:

The following schedule of rates, fees, charges and delayed payment penalty charges are hereby fixed and determined as the rates, fees, charges and delayed payment penalty to be charged to customers of the sewer facilities of the City of Oak Hill throughout the territory served.

## SECTION 1. SCHEDULE OF RATES

APPLICABILITY

Applicable in entire area served.

AVAILABILITY OF SERVICE

Available for general domestic and commercial sanitary sewer service.

RATES (Based upon the metered amount of water supplied)

$4.80 per 1,000 gallons of water used per month

Each unmetered customer shall be charged a flat rate of $14.40 per month.

MINIMUM MONTHLY CHARGE

The minimum monthly charge to any user of the sewerage system shall be $14.40.

Apartment buildings and other multiple-occupancy buildings shall be required to pay not less than a minimum $14.40 monthly charge for each unit. Hotels and motels shall be exempt from this charge.

House trailer or mobile home courts served through a single meter shall be required to pay a minimum charge of $14.40 per month multiplied by the number of units in place at the time the meter is read.

INDUSTRIAL SEWAGE

Rates for special industrial sewage connections will be fixed by the Sanitary Board of the City in the event the foregoing rates shall be deemed to be inequitable in any case. All bills shall be rendered monthly and shall be due when mailed to the last known address of the party owning or controlling property served.

DELAYED PAYMENT PENALTY

A 10% penalty shall be added to all charges not paid within 20 days from the date of the billing. This delayed payment is not interest and is only to be collected once for each bill where it is appropriate.

SEWER CONNECTION CHARGE

| | |
|---|---|
| Normal tap-on fee | $100.00 |
| Tap-on and booster service fee in pump station areas | $200.00 |

This fee is to pay for damage to, inspection of, extension of and rights-of-way for sanitary sewers within the system.

## SECTION 2. EFFECTIVE DATE

The rates, fees, charges and delayed payment penalty charges provided herein shall be effective 45 days after the enactment hereof.

## SECTION 3. SEPARABILITY; REPEAL OF CONFLICTING ORDINANCES

The provisions of this Ordinance are separable, and if any clause, provision or section hereof be held void or unenforceable by any court of competent jurisdiction, such holding shall not affect the remainder of this Ordinance. All resolutions, orders or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflicts, hereby repealed; and to the extent that the provisions of this Ordinance do not touch upon the provisions of prior resolutions, orders or parts thereof, the same shall remain in full force and effect.

SECTION 4. STATUTORY NOTICE AND PUBLIC HEARING

Upon introduction hereof, the Recorder shall publish a copy of this Ordinance once a week for 2 successive weeks within a period of 14 consecutive days, with at least 6 full days intervening between each publication, in The Fayette Tribune, being the only newspaper published and of general circulation in the City of Oak Hill, West Virginia, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before Council on November 7, 1995, at 7:00 p.m., which date is not less than 10 days subsequent to the date of the first publication of the Ordinance and notice, and present protests. At such hearing all objections and suggestions shall be heard and the Council shall take such action as it shall deem proper in the premises.

The foregoing Rate Ordinance has been introduced at a meeting of Council held September 5, 1995. Any person interested may appear before Council on November 7, 1995, at 7:00 p.m., and present protests. Council will then take such action as it shall deem proper in the premises.

Passed on First Reading: September 5, 1995

Passed on Second Reading
Following Public Hearing: November 7, 1995

Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the CITY OF OAK HILL on the 7th day of November, 1995.

Dated: August 20, 1996.

[SEAL]

Virginia M Fox
City Clerk

08/06/96
COHJM.G2
667770/95001

...e inequitable in ...dered monthly and shall be due when mailed to the last known address of the party owning or controlling property served.

Delayed Payment Penalty: A 10% penalty shall be added to all charges not paid within 20 days from the date of the billing. This delayed payment is not interest and is only to be collected once for each bill where it is appropriate.

Sewer Connection Charge:

Normal tap-on fee $100.00

Tap-on and booster service fee in pump station areas $200.00

This fee is to pay for damage to, inspection of, extension of and rights-of-way for sanitary sewers within the system.

SECTION 2, EFFECTIVE DATE

The rates, fees, charges and delayed payment penalty charges provided herein shall be effective 45 days after the enactment hereof.

SECTION 3, SEPARABILITY, REPEAL OF CONFLICTING ORDINANCES

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

SECTION 4, STATUTORY NOTICE AND PUBLIC HEARING

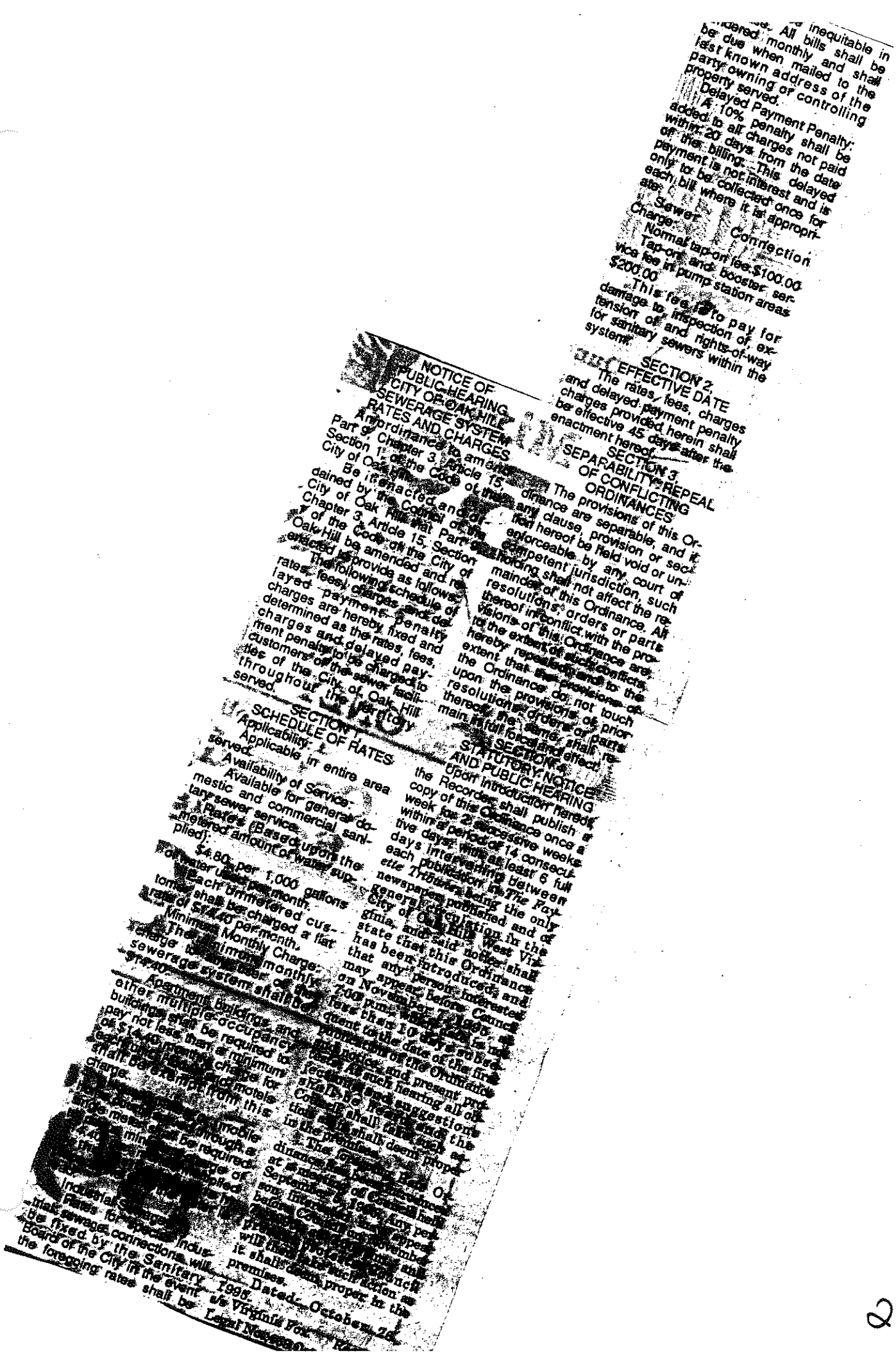
Upon introduction hereof, the Recorder shall publish a copy of this Ordinance once a week for 2 successive weeks within a period of 14 consecutive days, with at least 6 full days intervening between each publication in *The Fayette Tribune*, being the only newspaper published and of general circulation in the City of Oak Hill, West Virginia, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before Council on November 7, 1995, at 7:00 p.m., which date is not less than 10 days subsequent to the date of the first publication of the Ordinance and notice, and present protests and suggestions. As such hearing all objections and suggestions shall be heard and the Council shall take such action as it shall deem proper in the premises.

The foregoing Bill Ordinance has been introduced at a meeting of Council held September 5, 1995. Any person interested may appear before Council on November 7, 1995, at 7:00 p.m. and present protests and suggestions which will then take such action as it shall deem proper in the premises.

Dated: October 26, 1995.

s/s Virginia Fox, Re...

Legal No. [illegible]



NOTICE OF PUBLIC HEARING CITY OF OAK HILL SEWERAGE SYSTEM RATES AND CHARGES

An ordinance to amend Part 9, Chapter 3, Article 15, Section 1, of the Code of the City of Oak Hill.

Be it enacted and ordained by the Council of the City of Oak Hill that Part 9, Chapter 3, Article 15, Section 1, of the Code of the City of Oak Hill be amended and re-enacted to provide as follows:

The following schedule of rates, fees, charges and delayed payment penalty charges are hereby fixed and determined as the rates, fees, charges and delayed payment penalty to be charged to customers of the sewer facilities of the City of Oak Hill throughout the territory served.

SECTION 1, SCHEDULE OF RATES

Applicability:

Applicable in entire area served.

Availability of Service:

Available for general domestic and commercial sanitary sewer service.

Rates (Based upon the metered amount of water supplied):

$4.80 per 1,000 gallons of water used per month.

Each unmetered customer shall be charged a flat rate of $14.40 per month.

Minimum Monthly Charge:

The minimum monthly charge to any user of the sewerage system shall be $14.40.

Apartment buildings and other multiple-occupancy buildings shall be required to pay not less than a minimum of $14.40 monthly charge for each unit. Hotels and motels shall be exempt from this charge.

[illegible] mobile [illegible] through a single meter shall be required [illegible] minimum charge of [illegible] supplied [illegible]

Industrial Sewage:

Rates for special industrial sewage connections will be fixed by the Sanitary Board of the City in the event the foregoing rates shall be

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The Fayette Tribune

ESTABLISHED IN 1897

417 MAIN STREET
OAK HILL, WEST VIRGINIA 25901
TELEPHONE: 469-3373

CERTIFICATE OF PUBLICATION Fee for Publication $ 104.90

I, Tom James, publisher of ***The Fayette Tribune,*** a semi-weekly newspaper, published in the city of Oak Hill, County of Fayette, State of West Virginia do hereby declare that the herewith attached, was published in said newspaper in its issues dated the 26th day of October, and the 2nd day of November, 1995.

(Signed) _____

Tom James

Publisher

SIGNED AND SWORN TO and before me this 2nd day of November, 1995.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
DEBORAH McNEAL
13 Sutton Place
Oak Hill, WV 25901
My Commission Expires January 11, 2005

(Signed) _____

Notary Public

My Commission Expires January 11, 2005.

M-I-N-U-T-E-S

The regular session of the Oak Hill City Council convened at City Hall, Tuesday evening, September 5, 1995, 7:30 p.m.

**Members Present**: Mayor Calvin Jones; Council members Larry Harding, Jeff Atha, Barbara Hickman, Orvill Thomas and Dianna Smallwood, Councilman Dale Watkins, absent; also present City Manager Thomas Oxley, City Clerk-Treasurer Virginia Fox and the news media.

Mayor Jones called session to order and called upon Rev. Ray McClung for the invocation, after which was the Pledge of Allegiance to the flag.

Prior to the opening of the business session, Thomas Bragg presented Mayor Jones with a gavel from the Concerned Citizens group. Also, City Manager Oxley presented the Mayor with a gavel from the City Council members.

Mayor Jones thanked the groups for the presentations.

**First Order of Business** was approval of the dispensing with the reading of the previous month's minutes. Upon Motion by Councilman Harding, duly seconded by Councilman Atha, to approve. Motion adopted. Some question on the minutes by Councilman Thomas (Item under Ward IV Old Business corrected to read handicapped parking $100.00 fine already installed).

**Treasurer's Report** was read by City Treasurer and, upon motion by Councilwoman Hickman, duly seconded by Councilman Harding, to approve and place on file. Motion approved.

**Correspondence**

1. Letters from Robert C. Byrd, U.S. Senator, August 8, 1995, and August 10, 1995, were read. No action necessary. Letters attached.

2. Letter to Mayor Jones from Norfolk Southern - abandonment of railroad right-of-way - letter dated August 29, 1995 - No action necessary. Letter attached.

**Unfinished Business**

**Ward I** - None.

**Ward II** - None.

**Ward III** - Absent.

**Ward IV** - Councilman Thomas - Inquired about ads for Chief of Police.

Upon motion by Councilman Thomas, seconded by Councilwoman Hickman to advertise for Police Commissioner immediately to fill the Chief of Police position when vacated by January 31, 1996, and to determine the Chief position at a later date - vote yes (2), vote no (3). Motion failed.

Amended motion by Councilman Thomas, duly seconded by Councilwoman Hickman, to advertise for Chief of Police position applications, to be received by 4:00 p.m., October 3, 1995, with duties beginning by the middle of December, 1995, or at least one month prior to Chief leaving. Motion approved.

**Ward V** - None.

**Council-at-Large** - None.

**City Manager:**

1. The first reading of Sewer Rate Increase ordinance was read and, upon motion of Councilman Harding, duly seconded by Councilman Atha, to proceed with legal advertisement. Motion approved.

2. Conveyance of Depot - Permission to locate caboose (memo, August 28, 1995) to Ralph Young. Upon motion by Councilman Thomas, duly seconded by Councilman Atha, to write to Norfolk Southern Railroad requesting any known contamination and bring back to Council and approved the Mayor to

sign the conveyance to the City of the depot. Motion approved. Caboose not to be located within 25 feet of track - locate on wide side of tracks.

3. Unsafe Structures - 95-0001 Crislip/Highlawn Park Addition - 95-0004 Prather/Beech Avenue - 95-0005 Prather/Martin Avenue - 95-0003 L. A. Prather/Beech Avnue.

Prather property - three pieces - Beech (2), Martin (1)

Crislip property - Highlawn Park Avenue

(See minutes of August 1, 1995, for details - pages 6 and 7, City Manager Old Business.)

95-0007 White/Oyler Avenue - demolition and repair scheduled

95-0008 Tipton (Bouregard)/Crawford Street - effort being made to improve

Upon motion by Councilman Thomas, seconded by Councilman Harding, to approve the City Clerk signing of notice to be sent to the above to give 20 days from service of notice a Resolution to be considered at the October 3, 1995, meeting as to disposition.

4. Parking/Sight distance - Chestnut and Main Street - see the attached (4) letters to the adjacent business effected. Upon motion by Councilman Harding, seconded by Councilman Atha, for the City Manager and Fire Chief and one other person to be appointed by the Mayor to make a study of parking on Main Street at corner of Chestnut Avenue and bring back to the October 3, 1995, Council meeting. Mayor appointed Councilman Harding. Motion approved.

5. Street Paving Bids - one bid received.

Southern WV Paving - $123,208.23

Upon motion by Councilman Harding, seconded by Councilman Atha, to accept and proceed. Motion approved. (Asphalt $38.10 per ton for base and wearing course.)

6. Second reading of ordinance for sewer surcharge for customers outside of corporate limits of Oak Hill - upon motion by Councilman Harding, seconded by Councilwoman Hickman, to approve this second reading. Motion adopted.

7. Commission Appointments - approved motion by Councilman Atha, seconded by Councilman Harding, for the appointment of Bruce Coleman to the Planning and Zoning Commission to replace Jeff Atha, since two Council representatives were presently on the Commission. Extended terms of other members as recommended by City Manager.

Appointment of member to the Sanitary Board - Councilman Thomas motion to appoint former Mayor Fred Neudek as member of the Sanitary Board, seconded by Councilwoman Hickman, for a term of three years. Vote yes (2), vote no (3). Motion defeated.

Upon motion by Councilman Harding, seconded by Councilman Atha, to approve the appointment of the two present members of the Sanitary Board - J. Walter Brown and Earl Rodes. Vote yes (3), vote no (2). Motion approved.

Upon motion by Councilman Harding, seconded by Councilwoman Hickman, to appoint Clarence Wallace to the Board of Zoning Appeals and reappoint the present Board of Appeals members, as recommended by City Manager for terms. Motion approved.

Upon motion by Councilman Harding, seconded by Councilman Atha, to appoint Russell Matthew, Thomas Bragg and Johnnie Ferri to the Fayette County Commission on Aging. Motion approved.

8. Second reading of Resolution changing time of council meetings from 7:30 p.m. to 7:00 p.m. Motion to so do by Councilwoman Hickman, seconded by Councilman Harding. Motion approved. Begins with the October third, 1995, meeting.

9. Cost estimate of dredging the ditch from Summerlee to Chestnut and upgrading culvert under Summerlee Avenue, $98,632.00. Upon motion by Councilman Harding, seconded by Councilman Atha, to start when funds are available. Also includes engineering fee - contact the State for help or information. Motion adopted. Cost right now is $35,500.

10. Study for plans and specifications for Hidden Valley drainage - upon motion by Councilman Harding, seconded by Councilman Atha, to have City Manager contact Pentree, Inc., as engineer, to give us a cost figure to make feasibility study. Vote yes (4), vote no (1). Motion approved.

**New Business**

**Ward I** - None.

**Ward II** - None.

**Ward III** - Absent.

**Ward IV** - Councilman Thomas:

1. Budget price - drainage on Johnson Street - City Manager replied no figures prepared.

2. Chief McCoy - more patrol on Second Street.

3. Storm water onto Terry Avenue from Johnson Street. City Manager to have Street Superintendent to investigate.

**Ward V** - Councilwoman Smallwood:

1. Addressed to Police Chief - speeding on back streets - loud noises - in Harlem Heights - Broadway Avenue - needs more patrol.

Upon motion by Councilman Atha, seconded by Councilman Harding, to hire the first name on the Civil Service Commission eligible list - James Pack - providing receiving of grant - if still in effect. Vote yes (3), vote no (2) Thomas and Hickman. Motion approved.

**Council-at-Large** Hickman - None.

**Mayor Jones:**

Parking lot violations - Police Department to enforce to fullest extent - no more warnings. Patrol Robert Neely to advise all merchants of policy of having letter on file with Police Department of them requesting this patrol.

**City Manager:**

1. Main Street West Virginia (memo to Council, August 28, 1995) - Consensus of Council to study first and then reconsider after the first of the year.

2. Peer Review of Five Street Area sewer plans/memo, August 28, 1995, to Council - upon motion by Councilman Thomas, seconded by Councilwoman Hickman, to contact one of the four engineers interviewed for Hidden Valley drainage for peer review. Motion vote yes (2), vote no (3) - motion failed.

3. Fire Department

a) Four Wheel Drive Chevy Suburban (State purchase contract) - $25,000 - Fire Levy, one-half of cost, one-half City budget - upon motion to purchase by Councilman Harding, seconded by Councilman Atha, motion approved.

b) Building Committee - engineering firm of G. L. Boso and Associates of Summersville, West Virginia, as a consultant to the design and construction of the new fire station - motion by Councilman Harding, seconded by Councilman Atha, to table until Councilman Watkins can review with Atha. Vote yes (3), vote no (2). Motion approved.

c) Hydrant Recommendations - Information Only

d) Turnout Gear - will ship end of September

e) Brush Fire Gear - jacket, pants, helmets and goggles - $5,500.00 or $185.75 per fireman - boots $62.00. Motion by Councilman Atha, seconded by Councilman Harding, to purchase. Motion approved.

f) Fire Safety House - presentation - corporate sponsors. Upon motion by Councilwoman Hickman, seconded by Councilman Harding, for this to be a community project, with the City matching dollar for dollar with firemen's fund. Motion adopted. Councilman Harding and Councilman Atha contributed $600.00 each of their City salary.

g) Rural Water Training Policy:

Councilwoman Hickman - requested to speak on memo (August 30, 1995) to Council members - remarks elected officials not to be hounded by City Manager.

Councilman Thomas - inquired as to cost of water used by Fire Department for training - was this a personal gain from City equipment?

Mayor to review policy on this matter and report back to Council.

Fire Chief Richardson - any action Council gives to City Manager, he takes to Fire Department.

Councilman Thomas - apologized to Fire Chief for use of profanity.

Upon motion by Councilman Thomas, seconded by Councilwoman Hickman, to restrict City equipment to City use for special training. Vote yes (2), vote no (3). Motion failed.

4. Designated Play Street (Webster Street). Motion to so do by Councilwoman Hickman, second by Councilman Atha. Motion approved.

5. Abandonment of alleyway of Sanger Street - First Reading - Motion to follow legal procedures by Councilman Harding, seconded by Councilwoman Smallwood and bring back for second reading. Motion approved.

6. Ordinance - proposed first reading - Municipal Judge to be elected (and amend qualifications if elected) - upon motion by Councilman Thomas to consider this the first reading, seconded by Councilwoman Hickman, and to

review before second reading. Motion vote no (3), vote yes (2). Motion defeated. City Attorney prepared the attached letter September 1, 1995, for Council consideration.

7. Purchase of two (2) dump trucks from WVDOH Surplus - motion to spend up to $9,000.00 - no greater than $4,500.00 per vehicle, or only one truck if more than $4,500.00. Motion to so do by Councilman Atha, seconded by Councilman Harding. Motion approved.

**Citizens**

**Thomas Bragg** - Addressed letter to City Council and Mayor Jones, dated September 5, 1995.

Requested to have answer to letter at next Council meeting.

Also gave his resignation as member from the Commission on Aging.

**Fayette County REACT** - Mary Kincaid and Elizabeth Holley:

Permission for Car Stop - Denied, but, upon motion by Councilwoman Hickman to make a donation of $500.00 to REACT, duly seconded by Councilman Harding. Motion approved.

**Lee Young** - When will City Judge be appointed?

**Gary Williams** - Requested City Manager or Street Superintendent to check culvert beside his house - black water.

**Councilman Thomas:**

Audit for City funds - Upon motion by Councilman Harding, seconded by Councilman Atha, to take low bid. Vote yes (2), vote no (3). Motion defeated.

**Councilman Thomas** - write a negative preference letter to WV Tax Department - died for lack of second.

Motion to adjourn - 12:40 a.m., Wednesday morning.

Virginia Fox
City Clerk

Mayor

September 5, 1995

# M-I-N-U-T-E-S

The regular session of the Oak Hill City Council convened at City Hall Tuesday evening, November 7, 1995, 7:00 p.m.

**Members present were:** Mayor Calvin Jones; Council members Larry Harding, Jeff Atha, Barbara Hickman, Orvill Thomas, and Dianna Smallwood; absent - Councilman Dale Watkins Sr. Also present City Manager Thomas Oxley, City Clerk-Treasurer Virginia Fox, City Attorney Ralph Young and the news media.

Mayor Jones called the session to order and called upon City Manager Thomas Oxley for the invocation. After the Pledge of Allegiance to the flag led by Troop #115 Boy Scouts of Oak Hill Baptist Church, with Scout Leader Charles Flint.

**First Order of Business** was the acceptance of the previous month's minutes. Upon motion by Councilman Harding, duly seconded by Councilman Atha, to approve as corrected. Approved.

**Treasurer's Report** was read and, upon motion by Councilwoman Hickman, seconded by Councilman Harding, to approve. Motion approved.

**Correspondence**

None.

**Unfinished Business**

**Ward I** - Councilman Harding - Inquired of street paving project for 1995 - Is it complete? City Manager replied - completed.

**Ward II** - Councilman Atha - None.

**Ward III** - Councilman Watkins - Absent.

**Ward IV** - Councilman Thomas - Fire Lane Signs - City Manager replied fire lane signing and marking - he had requested information from State Fire Marshal's Office and information had been received - at present, the commercial areas and centers are being reviewed. City Attorney to check State Code for fine amount.

**Ward V** - Councilwoman Smallwood - None.

**Council-at-Large** - Councilwoman Hickman - Oversize trucks parking on Mahan Street, Chestnut Avenue and Park Street - tractor for rig. Chief of Police to investigate and handle.

Permit for this type of vehicle parking - committee is Chief of Police, Fire Chief and City Manager.

**City Attorney** - Ralph Young:

Letter attached, November 3, 1995, Municipal Court - much Council discussion as to actual layout of the municipal court facility and the actual procedures, forms, etc.

Mayor called for workshop meeting on Wednesday, November 15, 1995, 6:30 p.m., asking Larry Dotson, Magistrat, to attend, along with City Attorney Ralph Young, Police Judge, City Manager and Council for discussion on correction of this inadequate court system.

**City Manager** Thomas Oxley:

1. Second reading of the proposed adoption of the sewer rate ordinance - upon motion by Councilman Harding, seconded by Councilman Atha, to approve this second reading and adopt the sewer rate ordinance. Vote yes (4), vote no (1) Councilwoman Hickman. Motion approved.

2. Second reading of the ordinance authorizing improvements to the sewage system through the issuance of not more than $1,200,000 in sewer bonds (third reading scheduled for December 5, 1995, Council meeting), upon motion by Councilman Harding, seconded by Councilman Atha, to approve this second reading. Vote yes (4), vote no (1) Councilwoman Hickman. Motion adopted.

3. Fire Lane signing and marking. Discussed under Unfinished Business, Ward IV Councilman Thomas.

4. Deletion of sewer surcharge ordinance in its entirety. City Manager had spoken with Staff Attorney of the PSC - and it was recommended by the attorney to withdraw because of the City's inability to show the cost of installation (by the City) for out of corporate limit cost (because there had been none). Upon motion by Councilman Harding, seconded by Councilman Atha to withdraw the ordinance in its entirety. Motion approved.

5. Second reading and adoption of ROUNDUP ordinance with proceeds to be for fire hydrant installation - volunteer contribution/ordinance attached. Upon motion by Councilwoman Hickman, seconded by Councilman Atha, to approve the adoption of Article 917.05. Motion approved. Effective approximately January, 1996.

6. Consulting Engineer - Fire Station Design/Construction - Committee met and selected G. L. Boso and Associates (memo, November 7, 1995). Upon motion by Councilman Harding and seconded by Councilman Atha to approve and proceed with the selection of the engineering firm and proceed with work and preliminary design. Motion approved.

7. Hidden Valley Culvert Deterioration - Engineer estimate $194,700 - narrative not received from Pentree, Inc. for 60" pipe to place out in street - City Manager to request alternate price and wait for final figures - to bring to December Council meeting.

8. Structural Inspection Board - City Manager informed the Council he was seeking legal advice before proceeding.

9. Summerlee Avenue/Chestnut Avenue Drainage - specifications are being written for bidding - possible bid date February, 1996 - construction April, 1996 - drainage is on front of Cornett property.

10. Planning and Zoning

a) U-10-95 - Jesse Ward, 943 Central Avenue, Use Permit for woodworking shop. Planning and Zoning Commission recommended the permit be granted. Upon motion by Councilwoman Hickman, seconded by Councilman Harding, to accept the Planning and Zoning recommendation. Motion approved.

b) Recommend first reading to delete Article 1349.24 - Conditional Use Permit. (Recommend consideration of expanded uses under Article 1349.01(a), (b), (c) and (d) to be presented to City Council at the December 5, 1995, meeting.) Upon motion by Councilman Harding, seconded by Councilman Atha, to approve the Planning and Zoning recommendation. Vote yes (4), no (1) Councilman Thomas.

11. Donation of Diplomat to REACT. Upon motion by Councilman Harding, duly seconded by Councilman Thomas, to advertise for bids and bring back to Council - and the proceeds be given to REACT. Motion approved.

12. Board of Zoning Appeals - Appeals from - Instructions to appointees. City Manager told Council the City Court has no checks and balances for the appeal - Chapter 8 of the West Virginia Code is the enabling legislature - can appeal to Circuit Court.

13. Authorization to issue purchase order for Fire Safety House. Much discussion by Council - need to look into if need to advertise for bids. Revised request to look into matter to see if the two manufacturers can bid on the fire house. Upon motion by Councilman Atha, seconded by Councilman Harding to advertise and request the firm to extend their price quote to the December meeting. Motion approved.

14. "Homecoming '96" - meeting - Chairperson Barbara Hickman to call meeting for week of November 20, 1995, to formulate plans - two celebrations - last week of July and Labor Day weekend. News article for newspaper - signs have been received and will install within next couple of weeks.

**New Business**

**Ward I** - Councilman Harding:

Letters to Fayette County Fire Coordinator - dated October 27, 1995, and November 6, 1995 - made part of minutes.

Committee appointed by Mayor Jones - Mayor Jones, Councilman Harding, Councilman Thomas, Fire Chief and Assistant Fire Chief and City Manager to investigate the possibility of a fire fee instead of fire levy and report back to the December meeting. Motion to this recommendation by Councilman Harding, seconded by Councilman Thomas. Motion approved. Night meeting for Thursday, November 16, 1995, 6:30 p.m.

**Ward II** - Councilman Atha:

Parking on both sides of Lee Avenue and Rhodes Street (corner) - behind Ken's Cycle Shop - blocking fire trucks and ambulance - needs to be signed.

**Ward III** - Absent.

**Ward IV** - Councilman Thomas:

Inquired if request to Attorney General had been received - City Manager replied it had not.

None.

**Ward V** - Councilwoman Smallwood:

Request given to City Manager.

**Council-at-Large** - Councilwoman Hickman:

Enforce ordinance on overhanging trees on sidewalks.

**City Attorney** Ralph Young:

First reading of ordinance for penalty for parking in fire lane - West Virginia Code - fire marshal fine cannot exceed $100.00.

Upon motion by Councilman Thomas, seconded by Councilwoman Hickman, to set penalty at $50.00 plus court cost and consider this the first reading of proposed ordinance. Motion approved.

**City Manager** Thomas Oxley:

1. Compensation for damaged trees - Hidden Valley. Much discussion. Upon motion by Councilman Harding, seconded by Councilman Atha, to replace trees from local nursery with identical trees, not necessarily same size, but the largest they have - get price quote for trees and planting and replace or give the equivalent in money to owner. Motion approved.

2. Christmas Parade - sponsored by Bank One - focus on Toys for Tots - parade December 2, 1995, 11:00 a.m.

3. Statue Memorial to Miners from disaster that have occurred in area, endorsed by the Chamber of Commerce - to be installed on property owned by City (Chamber of Commerce location) - cost of installation of statue private contributions and others interested. Installation date December 4, 1995. Motion to so do by Councilman Harding, seconded by Councilwoman Smallwood, to approve. Motion approved.

**Police Chief** Jim McCoy:

Certificate of appreciation for REACT - traffic control - presented by Chief to Ms. Mary Kincaid, President of REACT.

**Fire Chief** Tim Richardson:

Assistant Fire Chief in charge of fire safety house - only two companies who manufacture this fire house. Council requested Fire Chief to inquire of

the company quoted would extend their quote until the December 5, 1995, Council meeting. Agreed to do.

**Citizens:**

**Tom Bragg** - Fire Department had a donor of 22' fire house - Fire Department knows nothing about.

**Mrs. Thomas Smith** - Enforcement of pedestrian crossing - Chief to give warnings. Fine already in place.

**Elizabeth Proskin** - Inquire of NO TURN ON RIGHT at Oyler Avenue. DOH will make recommendations.

**Adjourned to Executive Session** - Discuss Personnel.

Council reconvened and took no further action. Motion approved to adjourn.

Virginia Fry
**City Clerk**

**Mayor**

**November 7, 1995.**

# The Fayette Tribune

ESTABLISHED IN 1897



417 MAIN STREET
OAK HILL, WEST VIRGINIA 25901
TELEPHONE: 469-3373


CERTIFICATE OF PUBLICATION Fee for Publication $ 73.71

I, Tom James, publisher of ***The Fayette Tribune,*** a semi-weekly newspaper, published in the city of Oak Hill, County of Fayette, State of West Virginia do hereby declare that the herewith attached, was published in said newspaper in its issues dated the 23rd day and the 30th day of November, 1995.

(Signed) Tom James

Tom James
Publisher

SIGNED AND SWORN TO and before me this 30th day of November, 1995.

(Signed) Deborah McNeal

Notary Public

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
DEBORAH McNEAL
13 Sutton Place
Oak Hill, WV 25901
My Commission Expires January 11, 2005

My Commission Expires January 11, 2005

CITY OF OAK HILL
NOTICE OF PUBLIC
HEARING ON
SEWER REVENUE BOND
ORDINANCE

A Public hearing will be held on the following-entitled Ordinance at a regular meeting of the Council of the City of Oak Hill to be held on December 5, 1995, at 7:30 p.m., in the Council chambers at the Oak Hill City Hall, Oak Hill, West Virginia, and at such hearing any person interested may appear before the Council and present protests, and all protests and suggestions shall be heard by the Council and it shall then take such actions as it shall deem proper in the premises upon an Ordinance entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWAGE SYSTEM OF THE CITY OF OAK HILL AND THE FINANCING OF THE COST NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $1,200,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1995 (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO THE ISSUANCE OF SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

The above-entitled Ordinance was adopted by the Council of the City of Oak Hill on Nov 7, 1995.

The above-quoted title of the Ordiance describes generally the contents thereof and the purposes of the Bonds contemplated thereby. The City of Oak Hill contemplates the issuance of the Bonds described in said Ordiance. The proceeds of the Bonds will be used to provide permanent financing of a portion of the costs of acquisition and construction of additions, betterments and improvements to the existing public sewerage facilities of the City of Oak Hill. The Bonds are payable solely from revenues to be derived for the ownership and operation of the sewerage system of the City. No taxes may at any time be levied for the payment of the Bonds or the interest thereon.

A certified copy of the above-entitled Ordinance is on file with the Council at the Office of the City Clerk of the City of Oak Hill for review by interested parties during regular office hours.

Following said public hearing, the Council intends to enact said Ordiance upon final reading.

Dated: Nov 22, 1995

Virginia Fo
City Cler

Legal #520
Nov 23, 30

23

# M-I-N-U-T-E-S

A special meeting of the Oak Hill City Council was called for Tuesday evening, October 17, 1995, 6:00 p.m., City Hall.

**Members Present:** Mayor Calvin Jones, Council members Jeff Atha, Dale Watkins Sr., Barbara Hickman, Orvill Thomas and Dianna Smallwood (Absent - Councilman Larry Harding). Also City Manager Thomas Oxley and City Clerk-Treasurer Virginia Fox. Special representative from Steptoe and Johnson, Vince Collins.

**Purpose of the meeting** was for the first reading of the Bond Ordinance - increasing the present sewer rates from $3.90 per thousand, $11.70 minimum, to $4.80 per thousand, minimum of $14.40. Copy of ordinance was given to each Council member, City Manager and City Clerk. Also explained the ordinance. Second reading will be November 7, 1995, and third reading will be December 5, 1995. Upon motion by Councilman Watkins, duly seconded by Councilman Atha, to accept and approve this as first reading. **Motion adopted.**

Also, special meeting was to open bids for police uniforms as approved at the October 3, 1995, Council meeting.

Bids received from:

1) WV Uniforms - Work Uniforms - per set: shirts $39.95 and trousers $52.50 or $92.45 per set.
2) Law Enforcement Equipment - shirts $30.45 and trousers $39.89 or $70.34 per set.

Upon motion by Councilman Watkins, duly seconded by Councilman Atha, to increase from four sets to five sets - work uniforms. Motion approved.

Upon motion by Councilwoman Hickman, duly seconded by Councilman Atha, to accept - after calculation and meeting of specification of bids, to approve the lower bid. Motion approved.

Councilwoman Smallwood informed Council members Hewitt Grasty would accept the appointment to the Board of Appeals.

Upon motion by Councilman Watkins, seconded by Councilman Atha, to adjourn to executive session to discuss personnel (Police Chief applicants). Motion approved.

Committee of Mayor Jones, City Manager Oxley, Councilwoman Smallwood and Councilman Jeff Atha to meet to go over the Chief of Police applicants to see if each one met the qualifications and specifications and then notify the qualified applicants when to appear for interviews. Committee to meet Wednesday evening, October 18, 1995, 7:00 p.m.

No further business, meeting adjourned.

Virginia Fox
City Clerk

John L. Jones
Mayor

October 17, 1995

M-I-N-U-T-E-S

The regular session of the Oak Hill City Council convened at City Hall Tuesday evening, November 7, 1995, 7:00 p.m.

**Members present were:** Mayor Calvin Jones; Council members Larry Harding, Jeff Atha, Barbara Hickman, Orvill Thomas, and Dianna Smallwood; absent - Councilman Dale Watkins Sr. Also present City Manager Thomas Oxley, City Clerk-Treasurer Virginia Fox, City Attorney Ralph Young and the news media.

Mayor Jones called the session to order and called upon City Manager Thomas Oxley for the invocation. After the Pledge of Allegiance to the flag led by Troop #115 Boy Scouts of Oak Hill Baptist Church, with Scout Leader Charles Flint.

**First Order of Business** was the acceptance of the previous month's minutes. Upon motion by Councilman Harding, duly seconded by Councilman Atha, to approve as corrected. Approved.

**Treasurer's Report** was read and, upon motion by Councilwoman Hickman, seconded by Councilman Harding, to approve. Motion approved.

**Correspondence**

None.

**Unfinished Business**

**Ward I** - Councilman Harding - Inquired of street paving project for 1995 - Is it complete? City Manager replied - completed.

**Ward II** - Councilman Atha - None.

**Ward III** - Councilman Watkins - Absent.

**Ward IV** - Councilman Thomas - Fire Lane Signs - City Manager replied fire lane signing and marking - he had requested information from State Fire Marshal's Office and information had been received - at present, the commercial areas and centers are being reviewed. City Attorney to check State Code for fine amount.

**Ward V** - Councilwoman Smallwood - None.

**Council-at-Large** - Councilwoman Hickman - Oversize trucks parking on Mahan Street, Chestnut Avenue and Park Street - tractor for rig. Chief of Police to investigate and handle.

Permit for this type of vehicle parking - committee is Chief of Police, Fire Chief and City Manager.

**City Attorney** - Ralph Young:

Letter attached, November 3, 1995, Municipal Court - much Council discussion as to actual layout of the municipal court facility and the actual procedures, forms, etc.

Mayor called for workshop meeting on Wednesday, November 15, 1995, 6:30 p.m., asking Larry Dotson, Magistrat, to attend, along with City Attorney Ralph Young, Police Judge, City Manager and Council for discussion on correction of this inadequate court system.

**City Manager** Thomas Oxley:

1. Second reading of the proposed adoption of the sewer rate ordinance - upon motion by Councilman Harding, seconded by Councilman Atha, to approve this second reading and adopt the sewer rate ordinance. Vote yes (4), vote no (1) Councilwoman Hickman. Motion approved.

2. Second reading of the ordinance authorizing improvements to the sewage system through the issuance of not more than $1,200,000 in sewer bonds (third reading scheduled for December 5, 1995, Council meeting), upon motion by Councilman Harding, seconded by Councilman Atha, to approve this second reading. Vote yes (4), vote no (1) Councilwoman Hickman. Motion adopted.

3. Fire Lane signing and marking. Discussed under Unfinished Business, Ward IV Councilman Thomas.

4. Deletion of sewer surcharge ordinance in its entirety. City Manager had spoken with Staff Attorney of the PSC - and it was recommended by the attorney to withdraw because of the City's inability to show the cost of installation (by the City) for out of corporate limit cost (because there had been none). Upon motion by Councilman Harding, seconded by Councilman Atha to withdraw the ordinance in its entirety. Motion approved.

5. Second reading and adoption of ROUNDUP ordinance with proceeds to be for fire hydrant installation - volunteer contribution/ordinance attached. Upon motion by Councilwoman Hickman, seconded by Councilman Atha, to approve the adoption of Article 917.05. Motion approved. Effective approximately January, 1996.

6. Consulting Engineer - Fire Station Design/Construction - Committee met and selected G. L. Boso and Associates (memo, November 7, 1995). Upon motion by Councilman Harding and seconded by Councilman Atha to approve and proceed with the selection of the engineering firm and proceed with work and preliminary design. Motion approved.

7. Hidden Valley Culvert Deterioration - Engineer estimate $194,700 - narrative not received from Pentree, Inc. for 60" pipe to place out in street - City Manager to request alternate price and wait for final figures - to bring to December Council meeting.

8. Structural Inspection Board - City Manager informed the Council he was seeking legal advice before proceeding.

9. Summerlee Avenue/Chestnut Avenue Drainage - specifications are being written for bidding - possible bid date February, 1996 - construction April, 1996 - drainage is on front of Cornett property.

10. Planning and Zoning

a) U-10-95 - Jesse Ward, 943 Central Avenue, Use Permit for woodworking shop. Planning and Zoning Commission recommended the permit be granted. Upon motion by Councilwoman Hickman, seconded by Councilman Harding, to accept the Planning and Zoning recommendation. Motion approved.

b) Recommend first reading to delete Article 1349.24 - Conditional Use Permit. (Recommend consideration of expanded uses under Article 1349.01(a), (b), (c) and (d) to be presented to City Council at the December 5, 1995, meeting.) Upon motion by Councilman Harding, seconded by Councilman Atha, to approve the Planning and Zoning recommendation. Vote yes (4), no (1) Councilman Thomas.

11. Donation of Diplomat to REACT. Upon motion by Councilman Harding, duly seconded by Councilman Thomas, to advertise for bids and bring back to Council - and the proceeds be given to REACT. Motion approved.

12. Board of Zoning Appeals - Appeals from - Instructions to appointees. City Manager told Council the City Court has no checks and balances for the appeal - Chapter 8 of the West Virginia Code is the enabling legislature - can appeal to Circuit Court.

13. Authorization to issue purchase order for Fire Safety House. Much discussion by Council - need to look into if need to advertise for bids. Revised request to look into matter to see if the two manufacturers can bid on the fire house. Upon motion by Councilman Atha, seconded by Councilman Harding to advertise and request the firm to extend their price quote to the December meeting. Motion approved.

14. "Homecoming '96" - meeting - Chairperson Barbara Hickman to call meeting for week of November 20, 1995, to formulate plans - two celebrations - last week of July and Labor Day weekend. News article for newspaper - signs have been received and will install within next couple of weeks.

**New Business**

**Ward I** - Councilman Harding:

Letters to Fayette County Fire Coordinator - dated October 27, 1995, and November 6, 1995 - made part of minutes.

Committee appointed by Mayor Jones - Mayor Jones, Councilman Harding, Councilman Thomas, Fire Chief and Assistant Fire Chief and City Manager to investigate the possibility of a fire fee instead of fire levy and report back to the December meeting. Motion to this recommendation by Councilman Harding, seconded by Councilman Thomas. Motion approved. Night meeting for Thursday, November 16, 1995, 6:30 p.m.

**Ward II** - Councilman Atha:

Parking on both sides of Lee Avenue and Rhodes Street (corner) - behind Ken's Cycle Shop - blocking fire trucks and ambulance - needs to be signed.

**Ward III** - Absent.

**Ward IV** - Councilman Thomas:

Inquired if request to Attorney General had been received - City Manager replied it had not.

None.

**Ward V** - Councilwoman Smallwood:

Request given to City Manager.

**Council-at-Large** - Councilwoman Hickman:

Enforce ordinance on overhanging trees on sidewalks.

**City Attorney** Ralph Young:

First reading of ordinance for penalty for parking in fire lane - West Virginia Code - fire marshal fine cannot exceed $100.00.

Upon motion by Councilman Thomas, seconded by Councilwoman Hickman, to set penalty at $50.00 plus court cost and consider this the first reading of proposed ordinance. Motion approved.

**City Manager** Thomas Oxley:

1. Compensation for damaged trees - Hidden Valley. Much discussion. Upon motion by Councilman Harding, seconded by Councilman Atha, to replace trees from local nursery with identical trees, not necessarily same size, but the largest they have - get price quote for trees and planting and replace or give the equivalent in money to owner. Motion approved.

2. Christmas Parade - sponsored by Bank One - focus on Toys for Tots - parade December 2, 1995, 11:00 a.m.

3. Statue Memorial to Miners from disaster that have occurred in area, endorsed by the Chamber of Commerce - to be installed on property owned by City (Chamber of Commerce location) - cost of installation of statue private contributions and others interested. Installation date December 4, 1995. Motion to so do by Councilman Harding, seconded by Councilwoman Smallwood, to approve. Motion approved.

**Police Chief** Jim McCoy:

Certificate of appreciation for REACT - traffic control - presented by Chief to Ms. Mary Kincaid, President of REACT.

**Fire Chief** Tim Richardson:

Assistant Fire Chief in charge of fire safety house - only two companies who manufacture this fire house. Council requested Fire Chief to inquire of

the company quoted would extend their quote until the December 5, 1995, Council meeting. Agreed to do.

**Citizens:**

**Tom Bragg** - Fire Department had a donor of 22' fire house - Fire Department knows nothing about.

**Mrs. Thomas Smith** - Enforcement of pedestrian crossing - Chief to give warnings. Fine already in place.

**Elizabeth Proskin** - Inquire of NO TURN ON RIGHT at Oyler Avenue. DOH will make recommendations.

**Adjourned to Executive Session** - Discuss Personnel.

Council reconvened and took no further action. Motion approved to adjourn.

Virginia Fry
**City Clerk**

**Mayor**

**November 7, 1995.**

# M-I-N-U-T-E-S

The regular session of the Oak Hill City Council convened at City Hall, Tuesday evening, December 5, 1995, 7:00 p.m.

**Members Present:** Mayor Calvin Jones, Council members Larry Harding, Jeff Atha, Dale Watkins Sr., Barbara Hickman, Orvill Thomas and Dianna Smallwood. Also, City Manager Thomas Oxley, City Clerk-Treasurer Virginia Fox, City Attorney Ralph Young and the news media.

Mayor Jones called session to order and called upon former Councilman Russell Matthew for the invocation, after which was the Pledge of Allegiance to the flag.

**First Order of Business** was the approval of the former month's minutes. Upon motion by Councilman Harding, duly seconded by Councilman Atha, to approve. Councilman Thomas inquired about signing of fire lanes on private property. Motion approved.

**Treasurer's Report** was read and, upon motion by Councilman Watkins, duly seconded by Councilman Harding, to approve and place on file. Motion approved.

**Correspondence** - None.

**Unfinished Business**

**Ward I** - Councilman Harding: Discussed the upcoming fire levy election and the County Commission response. It was the consensus of Council to stay with the fire levy and to support the approval at the election. Mayor Jones thanked all concerned in the response to the discussion.

**Ward II** - Councilman Atha: Inquired of City Manager about the signing and parking on Wickline and Rhodes Streets. City Manager replied have ordinance to cover street signing as this situation dictates - directions have been given to install signs.

**Ward III** - Councilman Watkins - None.

**Ward IV** - Councilman Thomas:

Two drainage problems - memo dated December 4, 1995, Item A - Butler Street and Terry Avenue - estimated cost $18,581.00. This is in addition to the $3,600.00 for the work to be done between Johnson and Butler. Will consider in 96-97 General Levy Budget-Item B. Surface drainage problem on the Lorenzo Mira property next to Wal-Mart and between Victory Street and Main Street. Estimated cost $3,667.00 and possibly can be done now.

Both problems should be placed on the priority list.

**Ward V** - Councilwoman Smallwood: Letters to be written to Chief of Police Applicants.

**Council-at-Large** - Councilwoman Hickman:

1. Overhanging tree obstructing signs - at business places on Main Street - either move or trim. Tree at jewelry store on Main Street will be removed. Any businesses can request removal of these trees at any time.

2. Overhanging tree limbs onto streets - City Manager will distribute flyer - if the property owners do not comply, City will do and charge for same.

**City Attorney** - Ralph Young:

Ordinance amending City Code 333.01 by striking preexisting ordinance and substituting the attached.

Upon motion by Councilman Harding, duly seconded by Councilman Watkins, to consider this the first reading - motion approved. A committee, along with Chief of Police Dickinson, will meet on this DUI offense - policy how this will be handled and this will be done at the January meeting.

**City Manager** - Thomas Oxley:

1. Sale of Dodge Diplomat - two bids received.

   Lucy Thomas, Lawrence Avenue - $285.00

   Emory Young, Wade Street - $450.00

Upon motion by Councilman Harding, duly seconded by Councilman Watkins, to award to Mr. Young. Motion approved. Proceeds to go to REACT.

2. Homecoming '96 - meeting will be January 8, 1996, 6:30 p.m., announced by City Manager.

3. Third reading of the Sewer Bond Ordinance - Title of Ordinance read in full. Upon motion by Councilman Watkins, seconded by Councilman Harding, to approve and adopt as read. Motion approved by majority vote - vote Yes (5), vote No (1) - Councilwoman Hickman.

4. Contract with G. L. Boso and Assoc. signed November 17, 1995 (contract attached). Also Item #9 - Funding of fire station construction. See memo, December 4, 1995 - letter has been written to David Cutlip, Comvest (managers of WV Municipal League Lease/Purchase Program) under the lease/purchase plan, wages can be exempt from the Davis-Bacon Act.

5. Bid Opening - Fire Safety House

One bid received only - Serro Scotty RV $25,444.00.

Seventeen weeks after receipt of order for delivery.

Upon motion by Councilman Harding, duly seconded by Councilman Atha, to proceed with placement of order. City will pay 50 percent - and Fire Department 50%. Motion approved.

6. Bid Opening - Body Armor

a) Whitewater Travel - 11 units - each $935.00

Level 3A - $10,285.00. 50 percent down.

b) Law Enforcement Co. - 11 units - no bid

c) Pennsylvania Police Supplies

Unit $948.00 - Level 3A

Unit $561.95 - meets specifications

Upon motion by Councilman Harding, duly seconded by Councilman Thomas, to proceed with $561.95 per unit bid - since it met specifications. Motion approved.

7. Destruction of trees - Hidden Valley - letter November 14, 1995, to Mr. and Mrs. Jack Vance - memo December 5, 1995, to Council - fax quote from MB's Better Blooms for the planting of: 2 OKAME Cherry trees 2" cal. 8' - 10'; one sugar maple 2" cal.; one poplar 2" cal. - total fee $625.00. Upon motion by Councilman Harding, seconded by Councilman Atha, to make offer to property owner for $625.00 (not giving them money). Motion approved.

8. Hidden Valley Drainage - $262,000, letter November 14, 1995. Delay any action until City Manager can write to appropriate personnel as to what we can do before any action is taken.

9. Funding for fire station construction - see remarks under item #4.

10. Municipal Courtroom Reconfiguration - Permanent Construction - estimate $1,500.00 with Street Department personnel doing the work. Consensus for City Manager to proceed. Check with Fire Marshal on the construction - if any problem. Memo attached, December 4, 1995.

11. Second reading - Fine for Parking in Fire Lane. Upon motion by Councilman Thomas, duly seconded by Councilwoman Hickman, to approve second reading - to be enforced by Police Department, also enforce Handicap Parking.

12. Second reading - deletion of Article 1349.24 Conditional Use Permit. Upon motion by Councilman Harding, seconded by Councilman Atha, to approve second reading, deleting 1349.24. Motion approved: vote Yes (5), vote No (1) - Councilman Thomas.

13. Request for Council to attend the next Planning and Zoning meeting for recommendation from Planning and Zoning. Fourth Tuesday in January - see memo to Council and Mayor, November 29, 1995.

14. Inquired what the budget of 1995-96 for the Library included - just the contribution or to also include things like cleaning snow off sidewalks, mowing, replacing light bulbs, etc. - to continue as we are now doing. Same as above.

**Mayor** - Calvin Jones:

1. Beautification Committee - announced a meeting before Spring - also first Thursday in January about the trees. Also the Museum Committee will be meeting - need some members.

2. Inquired of City Manager about the Personnel Manual - Grievance Committee - Board needs some impartial members to appeal to.

3. Citizen living in town - Newland Avenue - wants clarification of street name. Upon motion by Councilman Harding, seconded by Councilman Atha, to leave as Newland Avenue. Motion approved. City Manager to notify the citizen of the decision.

**New Business**

**Wards I and II** - None.

**Ward III** - Councilman Watkins: Fire station property survey - Has anyone checked for property along the railroad for access to the property? - City Manager to investigate.

**Ward IV** - Councilman Thomas: City Manager's memo of November 27, 1995, on the cellular phones for Mayor and Fire Chief. Mayor Jones responded on his behalf.

Upon motion by Councilman Harding, duly seconded by Councilman Watkins, to approve the cellular phone list. Motion approved. Vote Yes (5), vote No (1) - Councilman Thomas.

**Ward V** - Councilwoman Smallwood: Chief of Police - Police Department - watch parking lot at Wal-Mart - parking in front of fire hydrant.

**Council-at-Large** - Councilwoman Hickman:

1. Have high school representative (as we have in the past) to set in with Council (one at a time). Will bring this to attention of school.

2. Trucks parking on residential streets (Mahan Street). Permit was denied for this request. What about Park and Chestnut - notified by Chief for no parking.

**City Attorney** - Ralph Young: None.

**New Business:**

1. West Virginia Municipal League Mid-Winter Conference and Training Session - January 21-22, 1996.

   a) Leadership Training Seminar

   b) Gubernatorial Candidates Forum

   c) Municipal Training Program (conducted by WV State Tax Department)

2. Disposition of approximately sixty double parking meters. Upon motion by Councilman Harding, seconded by Councilwoman Hickman, to sell for $2.00 each - one per person. Motion approved.

3. Request for loading zone - Main Street - Lee building, new electronic business. Motion to grant by Councilman Thomas, seconded by Councilman Harding. Motion approved.

4. January 2, 1996, Council meeting - motion by Councilman Harding, seconded by Councilman Watkins, to change to Tuesday, January 9, 1996. Motion approved.

**Mayor** - Calvin Jones: Wished all a Merry Christmas and Happy New Year. Thanked Council and all working with him.

**Citizens:**

**Russell Matthew**, member of the Senior Citizens Program - repeated the need for more lights in front of the center where the van had tires damaged by nails. City Manager to investigate.

Upon motion by Councilman Harding, seconded by Councilman Atha, to **adjourn to Executive Session** - personnel matter.

**Council reconvened** and motion to adjourn.

Virginia Fox
**City Clerk**

**Mayor**

**December 5, 1995.**

CITY OF OAK HILL

Sewer Revenue Bonds, Series 1996 A
(West Virginia SRF Program)

MINUTES ON ADOPTION OF SUPPLEMENTAL RESOLUTION

I, VIRGINIA FOX, City Clerk of the City of Oak Hill, hereby certify that the following is a true and correct excerpt of the minutes of a regular meeting of the Council of said City:

* * * * * * * * *

The Council of the City of Oak Hill met in regular session, pursuant to notice duly given, on the 6th day of August, 1996, at Oak Hill, West Virginia, at the hour of 7:30 p.m.

| | | | |
|---|---|---|---|
| PRESENT: | Calvin Jones | - | Mayor |
| | Virginia Fox | - | City Clerk |
| | Thomas Oxley | - | City Manager |
| | Larry Harding | - | Councilmember |
| | Jeffrey Atha | - | Councilmember |
| | Dale Watkins, Sr. | - | Councilmember |
| | Barbara Hickman | - | Councilmember |
| | Orvill Thomas | - | Councilmember |
| | Diana Smallwood | - | Councilmember |
| | Ralph Young | - | City Attorney |

ABSENT: None

The Mayor announced that a quorum of members was present and that the meeting was open for any business properly before it.

* * * * * * * * *

Thereupon, the Mayor presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1996 A (WEST VIRGINIA SRF PROGRAM), OF THE CITY OF OAK

HILL; RATIFYING AND APPROVING A LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. On motion duly made and seconded, it was unanimously ordered that the above-entitled Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

* * * * * * * * *

There being no further business to come before the meeting, on motion duly made and seconded, it was ordered that the meeting adjourn.

Mayor

* * * * * * * * *

I further hereby certify that the foregoing action of the Council remains in full force and effect and has not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 20th day of August, 1996.

City Clerk

08/09/96
COHJM.X2
667770/95001

# STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

BANK ONE CENTER

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

FACSIMILE (304) 624-8183

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

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

126 EAST BURKE STREET
P. O. BOX 2629
MARTINSBURG, W. VA. 25401-2629
(304) 263-6991
FACSIMILE (304) 263-4785

104 WEST CONGRESS STREET
P. O. BOX 100
CHARLES TOWN, W. VA. 25414-0100
(304) 725-1414
FACSIMILE (304) 725-1913

THE BRYAN CENTRE
P. O. BOX 570
82 WEST WASHINGTON STREET, FOURTH FLOOR
HAGERSTOWN, MARYLAND 21740-0570
(301) 739-8600
FACSIMILE (301) 739-8742

FOURTH FLOOR - RILEY BUILDING
P. O. BOX 150
14TH AND CHAPLINE STREETS
WHEELING, W. VA. 26003-0020
(304) 233-0000
FACSIMILE (304) 233-0014

THE PMC BUILDING, SUITE 101
P. O. BOX 628
417 GRAND PARK DRIVE
PARKERSBURG, W. VA. 26102-0628
(304) 422-6463
FACSIMILE (304) 422-6462

WRITER'S DIRECT DIAL NUMBER


August 20, 1996

City of Oak Hill
Sewer Revenue Bonds, Series 1996 A
(West Virginia SRF Program)

**CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

Internal Revenue Service
Internal Revenue Service Center
Philadelphia, Pennsylvania 19255

Ladies and Gentlemen:

Enclosed herewith is a completed and executed Internal Revenue Service Form 8038-G and a file copy thereof with regard to the above-captioned issue. Please file the original form in the appropriate Internal Revenue Service records and return the copy marked in red as the "File Copy" to me (after acknowledging receipt of the same) in the enclosed self-addressed, stamped envelope. Thank you for your attention to this matter.

Very truly yours,

Francesca Tan

Francesca Tan

FT/jmm
Enclosures
Copy of letter with enclosure to:
Mr. Tom Oxley
Samme L. Gee, Esquire
8038.LTR
667770/95001

Form **8038-G** (Rev. May 1995)

Department of the Treasury Internal Revenue Service

# Information Return for Tax-Exempt Governmental Obligations

▶ Under Internal Revenue Code section 149(e)

▶ See separate instructions.

(Note: Use Form 8038-GC if the issue price is under $100,000.)

OMB No. 1545-0720

## Part I Reporting Authority

If Amended Return, check here ▶ ☐

| | |
|---|---|
| 1 Issuer's name: City of Oak Hill | 2 Issuer's employer identification number: 55 6000225 |
| 3 Number and street (or P.O. box if mail is not delivered to street address): Post Office Box 1245 — Room/suite | 4 Report number: G19 96 - 1 |
| 5 City, town, or post office, state, and ZIP code: Oak Hill, West Virginia 25901 | 6 Date of issue: August 20, 1996 |
| 7 Name of issue: City of Oak Hill Sewer Revenue Bonds, Series 1996 A (WV SRF Program) | 8 CUSIP number: N/A |

## Part II Type of Issue (check applicable box(es) and enter the issue price)

| | | | |
|---|---|---|---|
| 9 | ☐ Education (attach schedule–see instructions) | 9 | $ |
| 10 | ☐ Health and hospital (attach schedule–see instructions) | 10 | |
| 11 | ☐ Transportation | 11 | |
| 12 | ☐ Public safety | 12 | |
| 13 | ☒ Environment (including sewage bonds) | 13 | $1,000,000 |
| 14 | ☐ Housing | 14 | |
| 15 | ☐ Utilities | 15 | |
| 16 | ☐ Other. Describe (see instructions) ▶ | 16 | |
| 17 | If obligations are tax or other revenue anticipation bonds, check box ▶ ☐ | | |
| 18 | If obligations are in the form of a lease or installment sale, check box ▶ ☐ | | |

## Part III Description of Obligations

| | (a) Maturity date | (b) Interest rate | (c) Issue price | (d) Stated redemption price at maturity | (e) Weighted average maturity | (f) Yield | (g) Net interest cost |
|---|---|---|---|---|---|---|---|
| 19 Final maturity. | 6/1/2017 | 2.000 % | $15,121 | $15,121 | | | |
| 20 Entire issue | | | $1,000,000 | $1,000,000 | 10.788 years | 3.011 % | 2.000 % |

## Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

| | | | | |
|---|---|---|---|---|
| 21 | Proceeds used for accrued interest | | 21 | -0- |
| 22 | Issue price of entire issue (enter amount from line 20, column (c)) | | 22 | $1,000,000 |
| 23 | Proceeds used for bond issuance costs (including underwriters' discount) | 23 $12,300 | | |
| 24 | Proceeds used for credit enhancement | 24 -0- | | |
| 25 | Proceeds allocated to reasonably required reserve or replacement fund | 25 $60,792 | | |
| 26 | Proceeds used to currently refund prior issues | 26 -0- | | |
| 27 | Proceeds used to advance refund prior issues | 27 -0- | | |
| 28 | Total (add lines 23 through 27) | | 28 | $73,092 |
| 29 | Nonrefunding proceeds of the issue (subtract line 28 from line 22 and enter amount here) | | 29 | $926,908 |

## Part V Description of Refunded Bonds (Complete this part only for refunding bonds.) N/A

| | | |
|---|---|---|
| 30 | Enter the remaining weighted average maturity of the bonds to be currently refunded ▶ | years |
| 31 | Enter the remaining weighted average maturity of the bonds to be advance refunded ▶ | years |
| 32 | Enter the last date on which the refunded bonds will be called ▶ | |
| 33 | Enter the date(s) the refunded bonds were issued ▶ | |

## Part VI Miscellaneous

| | | | |
|---|---|---|---|
| 34 | Enter the amount of the state volume cap allocated to the issue under section 141(b)(5) | 34 | -0- |
| 35 | Enter the amount of the bonds designated by the issuer under section 265(b)(3)(B)(i)(III) (small issuer exception) | 35 | -0- |
| 36a | Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions) | 36a | -0- |
| b | Enter the final maturity date of the guaranteed investment contract ▶ | | |
| 37 | Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units | 37a | -0- |

b If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☐ and enter the name of the issuer ▶ _____ and the date of the issue ▶ _____

38 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶ ☐

39 If the issuer has identified a hedge, check box ▶ ☐

**Please Sign Here**

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Signature of issuer's authorized representative — Date: 8/20/96 — Type or print name and title: Calvin Jones, Mayor

WV MUNICIPAL BOND COMMISSION
812 Quarrier Street
Suite 300
Charleston, WV 25301
(304)558-3971

**NEW ISSUE REPORT FORM**

**Date of Report:** August 20, 1996

**(See Reverse for Instructions)**

**ISSUE:** City of Oak Hill, Sewer Revenue Bonds, Series 1996 A (WV SRF program)

**ADDRESS:** Post Office Box 1245, Oak Hill, WV 25901 **COUNTY:** Fayette

**PURPOSE OF ISSUE:** New Money X / Refunding ___ **Refunds issue(s) dated:**

**ISSUE DATE:** August 20, 1996 **CLOSING DATE:** August 20, 1996

**ISSUE AMOUNT:** $ 1,000,000 **RATE:** 2% Administrative Fee: 1%

**1st DEBT SERVICE DUE:** 9/1/97 **1st PRINCIPAL DUE:** 9/1/97, $10,197

**1st DEBT SERVICE AMOUNT:** $15,197 **PAYING AGENT:** Municipal Bond Commission

**ISSUERS**
**BOND COUNSEL:** Steptoe & Johnson
**Contact Person:** Vincent A. Collins, Esq.
**Phone:** 624-8161
**CLOSING BANK:** One Valley Bank of Oak Hill, Inc.
**Contact Person:** Josie Wriston
**Phone:** 469-2961
**KNOWLEDGEABLE ISSUER CONTACT**
**Contact Person:** Thomas Oxley
**Position:** City Manager
**Phone:** 469-9541 **FAX:**

**UNDERWRITERS**
**BOND COUNSEL:** Jackson & Kelly
**Contact Person:** Samme L. Gee, Esq.
**Phone:** 340-1318
**ESCROW TRUSTEE:**
**Contact Person:**
**Phone:**
**OTHER:**
**Contact Person:**
**Function:**
**Phone:**

**DEPOSITS TO MBC AT CLOSE:**
By ___ Wire / X Check

| | | |
|---|---|---|
| ___ | Accrued Interest: | $ |
| ___ | Capitalized Interest: | $ |
| X | Reserve Account: | $ 60,792 |
| ___ | Other: | $ |

**REFUNDS & TRANSFERS BY MBC AT CLOSE:**
By ___ Wire / ___ Check / ___ IGT

| | | |
|---|---|---|
| ___ | To Escrow Trustee: | $ |
| ___ | To Issuer: | $ |
| ___ | To Cons. Invest. Fund: | $ |
| ___ | To Other: | $ |

**NOTES:**

**FOR MUNICIPAL BOND COMMISSION USE ONLY:**
**DOCUMENTS REQUIRED:**
**TRANSFERS REQUIRED:**

CITY OF OAK HILL

Sewer Revenue Bonds, Series 1996 A
(West Virginia SRF Program)

ACCEPTANCE OF DUTIES AS DEPOSITORY BANK

One Valley Bank of Oak Hill, Inc., Oak Hill, West Virginia, a state banking corporation, hereby accepts appointment as Depository Bank in connection with a Bond Ordinance of the City of Oak Hill (the "Issuer") enacted by the Council of the Issuer on December 5, 1995, and a Supplemental Resolution of the Issuer adopted by the Council of the Issuer on August 6, 1996 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Sewer Revenue Bonds, Series 1996 A (West Virginia SRF Program), dated August 20, 1996, in the aggregate principal amount of $1,000,000 (the "Bonds"), and agrees to perform all duties of Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

WITNESS my signature on this 20th day of August, 1996.

ONE VALLEY BANK OF OAK HILL, INC.

Senior Vice President

07/26/96
COHJM.S2
667770/95001

CITY OF OAK HILL

Sewer Revenue Bonds, Series 1996 A
(West Virginia SRF Program)

ACCEPTANCE OF DUTIES AS REGISTRAR

ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association with its principal office in Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the City of Oak Hill Sewer Revenue Bonds, Series 1996 A (West Virginia SRF Program), dated August 20, 1996, in the aggregate principal amount of $1,000,000 (the "Bonds"), and agrees to perform all duties of Registrar in connection with the Bonds, all as set forth in the Bond Legislation authorizing issuance of the Bonds.

WITNESS my signature on this 20th day of August, 1996.

ONE VALLEY BANK, NATIONAL ASSOCIATION

Assistant Vice President

07/18/96
COHJM.T1
667770/95001

CITY OF OAK HILL

Sewer Revenue Bonds, Series 1996 A
(West Virginia SRF Program)

CERTIFICATE OF REGISTRATION OF BONDS

ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association with its principal office in Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned Bonds of the City of Oak Hill (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Sewer Revenue Bond, Series 1996 A (West Virginia SRF Program), of the Issuer, dated August 20, 1996, in the principal amount of $1,000,000, numbered AR-1, was registered as to principal and interest in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of One Valley Bank, National Association, as Registrar.

WITNESS my signature on this 20th day of August, 1996.

ONE VALLEY BANK, NATIONAL ASSOCIATION

Charlotte S. Morgan
Assistant Vice President

07/18/96
COHJM.U1
667770/95001

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 20th day of August, 1996, by and between the CITY OF OAK HILL, a municipal corporation and political subdivision of the State of West Virginia (the "Issuer"), and ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $1,000,000 principal amount of Sewer Revenue Bonds, Series 1996 A (West Virginia SRF Program), in fully registered form (the "Bonds"), pursuant to a Bond Ordinance of the Issuer duly enacted December 5, 1995, and a Supplemental Resolution of the Issuer duly adopted August 6, 1996 (collectively, the "Bond Legislation");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Bond Legislation, a copy of which is attached as EXHIBIT A hereto and incorporated herein by reference;

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Bond Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the Bonds from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar, from time to time, the compensation for services rendered as provided in the annexed schedule and reimbursement for reasonable expenses incurred in connection therewith.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Bond Legislation with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Bond Legislation, the terms of the Bond Legislation shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Bond Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER: City of Oak Hill
Post Office Box 1245
Oak Hill, West Virginia 25901
Attention: Mayor

REGISTRAR: One Valley Bank, National Association
Post Office Box 1793
One Valley Square
Charleston, West Virginia 25326
Attention: Corporate Trust Department

8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Bond Legislation.

IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

CITY OF OAK HILL

Mayor

City Manager

ONE VALLEY BANK, NATIONAL ASSOCIATION

Assistant Vice President

07/26/96
COHJM.V2
667770/95001

EXHIBIT A

Bond Legislation included in bond transcript as Documents No. 1 and No. 2

# SCHEDULE OF COMPENSATION

# *Invoice*

ONEVALLEY BANK

MR. THOMAS OXLEY
CITY MANAGER
CITY OF OAK HILL
P O BOX 1245
OAK HILL WV 25901

DATE AUGUST 20, 1996

| UNITS | ITEM DESCRIPTION | TOTAL |
|---|---|---|
| | CITY OF OAK HILL, WV SEWER REVENUE BONDS, SERIES 1996 A (WV SRF PROGRAM) | |
| | ONE TIME FEE FOR SERVICES AS REGISTRAR AND AUTHENICATING AGENT.. | $500.00 |

SEND REMITTANCE TO: One Valley Bank
One Financial Place - 6th Floor
One Valley Square
P.O. Box 1793
Charleston, WV 25326

ATTN: CHARLOTTE S MORGAN

CITY OF OAK HILL

SEWER REVENUE BONDS, SERIES 1988 A AND SERIES 1988 B
and
SEWERAGE SYSTEM
INTERIM CONSTRUCTION FINANCING

BOND AND NOTES ORDINANCE

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08/22/88
OHSB2-B

CITY OF OAK HILL

ORDINANCE

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF THE CITY OF OAK HILL AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $3,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1988 A, NOT MORE THAN $1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1988 B, AND NOT MORE THAN $7,000,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF BOND ANTICIPATION NOTES, GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES OR ANY COMBINATION OF THE FOREGOING; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE CITY OF OAK HILL:

## 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 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 Oak Hill (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Fayette County of said State.

B. The Issuer presently owns and operates a public sewage treatment, collection and transportation system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be constructed certain additions, betterments and improvements for the existing sewerage facilities of the Issuer consisting of a new sewage treatment plant, a pump station and new interceptor and collector lines and upgrading of existing interceptor lines, and all appurtenant facilities (the "Project") which constitute properties for the collection and transportation of liquid or solid wastes, sewage or industrial wastes (the existing sewerage facilities of the Issuer, the Project and any further additions thereto or extensions thereof is herein called the "System") at an estimated cost of $5,191,256, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

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

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds in the total aggregate principal amount of not more than $4,000,000 in two series, being the Series 1988 A Bonds in the aggregate principal amount of not more than $3,000,000, and the Series 1988 B Bonds in the aggregate principal amount of not more than $1,000,000 (collectively, the "Original Bonds"), and (at the option of the Issuer) to issue its sewerage system bond anticipation notes prior to issuance of the Original Bonds and contemporaneously therewith, or as soon as practicable thereafter, to issue its sewerage system grant anticipation notes, and/or a note or notes evidencing a line of credit, or any combination of the foregoing (collectively, the "Notes") in the aggregate principal amount of not more than $7,000,000 to temporarily finance costs of construction and acquisition of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Notes during the term thereof and upon the Bonds prior to and during construction or acquisition and for a period not exceeding 6 months after completion of construction of the Project; amounts which may be deposited in the Reserve Accounts; engineering, and legal expenses; expenses for estimates of costs and revenues, expenses for

plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees of the Authority (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Bonds and Notes and such other expenses as may be necessary or incidental to the financing herein authorized, the construction or acquisition of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, including, with respect to the Notes, any fees for the providing of a letter of credit, as hereinafter defined, and any costs of obtaining insurance thereon; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Bonds or Notes or the repayment of indebtedness incurred by the Issuer for such purposes, shall be deemed Costs of the Project, as hereinafter defined.

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

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

G. There are not outstanding any obligations of the Issuer which will rank prior to or on a parity with the Bonds as to lien and source of and security for payment. The Series 1988 B Bonds shall be junior and subordinate to the Series 1988 A Bonds as set forth herein. The Grant Anticipation Notes, if issued, will not be payable from the Net Revenues, but shall be payable from Grant Receipts, Surplus Revenues and proceeds of a letter of credit, if any, all as shall be set forth in the Indenture or the Supplemental Resolution authorizing the Notes. The Bond Anticipation Notes, if issued, will be payable from the proceeds of the Bonds and Net Revenues, if necessary, all as shall be set forth in the Indenture or the Supplemental Resolution authorizing the Notes.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Consulting Engineers" means Pentree, Incorporated, Princeton, 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.

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

"Debt Service" means the scheduled amount of interest and amortization of principal payable on the Bonds during the period of computation, excluding amounts scheduled during such period which

relate to principal which has been retired before the beginning of such period.

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

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

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

(A) The excess of

(i) The aggregate amount earned from the Closing Date on all Nonpurpose Investments in which Gross Proceeds of the Series 1988 A Bonds are invested [other than amounts attributable to an excess described in this clause (A) of this definition of Excess Investment Earnings], over

(ii) The amount that would have been earned if the Yield on such Nonpurpose Investments [other than amounts attributable to an excess described in this clause (A) of this definition of Excess Investment Earnings] had been equal to the Yield on the Series 1988 A Bonds, plus

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

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

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

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

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

"Grant Agreement" means a written commitment for the payment of the EPA Grant or any of the Other Grants, specifying the amount of such Grant, the terms and conditions upon which such Grant is made and the date or dates or event or events upon which such

Grant is to be paid to the Issuer; provided that, "EPA Grant Agreement" means only the Grant Agreement relating to the EPA Grant and "Other Grant Agreements" means only those Grant Agreements relating to the Other Grants.

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

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

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

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

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

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

interest earnings and profits resulting from investment of such original proceeds in Nonpurpose Investments, which are used to discharge the outstanding principal of any such prior obligations, all on the date of such ratable discharge;

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

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

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

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

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

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided, that "Gross Revenues" does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined, purchased pursuant to Article 8.01 hereof) or any Tap Fees, as hereinafter defined.

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

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

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

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

"Issuer" means the City of Oak Hill, in Fayette County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body and Sanitary Board of the Issuer.

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

"Mayor" means the Mayor of the Issuer.

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

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

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

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

"Notes" means collectively, the not more than $7,000,000 in aggregate principal amount of Sewerage System bond anticipation notes, grant anticipation notes or notes evidencing a line of credit originally authorized hereby which may be issued by the Issuer, the terms of which shall be set forth in a Supplemental Resolution, and unless the context clearly indicates otherwise, the terms "Notes" includes any refunding Notes of the Issuer.

"Notes Construction Trust Fund" means the Notes Construction Trust Fund which may be established by the Indenture.

"Notes Debt Service Fund" means the Notes Debt Service Fund which may be established by the Indenture.

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

"Original Bonds" or "Bonds originally authorized hereby" or similar phrases mean, collectively, the not more than $3,000,000 in aggregate principal amount of Series 1988 A Bonds and the not more than $1,000,000 in aggregate principal amount of Series 1988 B Bonds, issued for the purpose of paying a portion of the Costs of the Project and for such other purposes permitted and authorized by this Bond Legislation.

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

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

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

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

"Paying Agent" means the bank or banks or other entity designated as such for the Bonds and/or the Notes in the Indenture or in the Supplemental Resolution or such entity or authority as may be designated by the Issuer.

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

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

"Project" means the acquisition and construction of certain additions, betterments and improvements for the existing sewerage facilities of the Issuer, consisting generally of

a new sewage treatment plant, new interceptor and collector lines upgrading existing interceptor lines, and all necessary appurtenances.

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

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

(a) Government Obligations;

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

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

(d) Any bond, debenture, note, participation certificate or other similar obligations issued by the Federal National

Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;

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

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

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

(h) The West Virginia "consolidated fund" managed by the West Virginia State Board of

Investments pursuant to Chapter 12, Article 6 of the West Virginia Code of 1931, as amended; and

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

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

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

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

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by Section 5.01 hereof.

"Revenue Fund" means the Revenue Fund established by Section 5.01 hereof.

"Series 1988 A Bonds" or "Series A Bonds" means the not more than $3,000,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1988 A, of the Issuer.

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

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

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

"Series 1988 B Bonds" or "Series B Bonds" means the not more than $1,000,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1988 B, of the Issuer.

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

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

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

"State" means the State of West Virginia.

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

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the 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.

"System" means the public service properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, owned by the Issuer, and any improvements or extensions thereto hereafter constructed or acquired from any sources whatsoever, and includes the Project.

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

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

"Yield" means that yield which, when used in computing the present worth of all payments of principal and interest (or other payments in the case of Nonpurpose Investments which require payments in a form not characterized as principal and interest) on a Nonpurpose Investment or on the Series 1988 A Bonds produces an

amount equal to the Purchase Price of such Nonpurpose Investment or the Bonds, all computed as prescribed in applicable Regulations.

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

## ARTICLE II

## AUTHORIZATION OF CONSTRUCTION AND ACQUISITION OF THE PROJECT

Section 2.01. Authorization of Construction and Acquisition of the Project. There is hereby authorized the construction and acquisition of the Project, at an estimated cost of $5,191,256, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Notes and the Bonds hereby authorized shall be applied as provided in the Indenture, if any, and Article VI hereof, respectively.

## ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 1988 A Bonds, funding a reserve account for each series of Original Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Original Bonds and related costs, or any of such purposes, as determined by the Supplemental Resolution there shall be issued negotiable Original Bonds of the Issuer, in an aggregate principal amount of not more than $4,000,000. Said Bonds shall be issued in two series, to be designated respectively, "Sewer Revenue Bonds, Series 1988 A," in the aggregate principal amount of not more than $3,000,000, and "Sewer Revenue Bonds, Series 1988 B," in the aggregate principal amount of not more than $1,000,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. Such Bonds shall be issued contemporaneously with or prior to issuance of the Grant Anticipation Notes, if any. The proceeds of the Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the Bond Construction Trust Fund established by Section 5.01 hereof.

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

Unless otherwise provided by the Supplemental Resolution, the Original Bonds shall be issued in the form of a single bond for each series, fully registered to the Authority, with a debt service schedule attached, representing the aggregate principal amount of eadh series, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Bonds of each series shall be exchangeable at the option and expense of the Holder for other fully registered Bonds of the same series in aggregate

principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

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

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

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

agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

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

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

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

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond

Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

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

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

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

[Form of Series 1988 A Bond]

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

No. AR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF OAK HILL, a municipal corporation and political subdivision of the State of West Virginia in Fayette County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ ($_____), in installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit A.

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

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

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing sewerage facilities of the Issuer (the "Project"); (ii) [to pay interest on the Bonds of this series] (the "Bonds") during the construction of the Project and for not more than 6 months thereafter; (iii) [to fund a reserve account for the Bonds]; and (iv) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 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 _____, 1988 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is issued concurrently with the Sewer Revenue Bonds, Series 1988 B, of the Issuer (the "Series 1988 B Bonds"), issued in the aggregate principal amount of $_____, which Series 1988 B Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Bonds.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1988 A Bonds Reserve Account"), and unexpended proceeds of the Bonds and the Series 1988 B Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1988 A Bonds Reserve Account and unexpended proceeds of the Bonds and the Series 1988 B Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, the Series 1988 B Bonds, and all other obligations

secured by a lien on or payable from such revenues prior to or on a parity with the Bonds or the Series 1988 B Bonds, provided however, that so long as there exists in the Series 1988 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for the Series 1988 B Bonds and any other obligations outstanding prior to or on a parity with the Bonds or the Series 1988 B Bonds, 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 OAK HILL has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its _____, and has caused this Bond to be dated _____, 1988.

[SEAL]

_____
Mayor

ATTEST:

_____
City Clerk

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: _____

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

# EXHIBIT A

## SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

_____

In the presence of:

_____

[Form of Series 1988 B Bond]

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

No. BR-____ $_____

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

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

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

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing sewerage facilities of the Issuer (the "Project"); (ii) [to fund a reserve account for the Bonds of this Series (the "Bonds")]; and (iii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 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 _____, 1988 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO THE OUTSTANDING SEWER REVENUE BONDS, SERIES 1988 A, OF THE ISSUER (THE "SERIES 1988 A BONDS"), ISSUED CONCURRENTLY HEREWITH IN THE AGGREGATE PRINCIPAL AMOUNT OF $_____ AND DESCRIBED IN THE BOND LEGISLATION.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System after there has first been paid from said Net Revenues all payments then due and owing on account of the Series 1988 A Bonds herein described, all moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1988 B Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 1988 B Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, the Series 1988 A Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 1988 A Bonds or the Bonds, provided however, that so long as there exists in the Series 1988 B Bonds Reserve Account and the reserve account established for the Series 1988 A Bonds, respectively, amounts at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds and the Series 1988 A Bonds in the then current or any succeeding year, and any reserve account for any such prior or

parity obligations is funded at least at the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owners of the Bonds, which lien is subordinate to the lien in favor of the registered owners of the Series 1988 A Bonds.

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

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

IN WITNESS WHEREOF, the CITY OF OAK HILL has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its _____, and has caused this Bond to be dated _____, 1988.

[SEAL]

_____
Mayor

ATTEST:

_____
City Clerk

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: _____

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

# EXHIBIT A

## SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

_____

In the presence of:

_____

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

Section 3.11. "Schedule A" Filing; Tender of Series 1988 B Bonds. Upon completion of acquisition and construction of the Project, the Issuer will file with the Authority a schedule in substantially the form of the "Amended Schedule A" to the Loan Agreement, setting forth the actual costs of the Project and sources of funds therefor. In the event such schedule reflects an excess of funding for the Project, or if the Authority is otherwise advised of an excess, the Authority may tender the Series 1988 B Bonds to the Issuer for payment in an amount equal to such excess. Notwithstanding the foregoing, if the Issuer has Notes outstanding upon completion of construction of the Project, it will advise the Authority of such fact and submit a second schedule to the Authority upon payment of such Notes, and the Authority will not tender its Series 1988 B Bonds for payment until the outstanding Notes have been paid.

## ARTICLE IV

## INTERIM CONSTRUCTION FINANCING

Section 4.01. Authorization and General Terms. In order to pay certain Costs of the Project pending receipt of the Grant Receipts or issuance of the Bonds, the Issuer may issue and sell its Notes in an aggregate principal amount not to exceed $7,000,000. The Notes may be in the form of bond anticipation notes, grant anticipation notes or as evidence of a line of credit from a commercial bank or other lender, at the discretion of the Issuer, and as shall be set forth in a resolution supplemental hereto. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the Indenture or supplemental resolution, as applicable.

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

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

Section 4.04. Letters of Credit. As additional security for any Notes, the Issuer may obtain a letter or letters of credit from a bank or banks, pursuant to which such bank or banks would agree to pay to the Trustee, upon presentation by the Trustee of certain certificates, the sum or sums set forth therein but not to exceed $500,000 in the aggregate. In the event of a draw under any

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

## ARTICLE V

## SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created 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 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby established with the Commission:

(1) Series 1988 A Bonds Sinking Fund;

(a) Within the Series 1988 A Bonds Sinking Fund, the Series 1988 A Bonds Reserve Account.

(2) Series 1988 B Bonds Sinking Fund;

(a) Within the Series 1988 B Bonds Sinking Fund, the Series 1988 B Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided.

(1) The Issuer shall first, each month, pay from the Revenue Fund the Operating Expenses of the System.

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

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

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

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

(5) From the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, commencing with the month succeeding the first full calendar month after completion of the Project, transfer to the Renewal and Replacement Fund a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of the Series 1988 A Bonds Reserve Account. All funds in the Renewal and Replacement Fund

shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the Series 1988 A Bonds Reserve Account [except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required by Subsection 5.03(A)(4)] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

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

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

Moneys in the Series 1988 A Bonds Sinking Fund and the Series 1988 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the respective series of Bonds as the same shall

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

All investment earnings on moneys in the several Sinking Funds and Reserve Accounts shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Bond Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payments, if any, due on the respective Series of Bonds, and then to the next ensuing principal payments due thereon.

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

Any withdrawals from the Series 1988 B Bonds Reserve Account which result in a reduction in the balance of the Series 1988 B Bonds Reserve Account to below the Series 1988 B Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Series 1988 A Bonds Sinking Fund, the Series 1988 A Bonds Reserve Account, the Renewal and Replacement Fund and the Series 1988 B Bonds Sinking Fund have been made in full.

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

The Issuer shall not be required to make any further payments into the Series 1988 A Bonds Sinking Fund, or the Series 1988 B Bonds Sinking Fund or into the Reserve Accounts therein when the aggregate amount of funds in said respective Sinking Funds and Reserve Accounts are at least equal to the aggregate principal amount of the respective Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the respective maturities thereof.

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

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

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

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

B. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in said Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into the Sinking Funds, including the Reserve Accounts therein, and the Renewal and Replacement Fund during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System, including, but not limited to, payment to the Trustee for deposit in the Notes Debt Service Fund.

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

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

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

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

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

H. All Tap Fees shall be deposited by the Issuer, as received, in the Bond Construction Trust Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System, provided that, in the event Notes are issued, Tap Fees may, with the written consent of the Authority be deposited otherwise.

## ARTICLE VI

## BOND PROCEEDS; FUNDS AND ACCOUNTS

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

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

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

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

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

E. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Bond Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Bond Construction Trust Fund set forth in the Bond Legislation. Moneys in the Bond Construction Trust Fund shall be used solely to pay Costs of the Project and until so expended, are hereby pledged as additional security for the Series 1988 A Bonds, and thereafter for the Series 1988 B Bonds. In the event that Notes are issued, the disposition of funds in the Bonds Construction Trust Fund may be modified from that set forth herein, with the written consent of the Authority.

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

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

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

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

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

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

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

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

After completion of the Project, as certified by the Consulting Engineers, the Depository Bank shall transfer any moneys remaining in the Bond Construction Trust Fund to the Series 1988 A Bonds Reserve Account, and when fully funded to the Series 1988 B Bonds Reserve Account, and when both Reserve Accounts are fully funded, shall return such remaining moneys to the Issuer for deposit in the Revenue Fund. The Issuer shall thereafter, apply such moneys

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

## ARTICLE VII

## ADDITIONAL COVENANTS OF THE ISSUER

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

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

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

Section 7.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 1988 A Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System and payment of the debt service of the Series 1988 B Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on said Net Revenues, but such lien shall be junior and subordinate to the lien on said Net Revenues in favor of the Holders of the Series 1988 A Bonds. The revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Bonds and to make the payments into the Sinking Funds, including the Reserve Accounts therein, and all other payments provided for in the

Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to the payment of the principal of and interest on the Bonds as the same become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the ordinance of the Issuer enacted November 10, 1983.

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

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

with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $10,000 and not in excess of $50,000, shall with the written consent of the Authority, be remitted by the Issuer to the Commission for deposit in the Sinking Fund and shall be applied only to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the par value thereof plus 3% of such par value or otherwise. Such payment of such proceeds into the Sinking Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of over 50% in amount of the Bonds then Outstanding and the Consulting Engineers. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and in Section 7.07B, the Issuer shall not issue any obligations whatsoever with a lien on or otherwise payable from any source of payment pledged originally to the Notes issued under the Indenture or supplemental resolution prior to or on a parity with the lien on behalf of such Notes until such Notes have been defeased in accordance with the provisions of the Indenture and the Bond Legislation; and, so long as any of the Bonds are Outstanding, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds; provided, however, that additional Bonds on a parity with the Series 1988 B Bonds only may be issued as provided for in Section 7.07 hereof. All obligations issued by the Issuer after the issuance of the Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are

junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 1988 A Bonds and the Series 1988 B Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the Reserve Accounts and the Renewal and Replacement Fund at the time of the issuance of such subordinate obligations have been made and are current.

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

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

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

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

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

(1) The Bonds then Outstanding;

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

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

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

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

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

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

addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

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

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

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

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

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

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

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

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

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

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

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

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

Section 7.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the 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 changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds; provided that, in the event that amounts equal to or in excess of the Reserve Requirements are on deposit respectively in the Reserve Accounts and reserve accounts for obligations prior to or on a parity with the Bonds are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds.

Section 7.10. Operating Budget and Audit. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated expenditures for operation and maintenance of the System during the succeeding Fiscal Year. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the Consulting Engineers, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Trustee and the Authority and to any Holder of any Bonds or Notes, as the case may be, who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Trustee and to any Holder of any Bonds or Notes, as the case

may be, or anyone acting for and in behalf of such Holder of any Bonds or Notes, as the case may be.

Section 7.11. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 7.12. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

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

Section 7.13. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar

circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.14. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as any of the Bonds or the Notes remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

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

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

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

contractor contracting directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

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

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

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

Section 7.15. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30 day notice of the availability of the System, pay the rates and charges established therefor.

Any such house, dwelling or building from which emanates sewage or water-borne waste matter and which is not so connected with the System is hereby declared and found to be a hazard to the

health, safety, comfort and welfare of the inhabitants of the Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

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

Section 7.17. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

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

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

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be "federally

guaranteed" within the meaning of Section 149(b) of the Code and Regulations promulgated thereunder.

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

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

## ARTICLE VIII

## INVESTMENT OF FUNDS; NON ARBITRAGE

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

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

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

Section 8.02. Arbitrage. The Issuer covenants that (i) it will restrict the use of the proceeds of the Bonds in such manner and to such extent as may be necessary, in view of the Issuer's reasonable expectations at the time of issuance of the Bonds, so that the Bonds will not constitute "arbitrage bonds" under Section 148 of the Code and Regulations, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a Federal information return with respect to the Bonds) so that the interest on the Bonds will be and remain excluded from gross income for Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. Rebate of Excess Investment Earnings to the United States. In accordance with Section 148(f)(4)(C) of the Code, the Issuer covenants that it is a governmental unit with general taxing powers; that the Bonds are not private activity bonds as defined in Section 141 of the Code; that 95% or more of the Net Proceeds of the Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and that the aggregate face amount of all the tax-exempt obligations (other than private activity bonds as defined in Section 141 of the Code) issued by the Issuer during the calendar year in which the Bonds are issued will not exceed $5,000,000, determined in accordance with Section 148(f)(4)(C) of the Code and the Regulations promulgated thereunder. For purposes of this Section 8.03 and for purposes of applying Section 148(f)(4)(C) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a subordinate entity shall, for purposes of applying this Section 8.03 and Section 148(f)(4)(C) of the Code to any other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(C) of the Code and all other entities benefiting thereby shall be treated as one issuer.

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

A. CREATION OF FUNDS. There are hereby created, to be held by the Depository Bank as separate funds distinct from all other funds and accounts held by the Depository Bank under this Bond Legislation, the Earnings Fund and the Rebate Fund. All interest earnings and profits on amounts in all funds and accounts established under this Bond Legislation, other than (i) interest

earnings and profits on any funds referenced in Subsection C(5) of this Section if such earnings in any Bond Year are less than $100,000, (ii) interest earnings and profits on amounts in funds and accounts which do not constitute Gross Proceeds, and (iii) interest earnings and profits on the Rebate Fund shall, upon receipt by the Depository Bank, be deposited in the Earnings Fund. In addition, all interest earnings and profits on Gross Proceeds in funds held by the Issuer shall, upon receipt, be paid to the Depository Bank for deposit in the Earnings Fund. Annually, on or before the 30th day following the end of each Bond Year or on the preceding business day in the event that such last day is not a business day, or such earlier date as may be required under the Code, the Depository Bank shall transfer from the Earnings Fund to the Rebate Fund for purposes of ultimate payment to the United States an amount equal to Excess Investment Earnings, all as more particularly described in this Section. Following the transfer referenced in the preceding sentence, the Depository Bank shall transfer all amounts remaining in the Earnings Fund to be used for the payment of Debt Service on the next interest payment date and for such purpose, Debt Service due from the Issuer on such date shall be credited by an amount equal to the amount so transferred.

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

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

(1) Except as provided in (2), in determining the amount described in clause A(i) of the definition of Excess Investment Earnings, the aggregate amount earned on Nonpurpose Investments shall include (i) all income realized under federal income tax accounting principles (whether or not the person earning such income is subject to federal income tax) with respect to such Nonpurpose Investments and with respect to the reinvestment of investment receipts from such Nonpurpose Investments

(without regard to the transaction costs incurred in acquiring, carrying, selling or redeeming such Nonpurpose Investments), including, but not limited to, gain or loss realized on the disposition of such Nonpurpose Investments (without regard to when such gains are taken into account under Section 453 of the Code relating to taxable year of inclusion of gross income), and income under Section 1272 of the Code (relating to original issue discount) and (ii) any unrealized gain or loss as of the date of retirement of the Bonds in the event that any Nonpurpose Investment is retained after such date.

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

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

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

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

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

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

F. MAINTENANCE OF RECORDS. The Issuer shall keep, and retain for a period of 6 years following the retirement of the Bonds, records of the determinations made pursuant to this Section 8.03.

G. INDEPENDENT CONSULTANTS. In order to provide for the administration of this Section 8.03, the Issuer and the Depository Bank (at the expense of the Issuer) may provide for the employment

of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer or the Depository Bank may deem appropriate.

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

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

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

## ARTICLE IX

## DEFAULT AND REMEDIES

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

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

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Notes set forth in this Bond Legislation, any supplemental resolution, the Indenture or in the Notes, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Trustee, any other bank or banking association holding any fund or account hereunder or a Holder of a Note; or

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

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

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

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Note

or Bond, as the case may be, may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Notes or Bonds, as the case may be, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Notes or Bonds, as the case may be, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Notes or Bonds, or the rights of such Registered Owners, provided however, that no remedy herein stated may be exercised by a Noteholder in a manner which adversely affects any remedy available to the Bondholders, and provided further, that all rights and remedies of the Holders of the Series 1988 B Bonds shall be subject to those of the Holders of the Series 1988 A Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond or Bond Anticipation Note may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds or Bond Anticipation Notes any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

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

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

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

## ARTICLE X

## DEFEASANCE

Section 10.01. Defeasance of Series 1988 A Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1988 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1988 A Bonds only, the pledge of 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 1988 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1988 A Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Series 1988 A Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1988 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1988 A Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1988 A Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or

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

Section 10.02. Defeasance of Series 1988 B Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1988 B Bonds, the principal due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1988 B Bonds only, the pledge of 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 1988 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1988 B Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date the principal installments of such Series 1988 B Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1988 B Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of 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 said Series 1988 B Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of said Series 1988 B Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

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

## ARTICLE XI

## MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. No material modification or amendment of this Bond Legislation, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the Notes or Bonds shall be made without the consent in writing of the Registered Owners of 66-2/3% or more in principal amount of the Notes, the Series 1988 A Bonds or the Series 1988 B Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or any Note or Notes or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein respectively pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds or Notes respectively, required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder or Noteholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest on the Bonds and the Notes from gross income of the holders thereof.

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

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

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

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

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

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

Section 11.08. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Bond Legislation determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in the Fayette Tribune, a qualified newspaper published and of general circulation in the City of Oak Hill, together with a notice stating that this Bond Legislation has been adopted and that the Issuer contemplates the issuance of the Bonds and Notes, and that any person interested may appear before the City Council upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Bond Legislation and notice, and present protests, and that a certified copy of the Ordinance is on file with the Governing Body for review by interested persons

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

Passed on First Reading - August 2, 1988

Passed on Second Reading - August 9, 1988

Passed on Final Reading Following Public Hearing - August 23, 1988

Mayor

City Clerk

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the CITY OF OAK HILL on the 23rd day of August, 1988.

Dated: August 25, 1988

[SEAL]

Virginia Fox
City Clerk

08/22/88
OHSB2/3-A/A

CITY OF OAK HILL

Sewer Revenue Bonds,
Series 1988 A and Series 1988 B

SUPPLEMENTAL RESOLUTION

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

WHEREAS, the city council (the "Governing Body") of the City of Oak Hill (the "Issuer"), has duly and officially enacted a bond ordinance, effective August 23, 1988 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF THE CITY OF OAK HILL AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $3,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1988 A, NOT MORE THAN $1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1988 B, AND NOT MORE THAN $7,000,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF BOND ANTICIPATION NOTES, GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES OR ANY COMBINATION OF THE FOREGOING; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS;

AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the Bond Ordinance provides for the issuance of Sewer Revenue Bonds of the Issuer (the "Bonds"), in an aggregate principal amount not to exceed $4,000,000, to be issued in two series, the Series 1988 A Bonds to be in an aggregate principal amount of not more than $3,000,000 (the "Series 1988 A Bonds") and the Series 1988 B Bonds to be in an aggregate principal amount of not more than $1,000,000 (the "Series 1988 B Bonds"), and has preliminarily authorized the execution and delivery of a loan agreement relating to the Series 1988 A Bonds dated August 19, 1988, and a supplemental loan agreement relating to the Series 1988 B Bonds, also dated August 19, 1988 (sometimes collectively referred to herein as the "Loan Agreement"), by and between the Issuer and West Virginia Water Development Authority (the "Authority"), all in accordance with Chapter 16, Article 13 of the West Virginia Code, 1931, as amended (the "Act"); and in the Bond Ordinance it is provided that the form of the Loan Agreement and the exact principal amounts, maturity dates, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

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

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

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

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

(A) The Sewer Revenue Bonds, Series 1988 A, of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $1,764,285. The Series 1988 A Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2028, shall bear interest at the rate of 9.0% per annum, payable semiannually on April 1 and October 1 of each year, first interest payable October 1, 1988, shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1988 A Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached to the Series 1988 A Bonds and to the Loan Agreement and incorporated therein by reference, which Schedule X is hereby specifically approved.

(B) The Sewer Revenue Bonds, Series 1988 B, of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $441,071. The Series 1988 B Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2028, shall be interest free, shall be subject to redemption upon the written consent of the Authority, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1988 B Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached to the Series 1988 B Bonds and to the Supplemental Loan Agreement and incorporated therein by reference, which Schedule X is hereby specifically approved.

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

Section 3. The Issuer does hereby approve, accept and ratify the Loan Agreement, copies of which are incorporated herein by reference, and the execution and delivery by the Mayor of the Loan Agreement, and the performance of the obligations contained therein, on behalf of the Issuer are hereby ratified and approved.

The price of the Bonds shall be 100% of par value, there being no interest accrued thereon.

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

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

Section 6. The Issuer does hereby appoint Merchants & Miners National Bank, Oak Hill, West Virginia, as Depository Bank under the Bond Ordinance.

Section 7. Series 1988 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 1988 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 1988 A Bonds proceeds in the amount of $164,503 shall be deposited in the Series 1988 A Bonds Reserve Account and Series 1988 B Bonds proceeds in the amount of $11,310 shall be deposited in the Series 1988 B Bonds Reserve Account.

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

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

Section 11. The Mayor and City Clerk are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered on or about August 25, 1988, to the Authority pursuant to the Loan Agreement.

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

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

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

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

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

Adopted this 23rd day of August, 1988.

CITY OF OAK HILL

Mayor

08/22/88
OHSB1-J

**CITY OF OAK HILL**

**SEWER REVENUE BONDS,**
**SERIES 1991A AND SERIES 1991B**
**and**
**SEWERAGE SYSTEM INTERIM CONSTRUCTION FINANCING**

**BOND AND NOTES ORDINANCE**

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CITY OF OAK HILL

ORDINANCE

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS FOR THE EXISTING PUBLIC SEWERAGE FACILITIES OF THE CITY OF OAK HILL AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $2,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1991A, NOT MORE THAN $500,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1991B, AND NOT MORE THAN $3,000,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF BOND ANTICIPATION NOTES, GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES, OR ANY COMBINATION OF THE FOREGOING; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE CITY OF OAK HILL:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Ordinance. This Ordinance (together with any ordinance, order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is enacted pursuant to the provisions of Chapter 16, Article 13 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 Oak Hill (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Fayette County of said State.

B. The Issuer presently owns and operates a public sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be constructed certain additions, betterments and improvements for the existing sewerage facilities of the Issuer, consisting of a new wastewater treatment plant, sewer lines and manholes, together with all appurtenant facilities (collectively, the "Project") which constitute properties for the collection and transportation of liquid or solid wastes, sewage or industrial wastes (the existing sewerage facilities, the Project and any further additions thereto or extensions thereof is herein called the "System") at an estimated cost of $4,719,280, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of said System, the principal of and interest on the Prior Bonds and the Bonds and all Sinking Funds, Reserve Accounts and other payments provided for herein and in the Prior Ordinance, all as such terms are hereinafter defined.

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds in the total aggregate principal amount of not more than $3,000,000 in two series, being the Series 1991A Bonds in the aggregate principal amount of not more than $2,500,000, and the Series 1991B Bonds in the aggregate principal amount of not more than $500,000 (collectively, the "Original Bonds"), and (at the option of the Issuer) to issue its sewerage system bond anticipation notes prior to issuance of the Original Bonds and contemporaneously therewith, or as soon as practicable thereafter, to issue its sewerage system grant anticipation notes, and/or a note or notes evidencing a line of credit, or any combination of the foregoing (collectively, the "Notes") in the aggregate principal amount of not more than $3,000,000 to temporarily finance costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Notes during the term thereof and upon the Bonds prior to and during construction or acquisition and for a period not exceeding 6 months after completion of construction of the Project; amounts which may be deposited in the Reserve Accounts; engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys;

other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees of the Authority (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Bonds and Notes and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, including, with respect to the Notes, any fees for the providing of a letter of credit, as hereinafter defined, and any costs of obtaining insurance thereon; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Bonds or Notes or the repayment of indebtedness incurred by the Issuer for such purposes, shall be deemed Costs of the Project, as hereinafter defined.

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

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

G. There are outstanding obligations of the Issuer which will rank either senior and prior to, on parity with or junior and subordinate to the Bonds as to liens, pledges, sources of and security for payment, which obligations are designated and have the lien positions, together with the Bonds as follows:

| Designation | Lien Position |
|---|---|
| Sewer Revenue Bonds, Series 1988 A, dated August 25, 1988, issued in the original aggregate principal amount of $1,764,285 (the "Series 1988 A Bonds") | First Lien |
| Sewer Revenue Bonds, Series 1991A (the "Series 1991A Bonds") | First Lien |
| Sewer Revenue Bonds, Series 1988 B, dated August 25, 1988, issued in the original aggregate principal amount of $441,071 (the "Series 1988 B Bonds") | Second Lien |
| Sewer Revenue Bonds, Series 1991B (the "Series 1991B Bonds") | Second Lien |

The Series 1988 A Bonds and Series 1991A Bonds are hereinafter collectively called the "First Lien Bonds" and the Series 1988 B Bonds and Series 1991B Bonds are hereinafter collectively called the "Second Lien Bonds." The Series 1988 A Bonds and the Series 1988 B Bonds are hereinafter collectively called the "Prior Bonds."

The Series 1991A Bonds shall be issued on parity with the Series 1988 A Bonds, and senior and prior to the Series 1991B Bonds and the Series 1988 B Bonds with respect to liens, pledges and sources of and security for payment and in all other respects. The Series 1991B Bonds shall be issued on parity with the Series 1988 B Bonds, and junior and subordinate to the Series 1988 A Bonds and the Series 1991A Bonds with respect to liens, pledges and sources of and security for payment and in all other respects. The Grant Anticipation Notes, if issued, will not be payable from the Net Revenues, but shall be payable from Grant Receipts, Surplus Revenues and proceeds of a letter of credit, if any, all as shall be set forth in the Indenture or the Supplemental Resolution authorizing the Notes. The Bond Anticipation Notes, if issued, will be payable from the proceeds of the Bonds and Net Revenues, if necessary, all as shall be set forth in the Indenture or the Supplemental Resolution authorizing the Notes.

H. The Issuer has complied with all requirements of West Virginia law relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Bonds and the Notes, or will have so complied prior to issuance

of any thereof, including, among other things, the obtaining of a Certificate of Public Convenience and Necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Bonds or any of the Notes or such final order will not be subject to appeal.

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

J. The Issuer will have received the written consent of the Authority to issuance of the Original Bonds with lien positions with respect to the Prior Bonds as set forth in paragraph G of this Section 1.02 prior to issuance of the Original Bonds.

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

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

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

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

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

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

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

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

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

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

"Bond Year" means each one-year period (or shorter period from the date of issuance of the Original Bonds) that ends at the close of business on October 1.

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

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

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

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

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

"Consulting Engineers" means Pentree, Incorporated, Princeton, 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.

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

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

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

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

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

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

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

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

"Grant" means the EPA Grant.

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

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

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

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided, that "Gross Revenues" does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined, purchased pursuant to Article 8.01 hereof) or any Tap Fees, as hereinafter defined.

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

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

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

"Issuer" means the City of Oak Hill, in Fayette County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body and Sanitary Board of the Issuer.

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

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 1991A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Series A Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts

resulting from the investment of proceeds of the Series 1991A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds or any other proceeds of the Original Bonds and is not acquired in order to carry out the governmental purpose of the Original Bonds.

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

"Notes" means collectively, the not more than $3,000,000 in aggregate principal amount of sewerage system bond anticipation notes, grant anticipation notes or notes evidencing a line of credit originally authorized hereby which may be issued by the Issuer, the terms of which shall be set forth in a Supplemental Resolution, and unless the context clearly indicates otherwise, the term "Notes" includes any refunding Notes of the Issuer.

"Notes Construction Trust Fund" means the Notes Construction Trust Fund which may be established by the Indenture.

"Notes Debt Service Fund" means the Notes Debt Service Fund which may be established by the Indenture.

"Notes Registrar" means the bank to be designated as such in the Indenture or the Supplemental Resolution and its successors and assigns.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs, fees and expenses of the Authority, fiscal agents, the Depository Bank, Registrar, Paying Agent and the Trustee (all as herein defined), other than those capitalized as part of the Costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds or Notes, charges for depreciation,

losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Original Bonds" or "Bonds originally authorized hereby" or similar phrases mean, collectively, the not more than $2,500,000 in aggregate principal amount of Series 1991A Bonds and the not more than $500,000 in aggregate principal amount of Series 1991B Bonds, issued for the purpose of paying a portion of the Costs of the Project and for such other purposes permitted and authorized by this Bond Legislation.

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

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

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

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

"Paying Agent" means the bank or banks or other entity designated as such for the Bonds and/or the Notes in the Indenture or in the Supplemental Resolution or such entity or authority as may be designated by the Issuer.

"Prior Bonds" means, collectively, the Series 1988 A Bonds and the Series 1988 B Bonds.

"Prior Ordinance" means, collectively, the ordinances of the Issuer adopted August 23, 1988, authorizing the Prior Bonds.

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

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

"Project" means the acquisition and construction of certain additions, betterments and improvements for the existing sewerage system of the Issuer, consisting generally of a new wastewater treatment plant, sewer lines and manholes, together with all appurtenant facilities.

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

(a) Government Obligations;

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

(c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the

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

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

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

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

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

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

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

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by Section 5.01 hereof.

"Revenue Fund" means the Revenue Fund established by Section 5.01 hereof.

"Sanitary Board" means the Oak Hill Sanitary Board.

"Series 1988 A Bonds" means the Issuer's Sewer Revenue Bonds, Series 1988 A, dated August 25, 1988, issued in the original aggregate principal amount of $1,764,285, of which $1,758,576 is currently Outstanding.

"Series 1988 B Bonds" means the Issuer's Sewer Revenue Bonds, Series 1988 B, dated August 25, 1988, issued in the original aggregate principal amount of $441,071, of which $429,761 is currently Outstanding.

"Series 1991A Bonds" or "Series A Bonds" means the not more than $2,500,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1991A, of the Issuer.

"Series 1991A Bonds Reserve Account" means the Series 1991A Bonds Reserve Account established in the Series 1991A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1991A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1991A Bonds in the then current or any succeeding year.

"Series 1991A Bonds Sinking Fund" means the Series 1991A Bonds Sinking Fund established by Section 5.02 hereof.

"Series 1991B Bonds" or "Series B Bonds" means the not more than $500,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1991B, of the Issuer.

"Series 1991B Bonds Reserve Account" means the Series 1991B Bonds Reserve Account established in the Series 1991B Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1991B Bonds Reserve Requirement" means, as of the date of calculation, the maximum amount of principal which will become due on the Series 1991B Bonds in the then current or any succeeding year.

"Series 1991B Bonds Sinking Fund" means the Series 1991B Bonds Sinking Fund established by Section 5.02 hereof.

"State" means the State of West Virginia.

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

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Bonds, the Prior 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.

"System" means the complete properties of the Issuer for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, as presently existing in its entirety or any integral part thereof, and shall include the Project and any further improvements or extensions thereto hereafter constructed or acquired from any sources whatsoever.

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

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

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

## ARTICLE II

## AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized the acquisition and construction of the Project, at an estimated cost of $4,719,280, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Notes and the Bonds hereby authorized shall be applied as provided in the Indenture, if any, and Article VI hereof, respectively.

## ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 1991A Bonds, funding a reserve account for each series of Original Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Original Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be issued negotiable Original Bonds of the Issuer, in an aggregate principal amount of not more than $3,000,000. Said Bonds shall be issued in two series, to be designated respectively, "Sewer Revenue Bonds, Series 1991A," in the aggregate principal amount of not more than $2,500,000, and "Sewer Revenue Bonds, Series 1991B," in the aggregate principal amount of not more than $500,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. Such Bonds shall be issued contemporaneously with or prior to issuance of the Grant Anticipation Notes, if any. The proceeds of the Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the Bond Construction Trust Fund established by Section 5.01 hereof.

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

Unless otherwise provided by the Supplemental Resolution, the Original Bonds shall be issued in the form of a single bond for each series, fully registered to the Authority, with a debt service schedule attached, representing the aggregate principal amount of each series, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Bonds of each series shall be exchangeable at the option and expense of the Holder for other fully registered Bonds of the same series in aggregate principal amount

equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

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

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

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

of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

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

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

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

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified

as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

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

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to Prior Bonds. The payment of the debt service of all the Series 1991A Bonds shall be secured forthwith equally and ratably with each other by a lien on the Net Revenues derived from the System, senior and prior to the lien on Net Revenues in favor of the Holders of the Series 1988 B Bonds and Series 1991B Bonds, and on parity with the lien on Net Revenues in favor of the Holders of the Series 1988 A Bonds. The payment of the debt service of all the Series 1991B Bonds shall also be secured forthwith equally and ratably with each other by a lien on the Net Revenues derived from the System, on parity with the lien on such Net Revenues in favor of the Holders of the Series 1988 B Bonds but junior and subordinate to the lien on such Net Revenues in favor of the Holders of the Series 1988 A Bonds and Series 1991A Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and to make the payments into the Sinking Funds, the Reserve Accounts therein, and the Renewal and Replacement Fund, either existing or hereinafter established, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

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

[Form of Series 1991A Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF OAK HILL
SEWER REVENUE BOND,
SERIES 1991A

No. AR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF OAK HILL, a municipal corporation and political subdivision of the State of West Virginia in Fayette County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), in installments on October 1 of each year, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year, beginning _____ 1, 19_____. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the registered owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated _____, 19_____.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing sewerage facilities of the Issuer (the "Project"); (ii) [to pay interest on the Bonds of this Series (the "Bonds") during the construction of the Project and for not more than 6 months thereafter; (iii) to fund a reserve account for the Bonds; (iv)] to pay certain costs of issuance hereof and related costs. The existing sewerage system of the Issuer, the Project, and any further additions, betterments or improvements thereto is herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance duly enacted by the Issuer on _____, 19____ and a Supplemental Resolution duly adopted by the Issuer on _____, 19____ (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 ON PARITY WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1988 A, DATED AUGUST 25, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,764,285 (THE "SERIES 1988 A BONDS").

THIS BOND IS ISSUED SENIOR AND PRIOR WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH CERTAIN OUTSTANDING SEWER REVENUE BONDS OF THE ISSUER AS FOLLOWS:

(i) SEWER REVENUE BONDS, SERIES 1988 B, DATED AUGUST 25, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $441,071 (THE "SERIES 1988 B BONDS"); AND

(ii) SEWER REVENUE BONDS, SERIES 1991B, ISSUED CONCURRENTLY HEREWITH IN THE AGGREGATE PRINCIPAL AMOUNT OF $_____ AND DESCRIBED IN THE BOND LEGISLATION (THE "SERIES 1991B BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived

from the operation of the System, on parity with the pledge of Net Revenues in favor of the holders of the Series 1988 A Bonds, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1991A Bonds Reserve Account"), and unexpended proceeds of the Bonds and the Series 1991B 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 1991A Bonds Reserve Account and unexpended proceeds of the Bonds and the Series 1991B Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, the Series 1991B 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 1991B Bonds, including the Series 1988 A Bonds, provided however, that so long as there exists in the Series 1991A 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 1991B Bonds and any other obligations outstanding prior to or on a parity with the Bonds or the Series 1991B Bonds, including the Series 1988 A Bonds and the Series 1988 B Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered 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 OAK HILL has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its City Clerk, and has caused this Bond to be dated _____, 19____.

[SEAL]

_____
Mayor

ATTEST:

_____
City Clerk

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1991A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

_____

In the presence of:

_____

[Form of Series 1991B Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF OAK HILL
SEWER REVENUE BOND,
SERIES 1991B

No. BR-__ $_____

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF OAK HILL, a municipal corporation and political subdivision of the State of West Virginia in Fayette County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), in annual installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, without interest.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Supplemental Loan Agreement between the Issuer and the Authority, dated _____, 19_____.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing sewerage facilities of the Issuer (the "Project"); (ii) [to fund a reserve account for the Bonds of this Series (the "Bonds"); and (iii)] to pay certain costs of issuance hereof and related costs. The existing sewerage system of the Issuer, the Project, and any further additions, betterments or improvements thereto is herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16,

Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance duly enacted by the Issuer on _____, 19____ and a Supplemental Resolution duly adopted by the Issuer on _____, 19____ (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 of this Series (the "Bonds") under the Bond Legislation.

THIS BOND IS ISSUED JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO CERTAIN OUTSTANDING SEWER REVENUE BONDS OF THE ISSUER AS FOLLOWS:

(i) SEWER REVENUE BONDS, SERIES 1991A, ISSUED CONCURRENTLY HEREWITH IN THE AGGREGATE PRINCIPAL AMOUNT OF $_____ AND DESCRIBED IN THE BOND LEGISLATION (THE "SERIES 1991A BONDS"); AND

(ii) SEWER REVENUE BONDS, SERIES 1988 A, DATED AUGUST 25, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,764,285 (THE "SERIES 1988 A BONDS").

THIS BOND IS ISSUED ON PARITY WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1988 B, DATED AUGUST 25, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $441,071 (THE "SERIES 1988 B BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System after there has first been paid from said Net Revenues all payments then due and owing on account of the Series 1988 A Bonds and the Series 1991A Bonds, all moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1991B Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay

the same, except from said special fund provided from the Net Revenues, the moneys in the Series 1991B 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 payable in any year for principal of and interest, if any, on the Bonds, the Series 1988 A Bonds, the Series 1991A Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity therewith, including the Series 1988 B Bonds, provided however, that so long as there exists in the Series 1991B Bonds Reserve Account and the reserve account established for the Series 1991A Bonds, respectively, amounts at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds and the Series 1991A Bonds in the then current or any succeeding year, and any reserve account for any such prior or parity obligations, including the Series 1988 A Bonds and the Series 1988 B Bonds, is funded at least at the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

Bonds, which lien is subordinate to the lien in favor of the registered owner of the Series 1991A Bonds.

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

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

IN WITNESS WHEREOF, the CITY OF OAK HILL has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its City Clerk, and has caused this Bond to be dated _____, 19_____.

[SEAL]

_____
Mayor

ATTEST:

Virginia Fox
City Clerk

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1991B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

_____

In the presence of:

_____

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

Section 3.11. "Amended Schedule A" Filing; Tender of Series 1991B Bonds. Upon completion of acquisition and construction of the Project, the Issuer will file with the Authority a schedule in substantially the form of the "Amended Schedule A" to the Loan Agreement, setting forth the actual costs of the Project and sources of funds therefor. In the event such schedule reflects an excess of funding for the Project, or if the Authority is otherwise advised of an excess, the Authority may tender the Series 1991B Bonds to the Issuer for payment in an amount equal to such excess. Notwithstanding the foregoing, if the Issuer has Notes outstanding upon completion of acquisition and construction of the Project, it will advise the Authority of such fact and submit a second schedule to the Authority upon payment of such Notes, and the Authority will not tender its Series 1991B Bonds for payment until the outstanding Notes have been paid.

## ARTICLE IV

## INTERIM CONSTRUCTION FINANCING

Section 4.01. Authorization and General Terms. In order to pay certain Costs of the Project pending receipt of the Grant Receipts or issuance of the Bonds, the Issuer may issue and sell its Notes in an aggregate principal amount not to exceed $3,000,000. The Notes may be in the form of bond anticipation notes, grant anticipation notes and/or as evidence of a line of credit from a commercial bank or other lender, or any combination of the foregoing, at the discretion of the Issuer, and as shall be set forth in a resolution supplemental hereto. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the Indenture and/or supplemental resolution, as applicable.

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

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

Section 4.04. Letters of Credit. As additional security for any Notes, the Issuer may obtain a letter or letters of credit from a bank or banks, pursuant to which such bank or banks would agree

to pay to the Trustee, upon presentation by the Trustee of certain certificates, the sum or sums set forth therein but not to exceed $500,000 in the aggregate. In the event of a draw under any such letter of credit, the Issuer shall issue its refunding notes to the bank issuing such letter of credit. Any such letter or letters of credit shall be authorized and shall have such terms as shall be set forth in a resolution supplemental hereto.

## ARTICLE V

## FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

(1) Revenue Fund (established by the Prior Ordinance);

(2) Renewal and Replacement Fund (established by the Prior Ordinance);

(3) Bond Construction Trust Fund; and

(4) Rebate Fund.

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

(1) The Sinking Funds established for the Prior Bonds, including the reserve accounts established therein (established by the Prior Ordinance and therein called the "Series 1988 A Bonds Sinking Fund," the "Series 1988 B Bonds Sinking Fund," respectively, and herein collectively called the "Prior Bonds Sinking Fund").

(2) Series 1991A Bonds Sinking Fund;

(a) Within the Series 1991A Bonds Sinking Fund, the Series 1991A Bonds Reserve Account.

(3) Series 1991B Bonds Sinking Fund;

(a) Within the Series 1991B Bonds Sinking Fund, the Series 1991B Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other

funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided.

(1) The Issuer shall first, each month, pay from the Revenue Fund the current Operating Expenses of the System.

(2) The Issuer shall next on the first day of each month, transfer from the Revenue Fund and pay to the Commission the amounts required by the Prior Ordinance to be deposited in the Series 1988 A Bonds Sinking Fund for payment of the principal of and interest on the Series 1988 A Bonds, and simultaneously therewith commencing 7 months prior to the first date of payment of interest on the Series 1991A Bonds for which interest has not been capitalized, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in the Series 1991A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 1991A Bonds on the next ensuing semiannual interest payment date; provided, that, in the event the period to elapse between the date of such initial deposit in the Series 1991A Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next semiannual interest payment date, the required amount of interest coming due on such date, and (ii) on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1991A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1991A Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1991A Bonds on the next ensuing principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1991A Bonds Sinking Fund and the next annual principal payment date is less than 13 months then such monthly payments shall be increased proportionately to provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(3) The Issuer shall next, transfer from the Revenue Fund and pay to the Commission the amounts required by the Prior Ordinance to be deposited in the reserve account established therein for the Series 1988 A Bonds and on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1991A Bonds, if not fully funded upon issuance of the Series 1991A

Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1991A Bonds Reserve Account, an amount equal to 1/120 of the Series 1991A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1991A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1991A Bonds Reserve Requirement.

(4) The Issuer shall next, from the moneys remaining in the Revenue Fund, on the first day of each month (as previously set forth in the Prior Ordinance and not in addition thereto), transfer to the Renewal and Replacement Fund, a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the reserve accounts established with respect to the Prior Bonds, the Series 1991A Bonds Reserve Account or the Series 1991B Bonds Reserve Account [except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and pay to the Commission the amounts required by the Prior Ordinance to be deposited in the Series 1988 B Bonds Sinking Fund for payment of principal of and interest on the Series 1988 B Bonds, and commencing 13 months prior to the first date of payment of principal on the Series 1991B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1991B Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1991B Bonds on the next ensuing principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1991B Bonds Sinking Fund and the next annual principal payment date is less than 13 months then such monthly payments shall be increased

proportionately to provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(6) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund to the Commission the amounts required by the Prior Ordinance to be deposited in the reserve account established therein for the Series 1988 B Bonds, and commencing 13 months prior to the first date of payment of principal of the Series 1991B Bonds, if not fully funded upon issuance of the Series 1991B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1991B Bonds Reserve Account, an amount equal to 1/120 of the Series 1991B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1991B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1991B Bonds Reserve Requirement.

Moneys in the Series 1991A Bonds Sinking Fund and the Series 1991B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the respective series of Bonds as the same shall become due. Moneys in the Series 1991A Bonds Reserve Account and the Series 1991B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the respective series of Bonds, as the same shall come due, when other moneys in the attendant Sinking Fund are insufficient therefor, and for no other purpose except for permitted transfers to the Rebate Fund.

Except to the extent transferred to the Rebate Fund at the request of the Issuer, all investment earnings on moneys in the several Sinking Funds and Reserve Accounts shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Bond Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payments, if any, due on the respective series of Bonds, and then to the next ensuing principal payments due thereon.

Except with respect to transfers to the Rebate Fund, any withdrawals from the Series 1991A Bonds Reserve Account which result in a reduction in the balance of the

Series 1991A Bonds Reserve Account to below the Series 1991A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full to the Series 1988 A Bonds Sinking Fund for payment of debt service on the Series 1988 A Bonds and to the Series 1991A Bonds Sinking Fund for payment of debt service on the Series 1991A Bonds.

Except with respect to transfers to the Rebate Fund, any withdrawals from the Series 1991B Bonds Reserve Account which result in a reduction in the balance of the Series 1991B Bonds Reserve Account to below the Series 1991B Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Series 1988 A Bonds Sinking Fund, the Series 1988 A Bonds Reserve Account the Series 1991A Bonds Sinking Fund, the Series 1991A Bonds Reserve Account, the Renewal and Replacement Fund, the Series 1988 B Bonds Sinking Fund and the Series 1991B Bonds Sinking Fund have been made in full.

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

The Issuer shall not be required to make any further payments into the Series 1991A Bonds Sinking Fund, or the Series 1991B Bonds Sinking Fund or into the Reserve Accounts therein when the aggregate amount of funds in said respective Sinking Funds and Reserve Accounts are at least equal to the aggregate principal amount of the respective Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the respective maturities thereof.

Principal and interest payments, and any payments made for the purpose of funding a deficiency in any Reserve Account, shall be made on a parity and pro rata, with respect to the Series 1988 A and Series 1991A Bonds in accordance with the respective principal amounts then Outstanding, and thereafter shall be made on a parity and

pro rata, with respect to the Series 1988 B and Series 1991B Bonds in accordance with the respective principal amounts then Outstanding.

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

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

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

Except with respect to transfers to the Rebate Fund, the Sinking Funds, including the Reserve Accounts therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the respective Bonds and any additional Bonds ranking on a parity therewith that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

B. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in said Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into the Sinking Funds, including the Reserve Accounts therein, the Sinking Fund established for the Prior Bonds and the Renewal and Replacement Fund during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System, including, but not limited to, payment to the Trustee for deposit in the Notes Debt Service Fund.

C. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such

additional sums as shall be necessary to pay the Depository Bank's charges and the Paying Agent fees then due.

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

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

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

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

H. All Tap Fees shall be deposited by the Issuer, as received, in the Bond Construction Trust Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System, provided that, in the event Notes are issued, Tap Fees may, with the written consent of the Authority be deposited otherwise.

## ARTICLE VI

## BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

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

A. From the proceeds of the Series 1991A Bonds, there shall first be deposited with the Commission in the Series 1991A Bonds Sinking Fund, the amount, if any, specified in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 1991A Bonds for the period commencing on the date of issuance of the Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 1991A Bonds, there shall be deposited with the Commission in the Series 1991A Bonds Reserve Account and from the proceeds of the Series 1991B Bonds, there shall be deposited with the Commission in the Series 1991B Reserve Account the respective sums, if any, set forth in the Supplemental Resolution for funding of the Reserve Accounts.

C. Next, from the proceeds of the Series 1991A Bonds, there shall first be credited to the Bond Construction Trust Fund and then paid, any and all borrowings by the Issuer made for the purpose of temporarily financing a portion of the Costs of the Project, including interest accrued thereon to the date of such payment, not otherwise paid from funds of the Issuer.

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

E. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Bond Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Bond Construction Trust Fund set forth in the Bond Legislation. Except with respect to any transfers to the Rebate Fund, moneys in the Bond Construction Trust Fund shall be used solely to pay Costs of the Project and until so transferred or expended, are hereby pledged as additional security for the Series 1991A Bonds, and thereafter for the Series 1991B Bonds. In the event that Notes are issued, the disposition of funds in the Bonds Construction Trust Fund

may be modified from that set forth herein, with the written consent of the Authority.

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

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

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

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

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

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

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

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

After completion of the Project, as certified by the Consulting Engineers, the Depository Bank shall transfer any moneys remaining in the Bond Construction Trust Fund to the Series 1991A Bonds Reserve Account, and when fully funded to the Series 1991B Bonds

Reserve Account, and when both Reserve Accounts are fully funded, shall return such remaining moneys to the Issuer for deposit in the Revenue Fund. The Issuer shall thereafter, apply such moneys in full, first to the next ensuing interest payments, if any, due on the respective series of Bonds and thereafter to the next ensuing principal payments due thereon. Notwithstanding the foregoing, if the Authority tenders any of its Series 1991B Bonds to the Issuer pursuant to the provisions of the Supplemental Loan Agreement, such moneys shall be applied to the purchase of such Series 1991B Bonds.

## ARTICLE VII

## ADDITIONAL COVENANTS OF THE ISSUER

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

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

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

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to Prior Bonds. The payment of the debt service of the Series 1991A Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on the Net Revenues derived from the operation of the System, on parity with the lien on said Net Revenues in favor of the Holders of the Series 1988 A Bonds, and senior and prior to the lien on said Net Revenues in favor of the Holders of the Series 1988 B Bonds and the Series 1991B Bonds. The payment of the debt service of the Series 1991B Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on said Net Revenues, on parity with the lien on said Net Revenues in favor of the

Holders of the Series 1988 B Bonds, and junior and subordinate to the lien on said Net Revenues in favor of the Holders of the Series 1988 A Bonds and the Series 1991A Bonds. The Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Bonds and to make the payments into the Sinking Funds, including the Reserve Accounts therein, and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to the payment of the principal of and interest on the Bonds as the same become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the sewer rate ordinance of the Issuer enacted February 5, 1991.

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

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

resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $10,000 and not in excess of $50,000, shall with the written consent of the Authority, be remitted by the Issuer to the Commission for deposit in the Sinking Fund and shall be applied only to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the par value thereof plus 3% of such par value or otherwise. Such payment of such proceeds into the Sinking Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of over 50% in amount of the Bonds then Outstanding and the Consulting Engineers. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and in Section 7.07B, the Issuer shall not issue any obligations whatsoever with a lien on or otherwise payable from any source of payment pledged originally to the Notes issued under the Indenture or supplemental resolution prior to or on a parity with the lien on behalf of such Notes until such Notes have been defeased in accordance with the provisions of the Indenture and the Bond Legislation; and, so long as any of the Bonds are Outstanding, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment

from such revenues with the Bonds; provided, however, that additional Bonds on a parity with the Series 1991B Bonds only may be issued as provided for in Section 7.07 hereof. All obligations issued by the Issuer after the issuance of the Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 1991A Bonds and the Series 1991B Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the Reserve Accounts and the Renewal and Replacement Fund at the time of the issuance of such subordinate obligations have been made and are current.

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

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

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1991B Bonds. No Parity Bonds shall be issued which shall be payable out of the revenues of the System on a parity with the Series 1991A Bonds, unless the Series 1991B Bonds are no longer outstanding.

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

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the City Clerk a written statement by the Independent Certified Public Accountants, based upon the necessary investigation and certification by the Consulting Engineers, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be

received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

(1) The Prior Bonds and any other obligations with a lien on the Net Revenues prior to that of the Bonds;

(2) The Bonds then Outstanding;

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

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

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

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

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

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders

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

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 1991A Bonds and the Series 1991B Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 1991A Bonds or the Series 1991B Bonds.

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

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

Section 7.08. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds or of a Note

or Notes issued pursuant to this Bond Legislation or the Trustee shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

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

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

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

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

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

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

Section 7.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the City Clerk, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the Reserve Requirements are on deposit respectively in the Reserve Accounts and reserve accounts for obligations prior to or on a parity with the Bonds (including the Prior Bonds) are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance described in Section 7.04.

Section 7.10. Operating Budget and Audit. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the Consulting Engineers, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10%

of the amount of such budget shall be made except upon the further certificate of the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Trustee and the Authority and to any Holder of any Bonds or Notes, as the case may be, who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Trustee and to any Holder of any Bonds or Notes, as the case may be, or anyone acting for and in behalf of such Holder of any Bonds or Notes, as the case may be.

In addition, the Issuer shall annually cause the records of the System to be audited by an independent certified public accountant, the report of which audit shall be submitted to the Authority and which audit report shall include a statement that the Issuer is in compliance with the terms and provisions of this Bond Legislation and the Loan Agreement.

Section 7.11. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 7.12. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent

permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System and any services and facilities of the water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law or, if the waterworks facilities are not owned by the Issuer, the Issuer will enter into a similar termination agreement with the provider of such water.

Section 7.13. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.14. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as any of the Bonds or the Notes remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for said Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended

coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

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

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

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

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

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

Section 7.15. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and

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

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

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

Section 7.17. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Bonds during the term thereof is, under the terms of the Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Bonds during the term

thereof is, under the terms of the Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related, all of the foregoing to be determined in accordance with the Code.

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

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

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

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

## ARTICLE VIII

## INVESTMENT OF FUNDS; NON ARBITRAGE

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

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

The Trustee, if any, and the Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year (or more often if reasonably requested by the Issuer), a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Bonds are Outstanding and as long thereafter as necessary to comply with the

Code and assure the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Section 8.02. Arbitrage. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Original Bonds which would cause the Original Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a Federal information return with respect to the Original Bonds) so that the interest on the Original Bonds will be and remain excluded from gross income for Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. Tax Certificate and Rebate. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Original Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Original Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, unless otherwise agreed by the Authority, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder or under the Indenture, if any, and used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments 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 in the time and at the address prescribed by the Regulations as the same may be in time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor. In addition, the Issuer shall cooperate with the Authority in preparing rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer. To the extent not so performed by the Authority, the Issuer and the Depository Bank (at the expense of the Issuer) may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer or the Depository Bank may deem appropriate in order to assure compliance with this Section 8.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 8.03 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Original Bonds from gross income for federal income tax purposes.

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation and certificate with respect thereto or, if the Issuer qualifies for the small governmental issue exception to rebate, or any other exception therefrom, then the Issuer shall submit to the Authority a certificate stating that it is exempt from such rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Original Bonds subject to rebate. The Issuer shall also furnish to the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority, including information with respect to earnings on all funds constituting "Gross Proceeds" of the Bonds (as defined in the Code).

## ARTICLE IX

## DEFAULT AND REMEDIES

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

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

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Notes set forth in this Bond Legislation, any supplemental resolution, the Indenture or in the Notes, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Trustee, any other bank or banking association holding any fund or account hereunder or a Holder of a Note; or

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

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

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

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Note or Bond, as the case may be, may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Notes or Bonds, as the case may be, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Notes or Bonds, as the case may be, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Notes or Bonds, or the rights of such Registered Owners, provided however, that no remedy herein stated may be exercised by a Noteholder in a manner which adversely affects any remedy available to the Bondholders, and provided further, that all rights and remedies of the Holders of the Series 1991B Bonds and the Series 1988 B Bonds shall be subject to those of the Holders of the Series 1991A Bonds and the Series 1988 A Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond, a Bond Anticipation Note or a line of credit evidenced by a Bond Anticipation Note may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, Bond Anticipation Notes or a line of credit evidenced by a Bond Anticipation Note any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

The receiver so appointed shall forthwith, directly or by his or her or its agents and attorneys, enter into and upon and take possession of all facilities of said System and shall hold, operate and maintain, manage and control such facilities, and each and every

part thereof, and in the name of the Issuer exercise all the rights and powers of the Issuer with respect to said facilities as the Issuer itself might do.

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

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

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

## ARTICLE X

## DEFEASANCE

Section 10.01. Defeasance of Series 1991A Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1991A 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 1991A 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 1991A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Original Bonds from gross income for federal income tax purposes.

Series 1991A 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 1991A 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 1991A 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 1991A 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 1991A Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior

to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

Section 10.02. Defeasance of Series 1991B Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1991B Bonds, the principal due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1991B 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 1991B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Original Bonds from gross income for federal income tax purposes.

Series 1991B Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date the principal installments of such Series 1991B 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 1991B 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 said Series 1991B Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of said Series 1991B Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such

reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

Section 10.03. Defeasance of Notes. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of any series of Notes, the principal of and interest due or to become due thereon, at the times and in the manner set forth in the Indenture, then with respect to such Notes only, this Bond Legislation, the Indenture, if any, and the pledges of Grant Receipts and other moneys and securities pledged thereby, and all covenants, agreements and other obligations of the Issuer to the Holders of the Notes shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Notes from gross income for federal income tax purposes.

## ARTICLE XI

## MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. No material modification or amendment of this Bond Legislation, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the Notes or Bonds shall be made without the consent in writing of the Registered Owners of 66-2/3% or more in principal amount of the Notes, the Series 1991A Bonds or the Series 1991B Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or any Note or Notes or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein respectively pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds or Notes respectively, required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder or Noteholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest on the Original Bonds and the Notes from gross income of the holders thereof.

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

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

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

Section 11.05. Conflicting Provisions Repealed. All ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed, provided that, in the event of any conflict between this Ordinance and the Prior Ordinance, the Prior Ordinance shall control (unless less restrictive), so long as the Prior Bonds or any portion thereof are Outstanding.

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

Section 11.07. Consent to Issuance of Series 1991A Bonds on Parity with Series 1988 A Bonds. The Issuer has or will have received the written consent of the Holders of the Series 1988 A Bonds for issuance of the Series 1991A Bonds on a parity therewith, prior to delivery of the Series 1991A Bonds.

Section 11.08. Effective Date. This Ordinance shall take effect immediately following public hearing hereon.

Section 11.09. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Bond Legislation determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in the Fayette Tribune, a qualified newspaper published and of general circulation in the City of Oak Hill, together with a notice stating that this Bond Legislation has been adopted and that the Issuer contemplates the issuance of the Bonds and Notes, and that any person interested may appear before the City Council upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Bond Legislation and notice, and present protests, and that a certified copy of the Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

Passed on First Reading - January 18, 1991

Passed on Second Reading - February 5, 1991

Passed on Final Reading
Following Public
Hearing - February 19, 1991

Eugene G. Larrick, Jr.
Mayor

Virginia Fox
City Clerk

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the CITY OF OAK HILL on the 19th day of February, 1991.

Dated: March 28, 1991

[SEAL]

Virginia Fox
City Clerk

03/25/91
OHSJ.A4
66777/90001

CITY OF OAK HILL

Sewer Revenue Bonds,
Series 1991A and Series 1991B

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1991A AND SERIES 1991B OF THE CITY OF OAK HILL; AUTHORIZING AND APPROVING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS

WHEREAS, the city council (the "Governing Body") of the City of Oak Hill (the "Issuer"), has duly and officially enacted a bond ordinance, effective February 19, 1991 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS FOR THE EXISTING PUBLIC SEWERAGE FACILITIES OF THE CITY OF OAK HILL AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $2,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1991A, NOT MORE THAN $500,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1991B, AND NOT MORE THAN $3,000,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF BOND ANTICIPATION NOTES, GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES, OR ANY COMBINATION OF THE FOREGOING; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE

TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the Bond Ordinance provides for the issuance of Sewer Revenue Bonds of the Issuer (the "Bonds"), in an aggregate principal amount not to exceed $3,000,000, to be issued in two series, the Series 1991A Bonds to be in an aggregate principal amount of not more than $2,500,000 (the "Series 1991A Bonds") and the Series 1991B Bonds to be in an aggregate principal amount of not more than $500,000 (the "Series 1991B Bonds"), and has preliminarily authorized the execution and delivery of a loan agreement relating to the Series 1991A Bonds to be dated the date of delivery of the Bonds, and a supplemental loan agreement relating to the Series 1991B Bonds, also to be dated the date of delivery of the Bonds (sometimes collectively referred to herein as the "Loan Agreement"), by and between the Issuer and West Virginia Water Development Authority (the "Authority"), all in accordance with Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"); and in the Bond Ordinance it is provided that the form of the Loan Agreement and the exact principal amounts, maturity dates, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

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

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

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

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

(A) The Sewer Revenue Bonds, Series 1991A, of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $1,817,920. The Series 1991A Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2029, shall bear interest at the rate of 8.10% per annum, payable semiannually on April 1 and October 1 of each year, first interest payable October 1, 1991, shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1991A Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached thereto and to the Loan Agreement and incorporated therein by reference.

(B) The Sewer Revenue Bonds, Series 1991B, of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $82,080. The Series 1991B Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2029, shall be interest free, shall be subject to redemption upon the written consent of the Authority, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1991B Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached thereto and to the Supplemental Loan Agreement and incorporated therein by reference.

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

Section 3. The Issuer does hereby authorize, approve and accept the Loan Agreement, copies of which are incorporated herein by reference, and the execution and delivery by the Mayor of the Loan Agreement, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, directed and approved. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon.

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

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

Section 6. The Issuer does hereby appoint Merchants & Miners National Bank, Oak Hill, West Virginia, as Depository Bank under the Bond Ordinance.

Section 7. Series 1991A Bonds proceeds in the amount of $-0- shall be deposited in the Series 1991A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 1991A Bonds proceeds in the amount of $155,302 shall be deposited in the Series 1991A Bonds Reserve Account and Series 1991B Bonds proceeds in the amount of $2,160 shall be deposited in the Series 1991B Bonds Reserve Account.

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

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

Section 11. The Mayor and City Clerk are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered on or about March 13, 1991, to the Authority pursuant to the Loan Agreement.

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

Section 13. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Bond Ordinance held by the Depository Bank in repurchase agreements secured by a pledge of Government Obligations with the Depository Bank, and therefore the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such repurchase agreements, until further directed in writing by the Issuer. Moneys in the Sinking Funds for the Bonds shall be invested by the Municipal Bond Commission in the West Virginia Consolidated Fund.

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

Section 15. The Issuer has general taxing powers to finance operations of or facilities of the nature of the Project and the System, and the Issuer and all subordinate entities reasonably expect to issue less than $5,000,000 aggregate principal amount of tax-exempt obligations during the calendar year 1991, being the calendar year in which the Bonds are to be issued.

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

Adopted this 5th day of March, 1991.

CITY OF OAK HILL

Eugene G. Lynch Jr.

Mayor

03/05/91
OHSJ.I2
66777/90001

STATE OF WEST VIRGINIA
**WATER DEVELOPMENT AUTHORITY**
1201 DUNBAR AVENUE
DUNBAR, WV 25064
Telephone (304) 558-3612
Telecopier (304) 558-0299

August 20, 1996

**City of Oak Hill**
**Sewer Revenue Bonds, Series 1996 A**
**(West Virginia SRF Program)**

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative of the West Virginia Water Development Authority, the registered owner of the entire outstanding aggregate principal amount of the Series 1988 A Bonds, the Series 1998 B Bonds, the Series 1991 A Bonds and the Series 1991 B Bonds, hereinafter defined and described, hereby consents to the issuance of the Sewer Revenue Bonds, Series 1996 A (West Virginia SRF Program) (the "Bonds"), in the original aggregate principal amount of $1,000,000, by the City of Oak Hill (the "Issuer"), under the terms of the ordinance authorizing the Bonds, on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's outstanding Sewer Revenue Bonds, Series 1988 A (the "Series 1988 A Bonds"), and the Sewer Revenue Bonds, Series 1991 A (the "Series 1991 A Bonds"), and senior and prior, with respect to liens, pledge and source of and security for payment, to the Issuer's outstanding Sewer Revenue Bonds, Series 1988 B (the "Series 1988 B Bonds") and the Sewer Revenue Bonds, Series 1991 B (the "Series 1991 B Bonds").

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: _____
Its Director

GASTON CAPERTON
GOVERNOR

DIVISION OF ENVIRONMENTAL PROTECTION
1201 Greenbrier Street
Charleston, WV 25311-1088

LAIDLEY ELI MCCOY, Ph.D.
DIRECTOR

June 27, 1996

E. G. Larrick, Chairman
City of Oak Hill
Sanitary Board
P. O. Box 1245
Oak Hill, WV 25901

CERTIFIED RETURN RECEIPT REQUESTED

Dear Mr. Larrick:

Enclosed find WV/NPDES Water Pollution Control Permit No. WV0020281, dated the 25th day of June 1996, for the City of Oak Hill, West Virginia.

All facilities permitted to discharge pollutants to the waters of the State, under Chapter 22, Article 11 of the West Virginia Code, are required to test their effluent in order to verify permit compliance. This testing is the responsibility of the permittee, and these test results are to be submitted to the office on the Discharge Monitoring Reports (DMRs), which are attached to the back of this Permit. A DMR is to be completed and received by this office, each month, no later than 20 days following the end of the reporting period. The address to which DMRs are to be sent is noted in Section E.2, Attention: Municipal Branch. It is suggested that several copies of the enclosed DMR forms be made for your future use, as this office does not supply permittees with DMR forms.

Please, note Section G.9, on page 15, prohibiting the acceptance of new nondomestic wastewater discharges without prior Office approval.

Please, also, note the attachment to this Permit which describes the annual permit fee requirement.

Further, our records indicate that you received your last annual permit fee invoice in January 1996 on the anniversary date of your previous permit. Enclosed please find a pro-rated annual permit fee invoice, which covers the period from January 1996 to the issuance date of this permit. Your new annual permit fee billing cycle begins on the issuance date of this permit and you will not receive your next invoice until the anniversary of this permit.

All fees are now due and may be included in one check or money order made payable to the WV Division of Environmental Protection. Two (2) copies of the invoice are enclosed. Please return one(1) copy with your remittance to ensure immediate credit to your permit number. If you have any invoice related questions, you may contact Mr. Chris Reger at (304) 558-2107 or TTD No. 558-2751.

If you have any questions regarding this permit, please contact John Morgan of this office at 304-558-4086, or by TDD at 304-558-2751.

Very truly yours,

OFFICE OF WATER RESOURCES

Pravin G. Sangani, P.E.
Municipal Branch Leader, Permits

PGS:mll

Enclosures

cc: Chris Reger w/invoice

WV BUREAU OF ENVIRONMENT
WV DIVISION OF ENVIRONMENTAL PROTECTION
OFFICE OF WATER RESOURCES

# INVOICE

WV/NPDES PERMIT OR GENERAL PERMIT
REGISTRATION NO. WV0020281
PERMIT ISSUANCE DATE: 010791

FACILITY: City of Oak Hill

BILLED TO: E.G. Larrick, Chairman
City of Oak Hill
Sanitary Board
P. O. Box 1245
Oak Hill, WV 25901

| DATE | DESCRIPTION | TOTAL PRICE |
|---|---|---|
| June 27, 1996 | | |
| | Annual Permit Fee | 750.00 |
| | Groundwater Protection Fee | 12.50 |
| | Sewage Sludge Management Program Fee (For Land Application) | 0.00 |
| | INVOICE TOTAL | 762.50 |

MAKE CHECK PAYABLE TO: WV DIVISION OF ENVIRONMENTAL PROTECTION
OFFICE OF WATER RESOURCES
1201 GREENBRIER ST
CHARLESTON WV 25311-1088
ATTN: Accounting Office

Please include one (1) copy of invoice with payment to insure prompt credit.

If you are a WV governmental agency paying by INTERGOVERNMENTAL TRANSFER (IGT), telephone Chris Reger, (304) 558-2107 or TTY (304) 558-2751 for accounting information.

...D 1A-82
Revised 4/95

STATE OF WEST VIRGINIA
DIVISION OF ENVIRONMENTAL PROTECTION
OFFICE OF WATER RESOURCES
1201 GREENBRIER STREET
CHARLESTON, WV 25311

NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM

WATER POLLUTION CONTROL PERMIT

Permit No. WV0020281

Subject: Sewage Facilities

Issue Date: June 25, 1996

Effective Date: July 25, 1996

Expiration Date: June 24, 2001

Supersedes: WV/NPDES Permit No. WV0020281
Issue Date: January 7, 1991

| | | | | |
|---|---|---|---|---|
| Location: | Oak Hill (City) | Fayette (County) | Kanawha (Drainage Basin) | |

| | | Outlet No. 001 Minden Road | Outlet No. 002 Route 61 | Outlet No. 003 Fayette Plateau Industrial Park |
|---|---|---|---|---|
| Outlet Sites: | Latitude: | 37°58'45"N | 37°59'16"N | 38°00'15"N |
| | Longitude: | 81°08'05"W | 81°10'45"W | 81°08'45"W |

To whom it may concern:

This is to certify that City of Oak Hill
Sanitary Board
P. O. Box 1245
Oak Hill, WV 25901

is hereby granted a NPDES Water Pollution Control Permit to operate and maintain three(3) existing wastewater collection systems, two(2) existing sequential batch reactor wastewater treatment plants, and one(1) existing extended aeration wastewater treatment plant, which are further described as follows.

(Continued on Page 2 of 20)

**den Road Facilities**

A wastewater collection system comprised of approximately 4,300 linear feet of four(4) inch diameter gravity sewer line, 53,800 linear feet of six(6) inch diameter gravity sewer line, 21,400 linear feet of eight(8) inch diameter gravity sewer line, 6,500 linear feet of 10 inch diameter gravity sewer line, 1,400 linear feet of 12 inch diameter gravity sewer line, 3,200 linear feet of 15 inch diameter gravity sewer line, 1,500 linear feet of 16 inch diameter gravity sewer line, 600 linear feet of 18 inch diameter gravity sewer line, 2,100 linear feet of 24 inch diameter gravity sewer line, 441 manholes, 21 cleanouts, four(4) lift stations, 280 linear feet of two(2) inch diameter force main, 1,100 linear feet of three(3) inch diameter force main, 900 linear feet of four(4) inch diameter force main, 6,200 linear feet of eight(8) inch diameter force main, and all requisite appurtenances.

A 0.75 million gallons per day sequential batch reactor wastewater treatment plant comprised of a mechanical bar screen, a manual bar screen, a grit chamber, two(2) reactor chambers with a volume of 440,000 gallons each which function as an integral clarifier with a surface area of 3,844 square feet each, two(2) chlorine contact chambers with a volume of 61,400 gallons each, dechlorination facilities, a cascade post aeration unit, a combination aerated sludge digester - thickener unit with a volume of 236,600 gallons, a sludge dewatering belt press, and all requisite appurtenances.

These facilities are to serve a population equivalent of approximately 6,705 persons in a portion of the City of Oak Hill, and environs, and discharge treated wastewater, through Outlet No. 001, to Arbuckle Creek, approximately 3.1 miles from its mouth, of the New River of the Kanawha River.

**Route 61 Facilities**

A wastewater collection system comprised of approximately 2,500 linear feet of four(4) inch diameter gravity sewer line, 37,500 linear feet of six(6) inch diameter gravity sewer line, 54,800 linear feet of eight(8) inch diameter gravity sewer line, 600 linear feet of 10 inch diameter gravity sewer line, 1,900 linear feet of 15 inch diameter gravity sewer line, 440 manholes, necessary cleanouts, two(2) lift stations, one(1) duplex grinder pump station, 600 linear feet of one and one fourth(1¼) inch diameter force main, 2,100 linear feet of four(4) inch diameter force main, 3,300 linear feet of six(6) inch diameter force main, 1,900 linear feet of eight(8) inch diameter force main, and all requisite appurtenances.

A 0.3 million gallons per day sequential batch reactor wastewater treatment plant comprised of a mechanical bar screen, a manual bar screen, a grit chamber, two(2) flow equalization basins with a volume of 162,200 gallons each, two(2) reactor chambers with a volume of 179,500 gallons each which function as an integral clarifier with a surface area of 1,600 square feet each, two(2) chlorine contact chambers with a volume of 17,200 gallons each, dechlorination facilities, a cascade post aeration unit, a combination aerated sludge digester - thickener unit with a volume of 89,800 gallons, ıd all requisite appurtenances.

(Continued on Page 3 of 20)

# D. OPERATION AND MAINTENANCE

## 1. Proper Operation and Maintenance

The permittee shall at all times properly operate and maintain all facilities and systems of treatment and control (and related appurtenances) which are installed or used by the permittee to achieve compliance with the conditions of the permit. Proper operation and maintenance also includes adequate laboratory controls, and appropriate quality assurance procedures. Unless otherwise required by Federal or State law, this provision requires the operation of back-up auxiliary facilities or similar systems which are installed by the permittee only when the operation is necessary to achieve compliance with the conditions of the permit. For domestic waste treatment facilities, waste treatment operators as classified by the WV Bureau of Public Health Regulations authorized under Chapter 16, Article 1, Public Health Laws, Code of West Virginia, will be required except that in circumstances where the domestic waste treatment facility is receiving any type of industrial waste, the Chief may require a more highly skilled operator.

## 2. Need to Halt or Reduce Activity Not a Defense

It shall not be a defense for a permittee in an enforcement action that it would have been necessary to halt or reduce the permitted activity in order to maintain compliance with the conditions of this permit.

## 3. Bypass

a) Definitions
   (1) "Bypass" means the intentional diversion of waste streams from any portion of a treatment facility: and
   (2) "Severe property damage" means substantial physical damage to property, damage to the treatment facilities which causes them to become inoperable, or substantial and permanent loss of natural resources which can reasonably be expected to occur in the absence of a bypass. Severe property damage does not mean economic loss caused by delays in production.

b) Bypass not exceeding limitations. The permittee may allow any bypass to occur which does not cause effluent limitations to be exceeded, but only if it also is for essential maintenance to assure efficient operation. These bypasses are not subject to the provisions of D.3.c) and D.3.d) of this permit.

c) (1) If the permittee knows in advance of the need for a bypass, it shall submit prior notice, if possible at least ten (10) days before the date of the bypass;
   (2) If the permittee does not know in advance of the need for bypass, notice shall be submitted as required in F.2.b) of this permit.

d) Prohibition of bypass
   (1) Bypass is permitted only under the following conditions, and the Chief may take enforcement action against a permittee for bypass, unless;
      (A) Bypass was unavoidable to prevent loss of life, personal injury, or severe property damage;
      (B) There were no feasible alternatives to the bypass, such as the use of auxiliary treatment facilities, retention of untreated wastes, or maintenance during normal periods of equipment downtime. This condition is not satisfied if adequate backup equipment should have been installed in the exercise of reasonable engineering judgement to prevent a bypass which occurred during normal periods of equipment downtime or preventative maintenance; and
      (C) The permittee submitted notices as required under D.3.c) of this permit.
   (2) The Chief may approve an anticipated bypass, after considering its adverse effects, if the Chief determines that it will meet the three conditions listed in D.3.d)(1) of this permit.

## 4. Upset

a) Definition. "Upset" means an exceptional incident in which there is unintentional and temporary noncompliance with technology-based permit effluent limitations because of factors beyond the reasonable control of the permittee. An upset does not include noncompliance to the extent caused by operational error, improperly designed treatment facilities, inadequate treatment facilities, lack of preventative maintenance, or careless or improper operation.

b) Effect of an upset. An upset constitutes an affirmative defense to an action brought for noncompliance with such technology-based permit effluent limitations if the requirements of D.4.c) are met. No determination made during administrative review of claims that noncompliance was caused by upset, and before an action for noncompliance, is final administrative action subject to judicial review.

c) Conditions necessary for a demonstration of upset. A permittee who wishes to establish the affirmative defense of upset shall demonstrate, through properly signed, contemporaneous operating logs, or other relevant evidence that:
   (1) An upset occurred and that the permittee can identify the cause(s) of the upset;
   (2) The permitted facility was at the time being properly operated;
   (3) The permittee submitted notice of the upset as required in F.2.b) of this permit.
   (4) The permittee complied with any remedial measures required under C.3. of this permit.

d) Burden of proof. In any enforcement proceeding the permittee seeking to establish the occurrence of an upset has the burden of proof.

## 5. Removed Substances

Where removed substances are not otherwise covered by the terms and conditions of this permit or other existing permit by the Chief, any solids, sludges, filter backwash or other pollutants (removed in the course of treatment or control of wastewaters) and which are intended for disposal within the State, shall be disposed of only in a manner and a site subject to the approval by the Chief. If such substances are intended for disposal outside the State or for reuse, i.e., as a material used for making another product, which in turn has another use, the permittee shall notify the Chief in writing of the proposed disposal or use of such substances, the identity of the prospective disposer or users, and the intended place of disposal or use, as appropriate.

Route 61 Facilities (Continued)

These facilities are to serve a population equivalent of approximately 2,756 persons in a portion of the City of Oak Hill, and environs, and discharge treated wastewater, through Outlet No. 002, to Loop Creek, approximately 18.8 miles from its mouth, of the Kanawha River.

Fayette Plateau Industrial Park Facilities

A wastewater collection system comprised of approximately 2,600 linear feet of eight(8) inch diameter gravity sewer line, 17 manholes, and all requisite appurtenances.

A 0.016 million gallons per day extended aeration wastewater treatment plant comprised of an aeration chamber with a volume of 16,000 gallons, a clarifier with a volume of 3,200 gallons, a chlorine contact chamber with a volume of 540 gallons, a 17 cubic feet pressure filter, an aerated sludge holding tank with a volume of 2,100 gallons, and all requisite appurtenances.

These facilities are to serve a population equivalent of approximately 160 persons in the Fayette Plateau Industrial Park, and discharge treated wastewater, through Outlet No. 003, to an Unnamed Tributary, approximately 0.3 miles from its mouth, of Wolf Creek of the New River of the Kanawha River.

To acquire, construct, install, operate and maintain a wastewater collection system to be comprised of approximately 1,500 linear feet of six(6) inch diameter gravity sewer line, 19,200 linear feet of eight(8) inch diameter gravity sewer line, 1,300 linear feet of 10 inch diameter gravity sewer line, 98 manholes, 15 cleanouts, one(1) lift station, 600 linear feet of two(2) inch diameter force main, elimination of an existing lift station identified as the Valley Street Lift Station, and all requisite appurtenances.

These wastewater collection system facilities are to serve a population equivalent of approximately 840 persons in the Five Streets area, and convey wastewater to the City's Minden Road wastewater treatment plant for subsequent treatment and discharge, through Outlet No. 001, to Arbuckle Creek, approximately 3.1 miles from its mouth, of the New River of the Kanawha River. The additional wastewater flow to be generated is anticipated to be approximately 58,800 gallons per day.

To acquire, construct, install, operate and maintain renovations and improvements to Outlet No. 006 to be comprised of replacement of the bar screen, addition of a flow measurement device, addition of an automatic flow control valve, and all requisite appurtenances.

(Continued on Page 4 of 20)

**This Permit is subject to the following terms and conditions:**

The information, submitted on, and with, Permit Application No. WV0020281, dated the 15th day of March 1995, additional information, dated the 3rd day of October 1995, additional information, dated the 4th day of December 1995, and additional information, dated the 5th day of January 1996, are all hereby made terms and conditions of this Permit with like effect as if all such Permit application information was set forth herein, and with other conditions set forth in Sections A, B, C, D, E, F, G, and H.

**The validity of this Permit is contingent upon the payment of the applicable annual permit fee, as required by Chapter 22, Article 11, Section 10 of the Code of West Virginia.**

THE FIVE STREETS AREA WASTEWATER COLLECTION SYSTEM EXTENSION PROJECT SHALL BE CONSTRUCTED IN ACCORDANCE WITH:

Plans, Specifications and Reports:
Date Approved: July 10, 1995
Prepared by: Pentree, Incorporated
1428 Main Street
P. O. Box 1309
Princeton, WV 24740-1309
Title: City of Oak Hill
Sanitary Board
Fayette County, West Virginia
Contract 1
Five Streets Area Project
SRF Project No. C-544117

THE RENOVATION AND IMPROVEMENTS PROJECT TO OUTLET NO. 006 SHALL BE CONSTRUCTED IN ACCORDANCE WITH:

Plans, Specifications and Reports:
Date Received: December 6, 1995
Prepared by: Pentree, Incorporated
1428 Main Street
P. O. Box 1309
Princeton, WV 24740-1309
Title: City of Oak Hill
Sanitary Board
Fayette County, West Virginia
Minden Road Overflow Project
Contract 6, Change Order 8
Storm Water Overflow Upgrade

A.1. DISCHARGE LIMITATIONS AND MONITORING REQUIREMENTS

During the period beginning July 25, 1996, and lasting through midnight, June 24, 2001 the permittee is authorized to discharge from outlet number(s) 001 - Discharge from the Minden Road sewage treatment plant.

Such discharges shall be limited and monitored by the permittee as specified below:

| | Discharge Limitations | | | | Monitoring Requirements | |
|---|---|---|---|---|---|---|
| Effluent Characteristic | (Quantity) lbs/day Avg. Monthly | Max. Daily | Other Units (Specify) Avg. Monthly | Max. Daily | Measurement Frequency | Sample Type |
| Flow | N/A | N/A | 0.75 MGD | N/A | Continuous | Measured |
| Biochemical Oxygen Demand (5 Day) | 187.6 | 375.3 | 30.0 mg/l | 60.0 mg/l | Once/Month | Batch[1] |
| Total Suspended Solids | 187.6 | 375.3 | 30.0 mg/l | 60.0 mg/l | Once/Month | Batch[1] |
| Ammonia Nitrogen | 93.8 | 187.6 | 15.0 mg/l | 30.0 mg/l | Once/Month | Batch[1] |
| Fecal Coliform | N/A | N/A | 200 counts / 100 ml | 400 counts / 100 ml | Once/Month | Grab |
| Dissolved Oxygen | Not less than 5.0 mg/l at any given time | | | | Once/Month | Grab |
| Total Residual Chlorine | N/A | N/A | 0.011 mg/l | 0.016 mg/l | Once/Month | Grab |

[1]One(1) sample per batch discharge over a period of 24 hours

The pH shall not be less than 6.0 standard units and not greater than 9.0 standard units and shall be monitored monthly by grab sampling.

Samples taken in compliance with the monitoring requirements specified above shall be taken at the following location(s): Effluent samples shall be collected at, or as near as possible to, the point of discharge. Effluent $BOD_5$ samples shall be properly reseeded, in accordance with approved procedures, prior to analysis.

This discharge shall not cause violation of Title 46, Series 1, Section 3, of the West Virginia Legislative Rules issued pursuant to Chapter 22B, Article 3.

## A.3. DISCHARGE LIMITATIONS AND MONITORING REQUIREMENTS

During the period beginning July 25, 1996, and lasting through midnight, June 24, 2001 the permittee is authorized to discharge from outlet number(s) 003 - Discharge from the Fayette Plateau Industrial Park sewage treatment plant.

Such discharges shall be limited and monitored by the permittee as specified below:

| Effluent Characteristic | Discharge Limitations (Quantity) lbs/day Avg. Monthly | Discharge Limitations (Quantity) lbs/day Max. Daily | Discharge Limitations Other Units (Specify) Avg. Monthly | Discharge Limitations Other Units (Specify) Max. Daily | Monitoring Requirements Measurement Frequency | Monitoring Requirements Sample Type |
|---|---|---|---|---|---|---|
| Flow | N/A | N/A | N/A | 0.016 MGD | Once/Quarter | Measured |
| Biochemical Oxygen Demand (5 Day) | 0.7 | 1.3 | 5.0 mg/l | 10.0 mg/l | Once/Quarter | Grab |
| Total Suspended Solids | 4.0 | 8.0 | 30.0 mg/l | 60.0 mg/l | Once/Quarter | Grab |
| Ammonia Nitrogen | 0.4 | 0.8 | 3.0 mg/l | 6.0 mg/l | Once/Quarter | Grab |
| Fecal Coliform | N/A | N/A | 200 counts / 100 ml | 400 counts / 100 ml | Once/Quarter | Grab |
| Dissolved Oxygen | Not less than 6.0 mg/l at any given time | | | | Once/Quarter | Grab |

The pH shall not be less than 6.0 standard units and not greater than 9.0 standard units and shall be monitored quarterly by grab sampling.

Samples taken in compliance with the monitoring requirements specified above shall be taken at the following location(s): Effluent $BOD_5$ samples shall be collected at a location immediately preceding disinfection. Other effluent samples shall be collected at, or as near as possible to, the point of discharge.

This discharge shall not cause violation of Title 46, Series 1, Section 3, of the West Virginia Legislative Rules issued pursuant to Chapter 22B, Article 3.

**A.2. DISCHARGE LIMITATIONS AND MONITORING REQUIREMENTS**
b) Winter Limitations during the period of November 1 through April 30

**During the period beginning July 25, 1996, and lasting through midnight, June 24, 2001 the permittee is authorized to discharge from outlet number(s) 002 - Discharge from the Route 61 sewage treatment plant.**

**Such discharges shall be limited and monitored by the permittee as specified below:**

| | Discharge Limitations | | | | Monitoring Requirements | |
|---|---|---|---|---|---|---|
| Effluent Characteristic | (Quantity) lbs/day Avg. Monthly | Max. Daily | Other Units (Specify) Avg. Monthly | Max. Daily | Measurement Frequency | Sample Type |
| Flow | N/A | N/A | 0.3 MGD | N/A | Continuous | Measured |
| Biochemical Oxygen Demand (5 Day) | 75.1 | 150.1 | 30.0 mg/l | 60.0 mg/l | Once/Month | Batch[1] |
| Total Suspended Solids | 75.1 | 150.1 | 30.0 mg/l | 60.0 mg/l | Once/Month | Batch[1] |
| Ammonia Nitrogen | 37.5 | 75.1 | 15.0 mg/l | 30.0 mg/l | Once/Month | Batch[1] |
| Fecal Coliform | N/A | N/A | 200 counts / 100 ml | 400 counts / 100 ml | Once/Month | Grab |
| Dissolved Oxygen | Not less than 6.0 mg/l at any given time | | | | Once/Month | Grab |
| Total Residual Chlorine | N/A | N/A | 0.011 mg/l | 0.016 mg/l | Once/Month | Grab |

[1]One(1) sample per batch discharge over a period of 24 hours

**The pH shall not be less than 6.0 standard units and not greater than 9.0 standard units and shall be monitored monthly by grab sampling.**

**Samples taken in compliance with the monitoring requirements specified above shall be taken at the following location(s):** Effluent samples shall be collected at, or as near as possible to, the point of discharge. Effluent $BOD_5$ samples shall be properly reseeded, in accordance with approved procedures, prior to analysis.

**This discharge shall not cause violation of Title 46, Series 1, Section 3, of the West Virginia Legislative Rules issued pursuant to Chapter 22B, Article 3.**

**A.2. DISCHARGE LIMITATIONS AND MONITORING REQUIREMENTS**

a) Summer Limitations during the period of May 1 through October 31

**During the period beginning July 25, 1996, and lasting through midnight, June 24, 2001 the permittee is authorized to discharge from outlet number(s) 002 - Discharge from the Route 61 sewage treatment plant.**

**Such discharges shall be limited and monitored by the permittee as specified below:**

| | Discharge Limitations | | | | Monitoring Requirements | |
|---|---|---|---|---|---|---|
| Effluent Characteristic | (Quantity) lbs/day Avg. Monthly | Max. Daily | Other Units (Specify) Avg. Monthly | Max. Daily | Measurement Frequency | Sample Type |
| Flow | N/A | N/A | 0.3 MGD | N/A | Continuous | Measured |
| Biochemical Oxygen Demand (5 Day) | 50.0 | 100.1 | 20.0 mg/l | 40.0 mg/l | Once/Month | Batch[1] |
| Total Suspended Solids | 75.1 | 150.1 | 30.0 mg/l | 60.0 mg/l | Once/Month | Batch[1] |
| Ammonia Nitrogen | 16.1 | 32.3 | 6.45 mg/l | 12.9 mg/l | Once/Month | Batch[1] |
| Fecal Coliform | N/A | N/A | 200 counts / 100 ml | 400 counts / 100 ml | Once/Month | Grab |
| Dissolved Oxygen | Not less than 6.0 mg/l at any given time | | | | Once/Month | Grab |
| Total Residual Chlorine | N/A | N/A | 0.011 mg/l | 0.016 mg/l | Once/Month | Grab |

[1]One(1) sample per batch discharge over a period of 24 hours

**The pH shall not be less than 6.0 standard units and not greater than 9.0 standard units and shall be monitored monthly by grab sampling.**

**Samples taken in compliance with the monitoring requirements specified above shall be taken at the following location(s):** Effluent samples shall be collected at, or as near as possible to, the point of discharge. Effluent $BOD_5$ samples shall be properly reseeded, in accordance with approved procedures, prior to analysis.

**This discharge shall not cause violation of Title 46, Series 1, Section 3, of the West Virginia Legislative Rules issued pursuant to Chapter 22B, Article 3.**

## A.4. SANITARY SEWER SYSTEM OVERFLOWS

a) Outlet Numbers 004, 005, and 006, listed below, could bypass raw and/or partially treated sewage directly into the receiving stream.

| Outlet Number | Name and Location | Receiving Stream |
|---|---|---|
| 004 | Route 61 Wastewater Treatment Plant; Flow Equalization Basin No. 2; Through the Chlorine Contact Chamber<br>Latitude 37°59'16"N<br>Longitude 81°08'45"W | Loop Creek (Mile Point 18.8) of the Kanawha River |
| 005 | Minden Road Wastewater Treatment Plant; Sequential Batch Reactor No. 2; Through the Chlorine Contact Chamber<br>Latitude 37°58'45"N<br>Longitude 81°08'05"W | Arbuckle Creek (Mile Point 3.1) of the New River of the Kanawha River |
| 006 | Minden Road Wastewater Treatment Plant; Prior to the Preliminary Treatment Units<br>Latitude 37°58'45"N<br>Longitude 81°08'07"W | Arbuckle Creek (Mile Point 3.13) of the New River of the Kanawha River |

b) This documentation is for purposes of identification only. It is not to be interpreted as formal authorization to discharge from these outlets. Any discharge from these outlets shall be subject to the requirements of Section D.3 on Page 12 of 20 of this Permit. Bypass reports will be reviewed and the intentional use, or misuse, of the overflows will be subject to consequential remedial and/or enforcement action.

c) Any overflow event, from Outlet No. 006, shall be monitored for cause, frequency, duration, quality and quantity of flow. Quality data shall include analytical test results for five(5) day Biochemical Oxygen Demand and Fecal Coliform. Sample types shall be grab and shall be taken within the first 30 minutes of any discharge. Any data shall be reported monthly as an attachment to the Discharge Monitoring Report.

d) The documentation provided herein shall not constitute an affirmative defense in any enforcement action brought against the permittee for violations resultant to the discharges from these outlets.

## B. SCHEDULE OF COMPLIANCE

1. The permittee shall achieve compliance with the provisions for waste treatment and the discharge limitations specified in this permit in accordance with the following schedule:

Effective Date of Permit.

2. Reports of compliance or noncompliance with, and progress reports on the interim and final requirements contained in the above compliance schedule, shall be submitted no later than 14 days following each schedule date.

## C. MANAGEMENT CONDITIONS

**1. Duty to Comply**
(a) The permittee must comply with all conditions of this permit. Permit noncompliance constitutes a violation of the CWA and State Act and is grounds for enforcement action; for permit modification, revocation and reissuance, suspension or revocation; or for denial of a permit renewal application.
(b) The permittee shall comply with all effluent standards or prohibitions established under Section 307(a) of the CWA for toxic pollutants within the time provided in the regulations that establish these standards or prohibitions, even if the permit has not yet been modified to incorporate the requirement.

**2. Duty to Reapply**
If the permittee wishes to continue an activity regulated by this permit after the expiration date of this permit, the permittee must apply for a new permit at least 180 days prior to expiration of the permit.

**3. Duty to Mitigate**
The permittee shall take all reasonable steps to minimize or prevent any discharge in violation of this permit, which has a reasonable likelihood of adversely affecting human health or the environment.

**4. Permit Actions**
This permit may be modified, revoked and reissued, suspended, or revoked for cause. The filing of a request by the permittee for permit modification, revocation and reissuance, or revocation, or a notification of planned changes or anticipated noncompliance, does not stay any permit conditions.

**5. Property Rights**
This permit does not convey any property rights of any sort or any exclusive privilege.

**6. Signatory Requirements**
All applications, reports, or information submitted to the Chief shall be signed and certified as required in Title 47, Series 10, Section 4.6 of the West Virginia Legislative Rules.

**7. Transfers**
This permit is not transferable to any person, except after notice to the Chief. The Chief may require modification or revocation and reissuance of the permit to change the name of the permittee and incorporate such other requirements as may be necessary.

**8. Duty to Provide Information**
The permittee shall furnish to the Chief, within a reasonable specified time, any information which the Chief may request to determine whether cause exists for modifying, revoking and reissuing, suspending, or revoking this permit, or to determine compliance with this permit. The permittee shall also furnish to the Chief, upon request, copies of records required to be kept by this permit.

**9. Other Information**
Where the permittee becomes aware that it failed to submit any relevant facts in a permit application, or submitted incorrect information in a permit application or in any report to the Chief, it shall promptly submit such facts or information.

**10. Inspection and Entry**
The permittee shall allow the Director, or an authorized representative, upon the presentation of credentials and other documents as may be required by law, to:

a) Enter upon the permittee's premises in which an effluent source or activity is located, or where records must be kept under the conditions of this permit;
b) Have access to and copy at reasonable times, any records that must be kept under the conditions of this permit;
c) Inspect at reasonable times any facilities, equipment(including monitoring and control equipment), practices, or operations regulated or required under this permit; and
d) Samples or monitor at reasonable times, for the purposes of assuring permit compliance or as otherwise authorized by the State Act, any substances or parameters at any locations.

**11. Permit Modification**
This permit may be modified, suspended, or revoked in whole or in part during its term in accordance with the provisions of Chapter 22-11-12 of the Code of West Virginia.

**12. Water Quality**
The effluent or effluents covered by this permit are to be of such quality so as not to cause violation of applicable water quality standards adopted by the Environmental Quality Board.

**13. Outlet Markers**
A permanent marker at the establishment shall be posted in accordance with Title 47, Series 11, Section 9 of the West Virginia Legislative Rules promulgated pursuant to Chapter 22, Article 11.

**14. Liabilities**
a) Any person who violates a permit condition implementing sections 301, 302, 306, 307, 308, 318, or 405 of the Clean Water Act is subject to a civil penalty not to exceed $10,000 per day of such violation. Any person who willfully or negligently violates permit conditions implementing sections 301, 302, 306, 307, or 308 of the Clean Water Act is subject to a fine of not less than $2,500 nor more than $25,000 per day of violation, or by imprisonment for not more than 1 year, or both.
b) Any person who falsifies, tampers with, or knowingly renders inaccurate any monitoring device or method required to be maintained under this permit shall, upon conviction, be punished by a fine of not more than $10,000 per violation, or by imprisonment for not more than 6 months per violation, or by both.
c) Any person who knowingly makes any false statement, representation, or certification in any record or other document submitted or required to be maintained under this permit, including monitoring reports or reports of compliance or noncompliance shall, upon conviction, be punished by a fine of not more than $10,000 per violation, or by imprisonment for not more than 6 months per violation, or by both.
d) Nothing in C.14.a),b) and c) shall be construed to limit or prohibit any other authority the Chief may have under the State Water Pollution Control Act, Chapter 22, Article 11.

## E. MONITORING AND REPORTING

### 1. Representative Sampling
Samples and measurements taken for the purpose of monitoring shall be representative of the monitored activity.

### 2. Reporting
a) Permittee shall submit each month according to the enclosed format, a Discharge Monitoring Report(DMR) indicating in terms of concentration, and/or quantities, the values of the consituents listed in Part A analytically determined to be in the plant effluent(s).
b) The required DMRs should be received no later than 20 days following the end of the reporting period and be addressed to:

**Chief**
**Office of Water Resources**
**1201 Greenbrier Street**
**Charleston, WV 25311-1088**
**Attention:** Municipal Branch

c) Enter reported average and maximum values under "Quantity" and "Concentration" in the units specified for each parameter, as appropriate.
d) Specify the number of analyzed samples that exceed the allowable permit conditions in the columns labeled "N.E"(i.e., number exceeding).
e) Specify frequency of analysis for each parameter as no. analyses/specified period (e.g., 3/month is equivalent to 3 analyses performed every calendar month.) if continuous, enter "Cont.". The frequency listed on format is the minimum required.

### 3. Test Procedures
Samples shall be taken, preserved and analyzed in accordance with the latest edition of 40 CFR Part 136, unless other test procedures have been specified elsewhere in this permit.

### 4. Recording of Results
For each measurement or sample taken pursuant to the permit, the permittee shall record the following information.
a) The date, exact place, and time of sampling or measurement;
b) The date(s) analyses were performed;
c) The individual(s) who performed the sampling or measurement;
d) The individual(s) who performed the analyses; if a commercial laboratory is used, the name and address of the laboratory;
e) The analytical techniques or methods used, and
f) The results of such analyses.

Information not required by the DMR form is not to be submitted to this agency, but is to be retained as required in E.6.

### 5. Additional Monitoring by Permittee
If the permittee monitors any pollutant at any monitoring point specified in this permit more frequently than required by this permit, using approved test procedures or others as specified in this permit, the results of this monitoring shall be included in the calculation and reporting of the data submitted in the Discharge Monitoring Report Form. Such increased frequency shall also be indicated.
Calculations for all limitations which require averaging of measurements shall utilize an arithmetic mean unless otherwise specified in the permit.

### 6. Records Retention
The permittee shall retain records of all monitoring information, including all calibration and maintenance records and all original chart recordings for continuous monitoring instrumentation, copies of all reports required by this permit, and records of all data used to complete the application for the permit, for a period of at least three(3) years from the date of the sample, measurement, report or application. This period may be extended by request of the Chief at any time.

### 7. Definitions
a) "Daily discharge" means the discharge of a pollutant measured during a calendar day or within any specified period that reasonably represents the calendar day for purposes of sampling. For pollutants with limitations expressed in units of mass, the daily discharge is calculated as the total mass of the pollutant discharged over the day. For pollutants with limitations expressed in other units of measurement, the daily discharge is calculated as the average measurement of the pollutant over the day.
b) "Average monthly discharge limitation" means the highest allowable average of daily discharges over a calendar month, calculated as the sum of all daily discharges measured during a calendar month divided by the number of daily discharges measured during that month.
c) "Maximum daily discharge limitation" means the highest allowable daily discharge.
d) "Composite Sample" is a combination of individual samples obtained at regular intervals over a time period. Either the volume of each individual sample is proportional to discharge flow rates or the sampling interval(for constant volume samples) is proportional to the flow rates over the time period used to produce the composite. The maximum time period between individual samples shall be two hours.
e) "Grab Sample" is an individual sample collected in less than 15 minutes.
f) "i-s" =immersion stabilization - a calibrated device is immersed in the effluent stream until the reading is stabilized.
g) The "daily average temperature" means the arithmetic average of temperature measurements made on an hourly basis, or the mean value plot of the record of a continuous automated temperature recording instrument, either during a calendar month, or during the operating month if flows are of shorter duration.
h) The "daily maximum temperature" means the highest arithmetic average of the temperatures observed for any two(2) consecutive hours during a 24-hour day, or during the operating day if flows are of shorter duration.
i) The "daily average fecal coliform" bacteria is the geometric average of all samples collected during the month.
j) "Measured Flow" means any method of liquid volume measurement, the accuracy of which has been previously demonstrated in engineering practice, or for which a relationship to absolute volume has been obtained.
k) "Estimate" means to be based on a technical evaluation of the sources contributing to the discharge including, but not limited to pump capabilities, water meters and batch discharge volumes.
l) "Noncontact cooling water" means the water that is contained in a leak-free system, i.e. no contact with any gas, liquid, or solid other than the container for transport; the water shall have no net poundage addition of any pollutant over intake water levels, exclusive of approved anti-fouling agents.

## F. OTHER REPORTING

### 1. Reporting Spills and Accidental Discharges

Nothing in this permit shall be construed to preclude the institution of any legal action or relieve the permittee for any responsibilities, liabilities, or penalties established pursuant to Title 47, Series 11, Section 2 of the West Virginia Legislative Rules promulgated pursuant to Chapter 22, Article 11.

Attached is a copy of the West Virginia Spill Alert System for use in complying with Title 47, Series 11, Section 2 of the rules as they pertain to the reporting of spills and accidental discharges.

### 2. Immediate Reporting

a) The permittee shall report any noncompliance which may endanger health or the environment immediately after becoming aware of the circumstances by using the Agency's designated spill alert telephone number. A written submission shall be provided within five(5) days of the time the permittee becomes aware of the circumstances. The written submission shall contain a description of the noncompliance and its cause; the period of noncompliance, including exact dates and times, and if the noncompliance has not been corrected, the anticipated time it is expected to continue; and steps taken or planned to reduce, eliminate, and prevent recurrence of the noncompliance.

b) The following shall also be reported immediately:
   (1) Any unanticipated bypass which exceeds any effluent limitation in the permit;
   (2) Any upset which exceeds any effluent limitation in the permit; and
   (3) Violation of a maximum daily discharge limitation for any of the pollutants listed by the Chief in the permit to be reported immediately. This list shall include any toxic pollutant or hazardous substance, or any pollutant specifically identified as the method to control a toxic pollutant or hazardous substance.

c) The Chief may waive the written report on a case-by-case basis if the oral report has been received in accordance with the above.

d) Compliance with the requirements of F.2. of this section, shall not relieve a person of compliance with Title 47, Series 11, Section 2.

### 3. Reporting Requirements

a) Planned changes. The permittee shall give notice to the Chief of any planned physical alterations or additions to the permitted facility which may affect the nature or quantity of the discharge. Notice is required when:
   (1) The alteration or addition to a permitted facility may meet one of the criteria for determining whether a facility is a new source in Section 13.7.b of Series 10, Title 47; or
   (2) The alteration or addition could significantly change the nature or increase the quantity of pollutants discharged. The notification applies to pollutants which are subject neither to effluent limitations in the permit, nor to notification requirements under F.2. of this section.

b) Anticipated noncompliance. The permittee shall give advance notice to the Chief of any planned changes in the permitted facility or activity which may result in noncompliance with permit requirements.

c) In addition to the above reporting requirements, all existing manufacturing, commercial, and silvicultural discharges must notify the Chief in writing as soon as they know or have reason to believe:
   (1) That any activity has occurred or will occur which would result in the discharge, on a routine or frequent basis, or any toxic pollutant which is not limited in the permit, if that discharge will exceed the highest of the following "notification levels".
      (A) One hundred micrograms per liter (100 ug/l);
      (B) Two hundred micrograms per liter (200 ug/l) for acrolein and acrylonitrile; five hundred micrograms per liter (500 ug/l) for 2,4-dinitro phenol: and for 2-methyl 4,6-dinitrophenol; and one milligram per liter (1 mg/l) for antimony;
      (C) Five(5) times the maximum concentration value reported for that pollutant in the permit application in accordance with Section 4.4.b.9 of Series 10, Title 47;
      (D) The level established by the Chief in accordance with Section 6.3.g. of Series 10, Title 47.
   (2) That any activity has occurred or will occur which would result in any discharge (on a non-routine or infrequent basis) of a toxic which is not limited in the permit, if that discharge will exceed the highest of the following "notification levels".
      (A) Five hundred micrograms per liter (500 ug/l);
      (B) One milligram per liter (1 mg/l) for antimony;
      (C) Ten(10) times the maximum concentration value reported for that pollutant in the permit application in accordance with Section 4.4.b.7. of Series 10, Title 47;
      (D) The level established by the Chief in accordance with Section 6.3.g. of Series 10, Title 47.
   (3) That they have begun or expect to begin to use or manufacture as an intermediate or final product or by-product of any toxic pollutant which was not reported in the permit application under Section 4.4.b.9 of Series 10, Title 47 and which will result in the discharge on a routine or frequent basis of that toxic pollutant at levels which exceed five times the detection limit for that pollutant under approved analytical procedure.
   (4) That they have begun or expect to begin to use or manufacture as an intermediate or final product or by-product of any toxic pollutant which was not reported in the permit application under Section 4.4.b.9 of Series 10, Title 47 and which will result in the discharge on a non-routine or infrequent basis of that toxic pollutant at levels which exceed ten times the detection limit for that pollutant under approved analytical procedure.

### 4. Other Noncompliance

The permittee shall report all instances of noncompliance not reported under the above paragraphs at the time monitoring reports are submitted. The reports shall contain the information listed in F.2.a).

## G. OTHER REQUIREMENTS

1. The herein described treatment works, structures, electrical and mechanical equipment shall be adequately protected from physical damage by the maximum expected 100 year flood level, and operability shall be maintained during the 25 year flood level.

2. The entire sewage treatment facilities shall be adequately protected by fencing.

3. Continuous maintenance and operation of the listed sewage treatment facilities shall be performed by, or supervised by, a certified operator possessing at least a class II certificate for Waste Water Treatment Works Operators, issued by the State of West Virginia.

4. An instantaneous flow from the sewage disposal systems shall not exceed the peak design flows at any given time.

5. The arithmetic mean of values for effluent samples collected, at Outlet No. 001, in a period of seven(7) consecutive days shall not exceed 45.0 mg/l for five(5) day Biochemical Oxygen Demand and Total Suspended Solids, and 22.5 mg/l for Ammonia Nitrogen.

6. The arithmetic mean of values for effluent samples collected, at Outlet No. 002, in a period of seven(7) consecutive days shall not exceed 30.0 mg/l for five(5) day Biochemical Oxygen Demand, 45.0 mg/l for Total Suspended Solids, and 9.7 mg/l for Ammonia Nitrogen, during the period of May 1st through October 31st, and 45.0 mg/l for five(5) day Biochemical Oxygen Demand and Total Suspended Solids, and 22.5 mg/l for Ammonia Nitrogen, during the period of November 1st through October 31st.

7. The arithmetic mean of values for effluent samples collected, at Outlet No. 003, in a period of seven(7) consecutive days shall not exceed 7.5 mg/l for five(5) day Biochemical Oxygen Demand, 45.0 mg/l for Total Suspended Solids, and 4.5 mg/l for Ammonia Nitrogen.

8. The arithmetic mean of the effluent values, of the five(5) day Biochemical Oxygen Demand and Total Suspended Solids discharged from Outlet No. 001, the five(5) day Biochemical Oxygen Demand, winter limitation, and Total Suspended Solids discharged from Outlet No. 002, and the Total Suspended Solids discharged from Outlet No. 003, during a period of 30 consecutive days, shall not exceed 15 percent of the respective arithmetic mean of the influent values for these parameters during the same time period, except as specifically authorized by the permitting authority.

9. The permittee shall not accept any new nondomestic discharges without first obtaining approval from the Chief, of the Office of Water Resources, as provided, in Title 47, Series 10, Section 14, of the Legislative Rules.

10. If any existing nondomestic discharge causes, or is suspected of causing, interference or pass through, as defined by 40 CFR Part 403.3, or otherwise violates any provision of 40 CFR Part 403, the permittee shall notify the Chief of such violation or suspected violation.

## G. OTHER REQUIREMENTS (CONTINUED)

11. If any existing nondomestic discharge is identified as being subject to a Categorical Pretreatment Standard under 40 CFR Chapter 1, Subchapter N, and the discharge is not regulated by this Permit, the permittee shall notify the Chief of such identification.

12. The permittee shall continue to implement a program to identify and eliminate sources of infiltration and inflow. The permittee shall provide a written Plan of Action, which stipulates specific tasks, with dates, on, or before, the 25th day of September 1996, for the implementation of the program. A written report shall be provided on a monthly basis, as an attachment to the Discharge Monitoring Report, detailing what has been performed in relation to the implementation and accomplishments of the infiltration and inflow elimination program. The wastewater collection system rehabilitation program shall be complete, on, or before, the 24th day of June 2001. Failure of the permittee to comply with this requirement shall result in subsequent administrative and/or legal action, as may be necessary, in order to obtain the compliance sought herein.

13. The effluent discharge limitations prescribed in Section A.1, Section A.2, and Section A.3 are, fundamentally, based upon currently established discharge load allocation procedures. The discharge load allocation methodology is, at this time, under review, and subject to amendment. Whereupon the implementation procedures for any amendments, thereto, are finalized, the Chief reserves the right to reevaluate the current Permit effluent discharge limitations, and, if necessary, incorporate any revisions to the effluent discharge limitations, by modification of this Permit.

14. The permittee's submission of the site registration application form, dated the 15th day of February 1995, and acceptance, thereof, by this Office, as terms and conditions of this Permit, expressly requires compliance, by the permittee, under WV/NPDES Storm Water General Water Pollution Control Permit No. WV0111457, issued the 8th day of June 1992, for the Five Streets area wastewater collection system construction activities.

## H. SEWAGE SLUDGE MANAGEMENT REQUIREMENTS

1. The permittee shall monitor and report monthly on the enclosed Sewage Sludge Management Report form the quality and quantity of sewage sludge produced. The required report shall be received no later than 20 days following the end of the reporting period and shall be addressed to the following:

   **Chief**
   **Office of Water Resources**
   **1201 Greenbrier Street**
   **Charleston, WV 25311-1088**
   **Attention: Program Management/Technical Support**

2. The permittee shall provide copies of monthly reports to the county or regional solid waste authority in which the facility or land application site(s) is located.

3. The Sewage Sludge Monitoring Report form shall be submitted semiannually. The required report shall be received no later than 20 days following the end of the reporting period and shall be addressed to the following:

   **Chief**
   **Office of Water Resources**
   **1201 Greenbrier Street**
   **Charleston, WV 25311-1088**
   **Attention: Program Management/Technical Support**

   **WVU Extension Specialist - Waste Management**
   **West Virginia University Extension Service**
   **1058 Agricultural Science Building**
   **Post Office Box 6108**
   **Morgantown, WV 26506-6108**

4. The following method of sludge disposal shall be used for sewage sludge generated and/or processed at the permitted facility:

   Landfill Disposal: Sewage sludge may be disposed at a landfill by placing the sewage sludge in the landfill cell, provided that the landfill obtains approval from the Office of Waste Management to allow the acceptance of sewage sludge from the permittee, and provided that the landfill(s) is/are identified in the permit application. Prior approval by the Office of Water Resources is required to change landfill disposal site(s).

5. Areas used for processing, curing, and/or storage of sewage sludge shall be designed, constructed and operated to prevent release of contaminants to the groundwater and/or surface water.

6. All analyses performed on soils and sewage sludges shall be analyzed in accordance with analytical methods listed in 40 CFR Part 503.8 except that Nutrients may be analyzed in accordance with the most recently approved edition of Standard Methods.

## H. SEWAGE SLUDGE MANAGEMENT REQUIREMENTS (CONTINUED)

7. Sewage sludge disposed in a landfill cell shall be a nonhazardous material as defined in 40 CFR Part 261.24 and a minimum of 20 percent solids. If the sewage sludge is not 20 percent solids, a bulking agent may be used to achieve 20 percent solids before the sewage sludge is weighed in at the landfill.

8. If sewage sludge is used for revegetation, or spread in any other manner at the landfill, the sewage sludge shall meet all of the land application requirements. These requirements include vector attraction and pathogen reduction methods, heavy metals limits, and abiding by an approved loading rate based on soil analyses.

9. The permittee shall maintain all records and reports of all monitoring required by Section H of this permit for five(5) years after the date of monitoring or reporting. Records should include all sample results; any landfill receipts; copies of all required reports; and records of all data used to complete these reports.

10. The following limitations and monitoring requirements shall apply to the sewage sludge or sewage sludge products:

| Parameter | Maximum Allowable Limitations (mg/kg) | Monitoring Frequency | Sample Type[1] |
|---|---|---|---|
| Arsenic | Monitor | 1/6 Months | One Week Comp. |
| Cadmium | Monitor | 1/6 Months | One Week Comp. |
| Chromium | Monitor | 1/6 Months | One Week Comp. |
| Copper | Monitor | 1/6 Months | One Week Comp. |
| Lead | Monitor | 1/6 Months | One Week Comp. |
| Mercury | Monitor | 1/6 Months | One Week Comp. |
| Molybdenum | Monitor | 1/6 Months | One Week Comp. |
| Nickel | Monitor | 1/6 Months | One Week Comp. |
| Selenium | Monitor | 1/6 Months | One Week Comp. |
| Zinc | Monitor | 1/6 Months | One Week Comp. |
| pH | Monitor | 1/6 Months | Grab |
| Percent Solids | Monitor | 1/6 Months | One Week Comp. |
| Magnesium | Monitor | 1/6 Months | One Week Comp. |
| Potassium | Monitor | 1/6 Months | One Week Comp. |
| Phosphorus | Monitor | 1/6 Months | One Week Comp. |
| Calcium | Monitor | 1/6 Months | One Week Comp. |
| Organic Nitrogen | Monitor | 1/6 Months | One Week Comp. |
| Ammonia Nitrogen | Monitor | 1/6 Months | One Week Comp. |
| Total Nitrogen | Monitor | 1/6 Months | One Week Comp. |

[1]The appropriate composite sampling procedures shall be based upon the particular sludge processing methods used by the permittee. The composite sampling procedures for the various methods are described as follows:

## A. SEWAGE SLUDGE MANAGEMENT REQUIREMENTS (CONTINUED)

10. (Continued)

**Belt Press or Vacuum Filter** - During the week that the composite sample is obtained, the permittee shall take a minimum of three(3) grab samples during each day of the week that the dewatering system is in operation. These grab samples are to be mixed together and the final sample obtained from the composite. Samples should be collected at a point immediately after the dewatering operation.

**Liquid Sludge** - During the week that the composite sample is obtained, the permittee shall take a representative grab sample from each truck load of sewage sludge hauled during that week. These grab samples are to be mixed together and the final sample obtained from the composite. Samples should be collected from the sewage sludge being pumped into the truck or as the sewage sludge is being discharged from the truck.

**Sewage Sludge Drying Beds** - During the week that the composite sample is obtained, the permittee shall take a minimum of four(4) grab samples from each bed finished during that week. These grab samples are to be mixed together and the final sample obtained from the composite.

**Composting or Stock Piles** - The permittee shall obtain a minimum of eight(8) grab samples from the pile of finished product. These grab samples are to be mixed together and the final sample obtained from the composite.

The herein-described activity is to be extended, modified, added to, made, enlarged, acquired, constructed or installed, and operated, used and maintained strictly in accordance with the terms and conditions of this permit; with the plans and specifications submitted with Permit Application No. **WV0020281**, dated the **15th** day of **March**, 1995; with the plan of maintenance and method of operation thereof submitted with such application(s); and with any applicable rules and regulations promulgated by the Environmental Quality Board and the Director of the Division of Environmental Protection.

Failure to comply with the terms and conditions of this permit, with the plans and specifications submitted with Permit Application No. **WV0020281**, dated the **15th** day of **March**, 1995, and with the plan of maintenance and method of operation thereof submitted with such application(s) shall constitute grounds for the revocation or suspension of this permit and for the invocation of all the enforcement procedures set forth in Article 11, Chapter 22 of the Code of West Virginia.

This permit is issued in accordance with the provisions of Article 11, Chapter 22 of the Code of West Virginia and is transferable under the terms of Section 11 of said article.

By: _____
Chief

BST/jdm

WRD 2A-82

# STATE OF WEST VIRGINIA
# NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM
# DISCHARGE MONITORING REPORT

Oak Hill, City of; Sanitary Board

FACILITY NAME Minden Road
LOCATION OF FACILITY Oak Hill, Fayette County
PERMIT NUMBER WV0020281 OUTLET NO. 001
WASTELOAD FOR MONTH OF 19

COMMERCIAL LABORATORY NAME
COMMERCIAL LABORATORY ADDRESS
INDIVIDUAL PERFORMING ANALYSES

| Parameter | | Quantity | | | | | Other Units | | | | | Measurement Frequency | Sample Type |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Minimum | Avg.Monthly | Max.Daily | Units | N.E. | Minimum | Avg.Monthly | Max.Daily | Units | N.E. | | |
| Flow, in Conduit or thru trmt. plant 50050 | Reported | ***** | ********* | ******* | *** | ** | ***** | | ******* | MGD | | | |
| | | ***** | ********* | ******* | *** | ** | ***** | | ******* | | | | |
| | Permit Limitation | N/A | N/A | N/A | *** | ** | N/A | 0.75 | N/A | | ** | Continuous | Measured |
| | | | | | *** | ** | | | | | ** | | |
| BOD, 5 day (20 Deg. C) 00310 A | Reported | ***** | | | | | ***** | | | mg/l | | | |
| | | ***** | | | lbs | | ***** | | | | | | |
| | Permit Limitation | N/A | 187.6 | 375.3 | day | ** | N/A | 30.0 | 60.0 | | ** | Once/Month | Batch |
| | | | | | | ** | | | | | ** | | |
| Solids, Total Suspended 00530 | Reported | ***** | | | | | ***** | | | mg/l | | | |
| | | ***** | | | lbs | | ***** | | | | | | |
| | Permit Limitation | N/A | 187.6 | 375.3 | day | ** | N/A | 30.0 | 60.0 | | ** | Once/Month | Batch |
| | | | | | | ** | | | | | ** | | |
| Nitrogen, Ammonia 00610 | Reported | ***** | | | | | ***** | | | mg/l | | | |
| | | ***** | | | lbs | | ***** | | | | | | |
| | Permit Limitation | N/A | 93.8 | 187.6 | day | ** | N/A | 15.0 | 30.0 | | ** | Once/Month | Batch |
| | | | | | | ** | | | | | ** | | |
| pH 00400 | Reported | ***** | ********* | ******* | *** | ** | | ********* | | | | | |
| | | ***** | ********* | ******* | *** | ** | | ********* | | Std. | | | |
| | Permit Limitation | N/A | N/A | N/A | *** | ** | 6.0 | N/A | 9.0 | Units | ** | Once/Month | Grab |
| | | | | | *** | ** | | | | | ** | | |
| Coliform, Fecal General 74055 | Reported | MF | - - - - | MPN | *** | ** | ***** | | | | | | |
| | | | - - - - | | *** | ** | ***** | | | Count | | | |
| | Permit Limitation | Circle | Method | Used | *** | ** | N/A | 200 | 400 | per | ** | Once/Month | Grab |
| | | | | | *** | ** | | | | 100ml | ** | | |
| Oxygen, Dissolved 00300 | Reported | ***** | ********* | ******* | *** | ** | | ********* | ******* | | | | |
| | | ***** | ********* | ******* | *** | ** | | ********* | ******* | mg/l | | | |
| | Permit Limitation | N/A | N/A | N/A | *** | ** | 5.0 | N/A | N/A | | ** | Once/Month | Grab |
| | | | | | *** | ** | | | | | ** | | |

Name of Principal Executive Officer

Title of Officer

I certify under penalty of law that this document and all attachments were prepared under my directions or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief true, accurate and complete. I am aware that there are significant penalties for submitting false information including the possibility of fine and imprisonment for knowing violations.

Date Completed

Signature of Principal Executive Officer or Authorized Agent

WRD 2A-82

# STATE OF WEST VIRGINIA
# NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM
# DISCHARGE MONITORING REPORT

Oak Hill, City of; Sanitary Board

FACILITY NAME Minden Road
LOCATION OF FACILITY Oak Hill, Fayette County
PERMIT NUMBER WV0020281 OUTLET NO. 001
WASTELOAD FOR MONTH OF 19

COMMERCIAL LABORATORY NAME
COMMERCIAL LABORATORY ADDRESS
INDIVIDUAL PERFORMING ANALYSES

| Parameter | | Quantity | | | | | Other Units | | | | | Measurement Frequency | Sample Type |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Minimum | Avg.Monthly | Max.Daily | Units | N.E. | Minimum | Avg.Monthly | Max.Daily | Units | N.E. | | |
| Chlorine, Total Residual 50060 | Reported | ***** | ********* | ******* | *** | ** | ***** | | | mg/l | | | |
| | | ***** | ********* | ******* | *** | ** | ***** | | | | | | |
| | Permit Limitation | N/A | N/A | N/A | *** | ** | N/A | 0.011 | 0.016 | | ** | Once/Month | Grab |
| | | | | | *** | ** | | | | | ** | | |

| Name of Principal Executive Officer | I certify under penalty of law that this document and all attachments were prepared under my directions or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief true, accurate and complete. I am aware that there are significant penalties for submitting false information including the possibility of fine and imprisonment for knowing violations. | Date Completed |
|---|---|---|
| Title of Officer | | Signature of Principal Executive Officer or Authorized Agent |

WRD 2A-82

# STATE OF WEST VIRGINIA
## NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM
## DISCHARGE MONITORING REPORT

ummer Limitations(May 1 through October 31)

Oak Hill, City of; Sanitary Board

FACILITY NAME Route 61

LOCATION OF FACILITY Oak Hill, Fayette County

PERMIT NUMBER WV0020281 OUTLET NO. 002

WASTELOAD FOR MONTH OF 19

COMMERCIAL LABORATORY NAME

COMMERCIAL LABORATORY ADDRESS

INDIVIDUAL PERFORMING ANALYSES

| Parameter | | Quantity | | | | | Other Units | | | | | Measurement Frequency | Sample Type |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Minimum | Avg.Monthly | Max.Daily | Units | N.E. | Minimum | Avg.Monthly | Max.Daily | Units | N.E. | | |
| Flow, in Conduit or thru trmt. plant 50050 | Reported | ***** | ********* | ******* | *** | ** | ***** | | ******* | MGD | | | |
| | | ***** | ********* | ******* | *** | ** | ***** | | ******* | | | | |
| | Permit Limitation | N/A | N/A | N/A | *** | ** | N/A | 0.3 | N/A | | ** | Continuous | Measured |
| | | | | | *** | ** | | | | | ** | | |
| BOD, 5 day (20 Deg. C) 00310 A | Reported | ***** | | | | | ***** | | | mg/l | | | |
| | | ***** | | | lbs | | ***** | | | | | | |
| | Permit Limitation | N/A | 50.0 | 100.1 | day | ** | N/A | 20.0 | 40.0 | | ** | Once/Month | Batch |
| | | | | | | ** | | | | | ** | | |
| Solids, Total Suspended 00530 | Reported | ***** | | | | | ***** | | | mg/l | | | |
| | | ***** | | | lbs | | ***** | | | | | | |
| | Permit Limitation | N/A | 75.1 | 150.1 | day | ** | N/A | 30.0 | 60.0 | | ** | Once/Month | Batch |
| | | | | | | ** | | | | | ** | | |
| Nitrogen, Ammonia 00610 | Reported | ***** | | | | | ***** | | | mg/l | | | |
| | | ***** | | | lbs | | ***** | | | | | | |
| | Permit Limitation | N/A | 16.1 | 32.3 | day | ** | N/A | 6.45 | 12.9 | | ** | Once/Month | Batch |
| | | | | | | ** | | | | | ** | | |
| pH 00400 | Reported | ***** | ********* | ******* | *** | ** | | ********* | | | | | |
| | | ***** | ********* | ******* | *** | ** | | ********* | | | | | |
| | Permit Limitation | N/A | N/A | N/A | *** | ** | 6.0 | N/A | 9.0 | Std. Units | ** | Once/Month | Grab |
| | | | | | *** | ** | | | | | ** | | |
| Coliform, Fecal General 74055 | Reported | MF | - - - - | MPN | *** | ** | ***** | | | | | | |
| | | | - - - - | | *** | ** | ***** | | | Count | | | |
| | Permit Limitation | Circle | Method | Used | *** | ** | N/A | 200 | 400 | per 100ml | ** | Once/Month | Grab |
| | | | | | *** | ** | | | | | ** | | |
| Oxygen, Dissolved 00300 | Reported | ***** | ********* | ******* | *** | ** | | ********* | ******* | | | | |
| | | ***** | ********* | ******* | *** | ** | | ********* | ******* | mg/l | | | |
| | Permit Limitation | N/A | N/A | N/A | *** | ** | 6.0 | N/A | N/A | | ** | Once/Month | Grab |
| | | | | | *** | ** | | | | | ** | | |

Name of Principal Executive Officer

Title of Officer

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Date Completed

Signature of Principal Executive Officer or Authorized Agent

WRD 2A-82

**STATE OF WEST VIRGINIA**
**NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM**
**DISCHARGE MONITORING REPORT**

ummer Limitations(May 1 through October 31)

Oak Hill, City of; Sanitary Board

FACILITY NAME Route 61
LOCATION OF FACILITY Oak Hill, Fayette County
PERMIT NUMBER WV0020281 OUTLET NO. 002
WASTELOAD FOR MONTH OF 19

COMMERCIAL LABORATORY NAME
COMMERCIAL LABORATORY ADDRESS
INDIVIDUAL PERFORMING ANALYSES

| Parameter | | Quantity | | | | | Other Units | | | | | Measurement Frequency | Sample Type |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Minimum | Avg.Monthly | Max.Daily | Units | N.E. | Minimum | Avg.Monthly | Max.Daily | Units | N.E. | | |
| Chlorine, Total Residual 50060 | Reported | ***** | ********* | ******* | *** | ** | ***** | | | mg/l | | | |
| | | ***** | ********* | ******* | *** | ** | ***** | | | | | | |
| | Permit Limitation | N/A | N/A | N/A | *** | ** | N/A | 0.011 | 0.016 | | ** | Once/Month | Grab |
| | | | | | *** | ** | | | | | ** | | |
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Name of Principal Executive Officer

Title of Officer

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Date Completed

Signature of Principal Executive Officer or Authorized Agent

WRD 2A-82

**STATE OF WEST VIRGINIA**
**NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM**
**DISCHARGE MONITORING REPORT**

inter Limitations(November 1 through April 30)

Oak Hill, City of; Sanitary Board

FACILITY NAME Route 61
LOCATION OF FACILITY Oak Hill, Fayette County
PERMIT NUMBER WV0020281 OUTLET NO. 002
WASTELOAD FOR MONTH OF 19

COMMERCIAL LABORATORY NAME
COMMERCIAL LABORATORY ADDRESS
INDIVIDUAL PERFORMING ANALYSES

| Parameter | | Quantity | | | | | Other Units | | | | | Measurement Frequency | Sample Type |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Minimum | Avg.Monthly | Max.Daily | Units | N.E. | Minimum | Avg.Monthly | Max.Daily | Units | N.E. | | |
| Flow, in Conduit or thru trmt. plant 50050 | Reported | ***** | ********* | ******* | *** | ** | ***** | | ******* | MGD | | Continuous | Measured |
| | | ***** | ********* | ******* | *** | ** | ***** | | ******* | | | | |
| | Permit Limitation | N/A | N/A | N/A | *** | ** | N/A | 0.3 | N/A | | ** | | |
| | | | | | *** | ** | | | | | ** | | |
| BOD, 5 day (20 Deg. C) 00310 A | Reported | ***** | | | | | ***** | | | mg/l | | | |
| | | ***** | | | lbs | | ***** | | | | | | |
| | Permit Limitation | N/A | 75.1 | 150.1 | day | ** | N/A | 30.0 | 60.0 | | ** | Once/Month | Batch |
| | | | | | | ** | | | | | ** | | |
| Solids, Total Suspended 00530 | Reported | ***** | | | | | ***** | | | mg/l | | | |
| | | ***** | | | lbs | | ***** | | | | | | |
| | Permit Limitation | N/A | 75.1 | 150.1 | day | ** | N/A | 30.0 | 60.0 | | ** | Once/Month | Batch |
| | | | | | | ** | | | | | ** | | |
| Nitrogen, Ammonia 00610 | Reported | ***** | | | | | ***** | | | mg/l | | | |
| | | ***** | | | lbs | | ***** | | | | | | |
| | Permit Limitation | N/A | 37.5 | 75.1 | day | ** | N/A | 15.0 | 30.0 | | ** | Once/Month | Batch |
| | | | | | | ** | | | | | ** | | |
| pH 00400 | Reported | ***** | ********* | ******* | *** | ** | | ********* | | Std. Units | | | |
| | | ***** | ********* | ******* | *** | ** | | ********* | | | | | |
| | Permit Limitation | N/A | N/A | N/A | *** | ** | 6.0 | N/A | 9.0 | | ** | Once/Month | Grab |
| | | | | | *** | ** | | | | | ** | | |
| Coliform, Fecal General 74055 | Reported | MF | - - - - | MPN | *** | ** | ***** | | | Count per 100ml | | | |
| | | | - - - - | | *** | ** | ***** | | | | | | |
| | Permit Limitation | Circle | Method | Used | *** | ** | N/A | 200 | 400 | | ** | Once/Month | Grab |
| | | | | | *** | ** | | | | | ** | | |
| Oxygen, Dissolved 00300 | Reported | ***** | ********* | ******* | *** | ** | | ********* | ******* | mg/l | | | |
| | | ***** | ********* | ******* | *** | ** | | ********* | ******* | | | | |
| | Permit Limitation | N/A | N/A | N/A | *** | ** | 6.0 | N/A | N/A | | ** | Once/Month | Grab |
| | | | | | *** | ** | | | | | ** | | |

Name of Principal Executive Officer

Title of Officer

I certify under penalty of law that this document and all attachments were prepared under my directions or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief true, accurate and complete. I am aware that there are significant penalties for submitting false information including the possibility of fine and imprisonment for knowing violations.

Date Completed

Signature of Principal Executive Officer or Authorized Agent

WRD 2A-82

**STATE OF WEST VIRGINIA**
**NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM**
**DISCHARGE MONITORING REPORT**

nter Limitations(November 1 through April 30)

Oak Hill, City of; Sanitary Board

FACILITY NAME Route 61
LOCATION OF FACILITY Oak Hill, Fayette County
PERMIT NUMBER WV0020281 OUTLET NO. 002
WASTELOAD FOR MONTH OF 19

COMMERCIAL LABORATORY NAME
COMMERCIAL LABORATORY ADDRESS
INDIVIDUAL PERFORMING ANALYSES

| Parameter | | Quantity | | | | | Other Units | | | | | Measurement Frequency | Sample Type |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Minimum | Avg.Monthly | Max.Daily | Units | N.E. | Minimum | Avg.Monthly | Max.Daily | Units | N.E. | | |
| hlorine, otal | Reported | ***** | ********* | ******* | *** | ** | ***** | | | mg/l | | | |
| | | ***** | ********* | ******* | *** | ** | ***** | | | | ** | | |
| esidual | Permit | N/A | N/A | N/A | *** | ** | N/A | 0.011 | 0.016 | | ** | Once/Month | Grab |
| 0060 | Limitation | | | | *** | ** | | | | | | | |
| | | | | | | | | | | | | | |
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**Name of Principal Executive Officer**

**Title of Officer**

I certify under penalty of law that this document and all attachments were prepared under my directions or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief true, accurate and complete. I am aware that there are significant penalties for submitting false information including the possibility of fine and imprisonment for knowing violations.

**Date Completed**

**Signature of Principal Executive Officer or Authorized Agent**

WRD 2A-82

# STATE OF WEST VIRGINIA
## NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM
## DISCHARGE MONITORING REPORT

Oak Hill, City of; Sanitary Board

FACILITY NAME Fayette Plateau Industrial Park
LOCATION OF FACILITY Oak Hill, Fayette County
PERMIT NUMBER WV0020281 OUTLET NO. 003
WASTELOAD FOR MONTH OF 19

COMMERCIAL LABORATORY NAME
COMMERCIAL LABORATORY ADDRESS
INDIVIDUAL PERFORMING ANALYSES

| Parameter | | Quantity | | | | | Other Units | | | | | Measurement Frequency | Sample Type |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Minimum | Avg.Monthly | Max.Daily | Units | N.E. | Minimum | Avg.Monthly | Max.Daily | Units | N.E. | | |
| Flow, in Conduit or thru trmt. plant 50050 | Reported | ***** | ********* | ******* | *** | ** | ***** | ********* | | MGD | | | |
| | | ***** | ********* | ******* | *** | ** | ***** | ********* | | | | | |
| | Permit Limitation | N/A | N/A | N/A | *** | ** | N/A | N/A | 0.016 | | ** | Once per Quarter | Measured |
| | | | | | *** | ** | | | | | ** | | |
| BOD, 5 day (20 Deg. C) 00310 | Reported | ***** | | | lbs | | ***** | | | mg/l | | | |
| | | ***** | | | | | ***** | | | | | | |
| | Permit Limitation | N/A | 0.7 | 1.3 | day | ** | N/A | 5.0 | 10.0 | | ** | Once per Quarter | Grab |
| | | | | | | ** | | | | | ** | | |
| Solids, Total Suspended 00530 | Reported | ***** | | | lbs | | ***** | | | mg/l | | | |
| | | ***** | | | | | ***** | | | | | | |
| | Permit Limitation | N/A | 4.0 | 8.0 | day | ** | N/A | 30.0 | 60.0 | | ** | Once per Quarter | Grab |
| | | | | | | ** | | | | | ** | | |
| Nitrogen, Ammonia 00610 | Reported | ***** | | | lbs | | ***** | | | mg/l | | | |
| | | ***** | | | | | ***** | | | | | | |
| | Permit Limitation | N/A | 0.4 | 0.8 | day | ** | N/A | 3.0 | 6.0 | | ** | Once per Quarter | Grab |
| | | | | | | ** | | | | | ** | | |
| pH 00400 | Reported | ***** | ********* | ******* | *** | ** | | ********* | | Std. Units | | | |
| | | ***** | ********* | ******* | *** | ** | | ********* | | | | | |
| | Permit Limitation | N/A | N/A | N/A | *** | ** | 6.0 | N/A | 9.0 | | ** | Once per Quarter | Grab |
| | | | | | *** | ** | | | | | ** | | |
| Coliform, Fecal General 74055 | Reported | MF | - - - - | MPN | *** | ** | ***** | | | Count per 100ml | | | |
| | | | - - - - | | *** | ** | ***** | | | | | | |
| | Permit Limitation | Circle | Method | Used | *** | ** | N/A | 200 | 400 | | ** | Once per Quarter | Grab |
| | | | | | *** | ** | | | | | ** | | |
| Oxygen, Dissolved 00300 | Reported | ***** | ********* | ******* | *** | ** | | ********* | ******* | mg/l | | | |
| | | ***** | ********* | ******* | *** | ** | | ********* | ******* | | | | |
| | Permit Limitation | N/A | N/A | N/A | *** | ** | 6.0 | N/A | N/A | | ** | Once per Quarter | Grab |
| | | | | | *** | ** | | | | | ** | | |

Name of Principal Executive Officer

Title of Officer

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Date Completed

Signature of Principal Executive Officer or Authorized Agent

# SEWAGE SLUDGE MANAGEMENT REPORT

FACILITY NAME Oak Hill, City of

ADDRESS Post Office Box 1245

CITY Oak Hill ZIP 25901

YEAR

MONTH

LAST SAMPLE DATE

PERMIT NUMBER WV0020281

MONITORING FREQUENCY 1/6 Months

RESULTS ATTACHED YES/NO

Description of Pathogen Reduction Method:

Description of Vector Attraction Reduction Method:

Total sludge generated this report period: (dry tons) _____

Sludge Generated this year to date: (dry tons) _____

Amount of domestic septage received: (gallons) _____

Disposal Method _____

Name of Landfill _____

Percent Solids _____

I certify under penalty of law that the management practices, vector attraction reduction requirements, and the pathogen reduction requirements of Federal regulations 40 CFR Part 503 and state sludge regulations Title 47 Series 38D have been met. This determination has been made under my direction and supervision in accordance with the system designed to ensure that qualified personnel properly gather and evaluate the information used to determine that these requirements have been met.

I also certify that this document and all the attachments were prepared under my direction or supervision, and that this information is, to the best of my knowledge and belief, true, accurate and complete. I am aware that there are significant penalties for false certification including the possibility of fine and imprisonment.

OFFICIAL _____ TITLE _____

SIGNATURE _____ DATE _____

WRD 2A-82

# STATE OF WEST VIRGINIA
## NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM
## SEWAGE SLUDGE MONITORING REPORT

FACILITY NAME Oak Hill, City of; Sanitary Board
LOCATION OF FACILITY Oak Hill, Fayette County
PERMIT NUMBER WV0020281
RESULTS FOR MONTH(S) OF _____ 19____

COMMERCIAL LABORATORY NAME _____
COMMERCIAL LABORATORY ADDRESS _____
_____
INDIVIDUAL PERFORMING ANALYSES _____

| Parameter | | Quantity | | | | | Other Units | | | | | Measurement Frequency | Sample Type |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | ******* | ********** | ********* | ***** | **** | Minimum | Average | Maximum | Units | N.E. | | |
| Arsenic 61521 | Reported | ******* | ********** | ********* | ***** | **** | ******* | | | | | | |
| | Permit Limitation | ******* | ********** | ********* | ***** | **** | ******* | N/A | Monitor | mg/kg | | 1/6 Months | 1 Wk.Comp |
| Cadmium 78476 | Reported | ******* | ********** | ********* | ***** | **** | ******* | | | | | | |
| | Permit Limitation | ******* | ********** | ********* | ***** | **** | ******* | N/A | Monitor | mg/kg | | 1/6 Months | 1 Wk.Comp |
| Chromium 78473 | Reported | ******* | ********** | ********* | ***** | **** | ******* | | | | | | |
| | Permit Limitation | ******* | ********** | ********* | ***** | **** | ******* | N/A | Monitor | mg/kg | | 1/6 Months | 1 Wk.Comp |
| Copper 78475 | Reported | ******* | ********** | ********* | ***** | **** | ******* | | | | | | |
| | Permit Limitation | ******* | ********** | ********* | ***** | **** | ******* | N/A | Monitor | mg/kg | | 1/6 Months | 1 Wk.Comp |
| Lead 78468 | Reported | ******* | ********** | ********* | ***** | **** | ******* | | | | | | |
| | Permit Limitation | ******* | ********** | ********* | ***** | **** | ******* | N/A | Monitor | mg/kg | | 1/6 Months | 1 Wk.Comp |
| Mercury 78471 | Reported | ******* | ********** | ********* | ***** | **** | ******* | | | | | | |
| | Permit Limitation | ******* | ********** | ********* | ***** | **** | ******* | N/A | Monitor | mg/kg | | 1/6 Months | 1 Wk.Comp |
| Molybdenum 78465 | Reported | ******* | ********** | ********* | ***** | **** | ******* | | | | | | |
| | Permit Limitation | ******* | ********** | ********* | ***** | **** | ******* | N/A | Monitor | mg/kg | | 1/6 Months | 1 Wk.Comp |

Name of Principal Executive Officer

Title of Officer

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Date Completed

Signature of Principal Executive Officer or Authorized Agent

**REPORT RESULTS IN DRY WEIGHT BASIS ONLY**

WRD 2A-82

# STATE OF WEST VIRGINIA
## NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM
## SEWAGE SLUDGE MONITORING REPORT

FACILITY NAME Oak Hill, City of; Sanitary Board
LOCATION OF FACILITY Oak Hill, Fayette County
PERMIT NUMBER WV0020281
RESULTS FOR MONTH(S) OF _____ 19____

COMMERCIAL LABORATORY NAME _____
COMMERCIAL LABORATORY ADDRESS _____
INDIVIDUAL PERFORMING ANALYSES _____

| Parameter | | Quantity | | | | | Other Units | | | | | Measurement Frequency | Sample Type |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | ******* | ********** | ********* | ***** | **** | Minimum | Average | Maximum | Units | N.E. | | |
| Nickel 78469 | Reported | ******* | ********** | ********* | ***** | **** | ******* | | | mg/kg | | 1/6 Months | 1 Wk.Comp |
| | Permit Limitation | ******* | ********** | ********* | ***** | **** | ******* | N/A | Monitor | | | | |
| Selenium 49031 | Reported | ******* | ********** | ********* | ***** | **** | ******* | | | mg/kg | | 1/6 Months | 1 Wk.Comp |
| | Permit Limitation | ******* | ********** | ********* | ***** | **** | ******* | N/A | Monitor | | | | |
| Zinc 78467 | Reported | ******* | ********** | ********* | ***** | **** | ******* | | | mg/kg | | 1/6 Months | 1 Wk.Comp |
| | Permit Limitation | ******* | ********** | ********* | ***** | **** | ******* | N/A | Monitor | | | | |
| pH 00400 | Reported | ******* | ********** | ********* | ***** | **** | | ********** | | Std. Units | | 1/6 Months | Grab |
| | Permit Limitation | ******* | ********** | ********* | ***** | **** | Monitor | ********** | Monitor | | | | |
| Percent Solids 61553 | Reported | ******* | ********** | ********* | ***** | **** | | | | Per-cent | | 1/6 Months | 1 Wk.Comp |
| | Permit Limitation | ******* | ********** | ********* | ***** | **** | Monitor | Monitor | Monitor | | | | |
| Magnesium 00924 | Reported | ******* | ********** | ********* | ***** | **** | ******* | | | mg/kg | | 1/6 Months | 1 Wk.Comp |
| | Permit Limitation | ******* | ********** | ********* | ***** | **** | ******* | N/A | Monitor | | | | |
| Potassium 78472 | Reported | ******* | ********** | ********* | ***** | **** | ******* | | | mg/kg | | 1/6 Months | 1 Wk.Comp |
| | Permit Limitation | ******* | ********** | ********* | ***** | **** | ******* | N/A | Monitor | | | | |

Name of Principal Executive Officer

Title of Officer

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Date Completed

Signature of Principal Executive Officer or Authorized Agent

**REPORT RESULTS IN DRY WEIGHT BASIS ONLY**

WRD 2A-82

# STATE OF WEST VIRGINIA
## NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM
## SEWAGE SLUDGE MONITORING REPORT

FACILITY NAME Oak Hill, City of; Sanitary Board
LOCATION OF FACILITY Oak Hill, Fayette County
PERMIT NUMBER WV0020281
RESULTS FOR MONTH(S) OF _____ 19____

COMMERCIAL LABORATORY NAME _____
COMMERCIAL LABORATORY ADDRESS _____
INDIVIDUAL PERFORMING ANALYSES _____

| Parameter | | Quantity | | | | | Other Units | | | | | Measurement Frequency | Sample Type |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | ******* | ********** | ********* | ***** | **** | Minimum | Average | Maximum | Units | N.E. | | |
| Phosphorus 78478 | Reported | ******* | ********** | ********* | ***** | **** | ******* | | | | | | |
| | Permit Limitation | ******* | ********** | ********* | ***** | **** | ******* | N/A | Monitor | mg/kg | | 1/6 Months | 1 Wk.Comp |
| Calcium 00917 | Reported | ******* | ********** | ********* | ***** | **** | ******* | | | | | | |
| | Permit Limitation | ******* | ********** | ********* | ***** | **** | ******* | N/A | Monitor | mg/kg | | 1/6 Months | 1 Wk.Comp |
| Organic Nitrogen 00000 | Reported | ******* | ********** | ********* | ***** | **** | ******* | | | | | | |
| | Permit Limitation | ******* | ********** | ********* | ***** | **** | ******* | N/A | Monitor | mg/kg | | 1/6 Months | 1 Wk.Comp |
| Ammonia Nitrogen 82294 | Reported | ******* | ********** | ********* | ***** | **** | ******* | | | | | | |
| | Permit Limitation | ******* | ********** | ********* | ***** | **** | ******* | N/A | Monitor | mg/kg | | 1/6 Months | 1 Wk.Comp |
| Total Nitrogen 78470 | Reported | ******* | ********** | ********* | ***** | **** | ******* | | | | | | |
| | Permit Limitation | ******* | ********** | ********* | ***** | **** | ******* | N/A | Monitor | mg/kg | | 1/6 Months | 1 Wk.Comp |
| | Reported | | | | | | | | | | | | |
| | Permit Limitation | | | | | | | | | | | | |
| | Reported | | | | | | | | | | | | |
| | Permit Limitation | | | | | | | | | | | | |

Name of Principal Executive Officer

Title of Officer

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Date Completed

Signature of Principal Executive Officer or Authorized Agent

**REPORT RESULTS IN DRY WEIGHT BASIS ONLY**

**DIVISION OF ENVIRONMENTAL PROTECTION**

GASTON CAPERTON
GOVERNOR

1201 Greenbrier Street
Charleston, WV 25311-1088

LAIDLEY ELI McCOY, Ph.D.
DIRECTOR

# N O T I C E  T O  P E R M I T T E E S

**RE:** WV/NPDES Permit No. WV0020281

The 1989 regular session of the West Virginia legislature revised the Water Pollution Control Act, Chapter 20, Article 5A of the West Virginia Code by adding Section 6a, now Chapter 22, Article 11, Section 10. This section of the Code requires all holders of a State water pollution control permit or a national pollutant discharge elimination system permit to be assessed an annual permit fee, based upon regulations promulgated by the Director of the Division of Natural Resources. The Director promulgated regulations to this effect and the current regulations have an effective date of July 1, 1993. The regulations establish an annual permit fee based upon the relative potential to degrade the waters of the State which, in most instances, relate to volume of discharge. However, for sewage facilities, the annual permit fee is based upon the number of customers served by the facility. You may contact the Secretary of State's Office, State Capitol Building, Charleston, West Virginia 25305, to obtain a copy of the regulations. The reference is Title 47, Legislative Rules of Department of Natural Resources, Series 26 Water Pollution Control Permit Fee Schedule.

Based upon the volume of discharge for which your facility is currently permitted or operating at, the number of customers served by your facility or for the category you fall within, pursuant to Section 7 of Title 47, Series 26, your annual permit fee is **$1,500.** This fee is due no later than the anniversary date of permit issuance in each year of the term of the permit or in the case of coverage under a general permit, the fee is due no later than the anniversary date of your coverage under the general permit. You will be invoiced by this agency at the appropriate time for the fee. Failure to submit the annual fee within one hundred and eighty(180) days of the due date will render your permit void.

## RIGHT OF APPEAL

Notice is hereby given of your right to appeal the terms and conditions of this permit which you are aggrieved by to the Environmental Quality Board by filing a NOTICE OF APPEAL on the form prescribed by the Board for this purpose, with the Board, in accordance with the provisions of Chapter 22, Article 11, Section 21 of the Code of West Virginia within thirty(30) days after the date of receipt of the above permit.

# EMERGENCY RESPONSE SPILL ALERT SYSTEM
# WEST VIRGINIA DIVISION OF ENVIRONMENTAL PROTECTION

## REQUIREMENTS:

Title 47, Series 11, Section 2 of the West Virginia Legislative Rules, Environmental Protection, Water Resources - Waste Management, Effective July 1, 1994.

## RESPONSIBILITY FOR REPORTING:

Each and every person who may cause or be responsible for any spill or accidental discharge of pollutants into the waters of the State shall give immediate notification to the Office of Water Resources' Emergency Notification Number, 1-800-642-3074. Such notification shall set forth insofar as possible and as soon thereafter as practical the time and place of such spill or discharge, type or types and quantity or quantities of the material or materials therein, action or actions taken to stop such spill or discharge and to minimize the polluting effect thereof, the measure or measures taken or to be taken in order to prevent a recurrence of any such spill or discharge and such additional information as may be requested by the Office of Water Resources. This also applies to spills to the waters of the State resulting from accidents to common carriers by highway, rail and water.

It shall be the responsibility of each industrial establishment or other entity discharging directly to a stream to have available the following information pertaining to those substances that are employed or handled in its operation in sufficiently large amounts as to constitute a hazard in case of an accidental spill or discharge into a public stream:

(1) Potential toxicity in water to man, animals and aquatic life;
(2) Details on analytical procedures for the quantitative estimation of such substances in water and
(3) Suggestions on safeguards or other precautionary measures to nullify the toxic effects of a substance once it has gotten into a stream.

Failure to furnish such information as required by Section 14, Article 11, Chapter 22, Code of West Virginia may be punishable under Section 24, Article 11, Chapter 22, and/or Section 22, Article 11, Chapter 22, Code of West Virginia.

It shall be the responsibility of any person who causes or contributes in any way to the spill or accidental discharge of any pollutant or pollutants into State waters to immediately take any and all measures necessary to contain such spill or discharge. It shall further be the responsibility of such person to take any and all measures necessary to clean-up, remove and otherwise render such spill or discharge harmless to the waters of the State.

When the Chief determines it necessary for the effective containment and abatement of spills and accidental discharges, the Chief may require the person or persons responsible for such spill or discharge to monitor affected waters in a manner prescribed by the Chief until the possibility of any adverse effect on the waters of the State no longer exists.

## VOLUNTARY REPORTING BY LAW OFFICERS, U. S. COAST GUARD, LOCK MASTERS AND OTHERS:

In cases involving river and highway accidents where the responsible party may or may not be available to report the incident, law officers, U. S. Coast Guard, Lock Masters and other interested person(s) should make the report.

WHO TO CONTACT:

Notify the following number: 1-800-642-3074.

INFORMATION NEEDED:

- Source of spill or discharge
- Location of incident
- Time of incident
- Material spilled or discharged
- Amount spilled or discharged
- Toxicity of material spilled or discharged
- Personnel at the scene
- Actions initiated
- Shipper/Manufacturer identification
- Railcar/Truck identification number
- Container type

STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

September 4, 1992

GASTON CAPERTON
GOVERNOR

The Honorable E. G. Larrick, Jr.
Mayor
City of Oak Hill
Post Office Box 1245
Oak Hill, West Virginia 25901

Dear Mayor Larrick:

Thank you for your application to the Small Cities Block Grant Program for fiscal year 1992.

I am pleased to approve a grant in the amount of $750,000 to the city of Oak Hill. These funds will enable you to extend sewer service to the communities of Bowling and Lochgelly.

In order to most effectively use the limited dollars available, I hereby commit $375,000 from our fiscal year 1992 allocation which will be immediately available to you. The remaining $375,000 necessary to complete this project will be evaluated and committed in the coming fiscal year. I encourage you to expedite this project and reach its completion as quickly as possible with this funding strategy in mind. My Community Development staff will contact you to complete the necessary contracts in order to proceed with your project.

It is with pleasure that I am able to work with you to make this improvement a reality for the citizens of Oak Hill.

Sincerely,

Gaston Caperton
Governor

GC:bss

RECEIVED
JUL 2 8 1993
W. Va. Planning & Development Council

STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

GASTON CAPERTON
GOVERNOR

July 26, 1993

The Honorable Eugene G. Larrick, Jr.
Mayor
City of Oak Hill
Post Office Box 1245
Oak Hill, West Virginia 25901

Dear Mayor Larrick:

On September 4, 1992, the City of Oak Hill received a commitment of $750,000 in Small Cities Block Grant (SCBG) funds for a sewer extension project.

The SCBG award was based upon your immediate need for funds; and, therefore, only $375,000 was made available from the FY1992 allocation, with a commitment to evaluate your progress and provide the remaining funding from future allocations.

Based upon the City of Oak Hill's ability to proceed with this worthwhile community development project, I am committing the remaining $375,000 from the FY1993 Small Cities allocation. Your existing SCBG contract will be amended to include the additional funds.

It is with great pleasure that I am able to work with you to make this improvement a reality.

Sincerely,

Gaston Caperton
Governor

GC:bss

cc: Region IV

TOTAL P.03