

CITY OF WEIRTON

**Water Revenue Bonds,
Series 1991 A and Series 1991 B**

Date of Closing: May 23, 1991

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CITY OF WEIRTON
WATER REVENUE BONDS,
SERIES 1991 A AND SERIES 1991 B

BOND ORDINANCE

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CITY OF WEIRTON

ORDINANCE

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS FOR THE EXISTING WATERWORKS SYSTEM OF THE CITY OF WEIRTON AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN \$5,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1991 A AND NOT MORE THAN \$1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1991 B, PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; 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 ADOPTING OTHER PROVISIONS RELATING THERETO.

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

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 8, Article 19 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 Weirton (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Brooke and Hancock Counties of said State.

B. The Issuer now owns and operates a public water treatment and distribution 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 such existing waterworks facilities of the Issuer

(the "Project") (the existing waterworks facilities, the Project and any further additions thereto or extensions thereof is herein called the "System") at an estimated cost of \$5,000,000, 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 Fund, Reserve Account 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 Water Revenue Bonds in the total aggregate principal amount of not more than \$6,000,000 in two series, being the Series 1991 A Bonds in the aggregate principal amount of not more than \$5,000,000, and the Series 1991 B Bonds in the aggregate principal amount of not more than \$1,000,000 (collectively, the "Original Bonds"), to finance costs of design, 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 Original Bonds prior to and during construction or acquisition and for 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 Project, administrative expense, commitment fees, fees and expenses 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 Original Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the design, 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 Original Bonds or the repayment of indebtedness incurred by the Issuer for such purposes, shall be deemed Costs of the Project, as hereinafter defined.

E. The period of usefulness of the System after completion of the Project is not less than 25 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 (collectively, the "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 a resolution supplemental hereto.

G. There are outstanding certain obligations of the Issuer which will rank prior to the Original Bonds as to lien and source of and security for payment, being the Waterworks Revenue Bonds, Series 1964 dated March 1, 1964, issued in the original aggregate principal amount of \$2,843,185, of which \$1,465,000 remains Outstanding as of the date of this Ordinance (the "Prior Bonds").

The Series 1991 A Bonds and Series 1991 B Bonds shall be junior and subordinate to the Prior Bonds. The Series 1991 B Bonds shall also be junior and subordinate to the Series 1991 A Bonds.

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 Original Bonds, or will have so complied prior to issuance 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 date of issuance of the Original Bonds or such final order will not be subject to appeal.

I. The Issuer has received (or will receive prior to issuance of the Bonds) the written consent of the Authority to issuance of the Original Bonds junior and subordinate to the Prior Bonds.

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)(D) 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 Original Bonds are to be issued.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Original Bonds by those who shall be the registered owners of the same from time to time, this

Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the registered owners of any and all of such Original Bonds, 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, 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 8, Article 19 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 or City Manager of the Issuer or any acting Mayor or City Manager 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 Ordinance" or "Local Act" means this Bond Ordinance and all ordinances, orders and resolutions supplemental hereto or amendatory hereof.

"Bond Registrar" or "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, and, where appropriate, the Prior Bonds and any bonds on a parity with the Original Bonds.

"City Clerk" or "Recorder" 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 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 Gills, Guard and Johnson, Inc., Willoughby, Ohio, 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 design, acquisition or construction of the Project.

"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.

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

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

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

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; 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" 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 Weirton, in Hancock County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body 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 Original Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Reserve Accounts. 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 Original 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 Series 1991 A Bonds and is not acquired in order to carry out the governmental purpose of the Original Bonds.

"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 and 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 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.

"Original Bonds" or "Bonds originally authorized hereby" or similar phrases mean, collectively, the not more than \$5,000,000 in aggregate principal amount of Series 1991 A Bonds and the not more than \$1,000,000 in aggregate principal amount of Series 1991 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.

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

"Prior Bonds" means the Waterworks Revenue Bonds, Series 1964, of the Issuer, dated March 1, 1964, issued in the original aggregate principal amount of \$2,843,185, of which \$1,465,000 remains Outstanding as of the date of this Ordinance.

"Prior Ordinance" means the ordinance enacted by the Issuer on February 19, 1964, pursuant to which the Prior Bonds were issued.

"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 Issuer's existing public waterworks system, consisting generally of a permanent raw water intake, pumps, storage facilities, distribution lines, and all necessary appurtenances.

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

"Regulations" means all applicable 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 1991 A Bonds" or "Series A Bonds" means the not more than \$5,000,000 in aggregate principal amount of Water Revenue Bonds, Series 1991 A, of the Issuer.

"Series 1991 A Bonds Reserve Account" means the Series 1991 A Bonds Reserve Account established in the Series 1991 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1991 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 1991 A Bonds in the then current or any succeeding year.

"Series 1991 A Bonds Sinking Fund" means the Series 1991 A Sinking Fund established by Section 5.02 hereof.

"Series 1991 B Bonds" or "Series B Bonds" means the not more than \$1,000,000 in aggregate principal amount of Water Revenue Bonds, Series 1991 B, of the Issuer.

"Series 1991 B Bonds Reserve Account" means the Series 1991 B Bonds Reserve Account established in the Series 1991 B Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1991 B Bonds Reserve Requirement" means, as of the date of calculation, the maximum amount of principal which will become due on the Series 1991 B Bonds in the then current or any succeeding year.

"Series 1991 B Bonds Sinking Fund" means the Series 1991 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 Original Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Original Bonds, and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Bonds, the Prior Bonds or any other obligations of the Issuer, including the Depreciation Fund, 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 municipal waterworks system of the Issuer, 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.

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 \$5,000,000, 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 Bonds hereby authorized shall be applied as provided in Article VI hereof.

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 1991 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 and related costs, or any or all of such purposes, there shall be issued negotiable Original Bonds of the Issuer, in an aggregate principal amount of not more than \$6,000,000. Said Bonds shall be issued in two series, to be designated respectively, "Water Revenue Bonds, Series 1991 A," in the aggregate principal amount of not more than \$5,000,000, and "Water Revenue Bonds, Series 1991 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. 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 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 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 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 Gross 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 Subordinate Pledge of Gross Revenues; Lien Positions with Respect to Prior Bonds. The payment of the debt service of all the Series 1991 A Bonds shall be secured forthwith equally and ratably with each other, by a lien on the Gross Revenues junior and subordinate to the lien on Gross Revenues in favor of the Holders of the Prior Bonds. The payment of the debt service of all the Series 1991 B Bonds shall be secured forthwith equally and ratably with each other by a lien on the Gross Revenues junior and subordinate to the lien on Gross Revenues in favor of the Holders of the Prior Bonds and the Series 1991 A Bonds. Such Gross Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Prior Bonds and the Bonds and to make the payments into the Sinking Funds, the Reserve Accounts therein, the Depreciation Fund and the Renewal and Replacement Fund hereinafter established, 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. 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 1991 A Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF WEIRTON
WATER REVENUE BOND, SERIES 1991 A

No. AR- _____

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF WEIRTON, a municipal corporation and political subdivision of the State of West Virginia in Brooke and Hancock Counties of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ (\$ _____), 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 _____ 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 _____, 1991.

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 waterworks 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. The existing waterworks system of the Issuer, the Project, and any further additions, betterments and improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 19 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance duly enacted by the Issuer on _____, 1991, and Supplemental Resolution duly adopted by the Issuer on _____, 1991 (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 Water Revenue Bonds, Series 1991 B, of the Issuer (the "Series 1991 B Bonds"), issued in the aggregate principal amount of \$_____, which Series 1991 B Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Bonds.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO THE ISSUER'S OUTSTANDING WATER REVENUE BONDS, SERIES 1964, DATED MARCH 1, 1964, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,843,185 (THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, after there has first been paid from said Gross Revenues all payments then due and owing on account of the Prior Bonds, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1991 A Bonds Reserve Account"), and unexpended proceeds of the Bonds and the Series 1991 B Bonds. Such Gross 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 Gross Revenues, the moneys in the Series 1991 A Bonds Reserve Account and unexpended proceeds of the Bonds and the Series 1991 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 1991 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 1991 B Bonds, including the Prior Bonds, provided however, that so long as there exists in the Series 1991 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 1991 B Bonds and any other obligations outstanding prior to or on a parity with the Bonds or the Series 1991 B 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 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 WEIRTON has caused this Bond to be signed by its Mayor and City Manager and its corporate seal to be affixed hereon and attested by its City Clerk, and has caused this Bond to be dated _____, 1991.

[SEAL]

Mayor

City Manager

ATTEST:

City Clerk

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1991 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 1991 B Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF WEIRTON
WATER REVENUE BOND, SERIES 1991 B

No. BR- _____

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF WEIRTON, a municipal corporation and political subdivision of the State of West Virginia in Brooke and Hancock Counties of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ (\$ _____), 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 _____, 1991.

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 waterworks 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 waterworks system of the Issuer, the Project and any further additions, betterments and 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 8, Article 19 of the West Virginia Code of 1931,

as amended (the "Act"), and an Ordinance, duly enacted by the Issuer on _____, 1991, and a Supplemental Resolution duly adopted by the Issuer on _____, 1991 (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 CERTAIN OUTSTANDING WATER REVENUE BONDS OF THE ISSUER AS FOLLOWS:

(i) WATER REVENUE BONDS, SERIES 1964, DATED MARCH 1, 1964, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,843,185 (THE "PRIOR BONDS"); AND

(ii) WATER REVENUE BONDS, SERIES 1991 A, ISSUED CONCURRENTLY HERewith IN THE AGGREGATE PRINCIPAL AMOUNT OF \$_____ AND DESCRIBED IN THE BOND LEGISLATION (THE "SERIES 1991 A BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System after there has first been paid from said Gross Revenues all payments then due and owing on account of the Prior Bonds and the Series 1991 A Bonds, all moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1991 B Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Gross 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 Gross Revenues, the moneys in the Series 1991 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

Prior Bonds, the Series 1991 A Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity therewith, including the Prior Bonds, provided however, that so long as there exists in the Series 1991 B Bonds Reserve Account and the reserve account established for the Series 1991 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 1991 A Bonds in the then current or any succeeding year, and any reserve account for any such prior or parity obligations, including the Prior 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 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 1991 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 WEIRTON has caused this Bond to be signed by its Mayor and City Manager and its corporate seal to be hereunto affixed hereon and attested by its City Clerk, and has caused this Bond to be dated _____, 1991.

[SEAL]

Mayor

City Manager

ATTEST:

City Clerk

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1991 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; 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 1991 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 1991 B Bonds to the Issuer for payment in an amount equal to such excess.

ARTICLE IV

[RESERVED]

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 (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 Prior Ordinance);
- (2) Depreciation Fund (established by the Prior Ordinance);
- (3) Renewal and Replacement Fund;
- (4) Operation and Maintenance Fund (established by the Prior Ordinance);
- (5) Bond Construction Trust Fund; and
- (6) Rebate Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby established (or continued if previously established by the Prior Ordinance) with the Commission:

- (1) The Sinking Fund established for the Prior Bonds, including the reserve account established therein (hereinafter called the "Prior Bonds Sinking Fund");
- (2) Series 1991 A Bonds Sinking Fund;
 - (a) Within the Series 1991 A Bonds Sinking Fund, the Series 1991 A Bonds Reserve Account.
- (3) Series 1991 B Bonds Sinking Fund;
 - (a) Within the Series 1991 B Bonds Sinking Fund, the Series 1991 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, on or before the dates specified in the Prior Ordinance, transfer from the Revenue Fund and remit to the Commission for deposit into the Prior Bonds Sinking Fund such sums as are prescribed and in the priority set forth in the Prior Ordinance.

(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 1991 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 1991 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 1991 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 1991 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 1991 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1991 A Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1991 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 1991 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 1991 A Bonds, if not fully funded upon issuance of the Series 1991 A Bonds,

apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1991 A Bonds Reserve Account, an amount equal to 1/120 of the Series 1991 A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1991 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 1991 A Bonds Reserve Requirement.

(5) From the moneys remaining in the Revenue Fund, the Issuer shall next, so long as the Prior Bonds are Outstanding, on the first day of each month, transfer to the Depreciation Fund established by the Prior Ordinance, a sum equal to 5% of the Gross Revenues;

(6) The Issuer shall next, commencing one month after the Prior Bonds are fully paid and no longer Outstanding, from the moneys remaining in the Revenue Fund, on the first day of each month, 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 Series 1991 A Bonds Reserve Account or the Series 1991 B Bonds Reserve Account [except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

(7) 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 1991 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1991 B Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1991 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 1991 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.

(8) 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 1991 B Bonds, if not fully funded upon issuance of the Series 1991 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1991 B Bonds Reserve Account, an amount equal to 1/120 of the Series 1991 B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1991 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 1991 B Bonds Reserve Requirement.

(9) The Issuer shall next, each month, transfer from the Revenue Fund into the Operation and Maintenance Fund established by the Prior Ordinance and hereby continued, an amount sufficient to pay all reasonable and proper expenses of operation, maintenance and repair of the System for the current month and from which disbursements shall be made only for that purpose. If in any month for any reason there is a failure to transfer and pay the required amount into the Operation and Maintenance Fund, then the amount of any deficiency shall be added to the amount otherwise required to be transferred and paid into said Fund in the next succeeding month. Fixed annual charges, such as insurance and costs of major repairs and maintenance, may be computed and set up on an annual basis and 1/12th of the amount thereof may be accumulated in said Fund each month.

Moneys in the Series 1991 A Bonds Sinking Fund and the Series 1991 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 1991 A Bonds Reserve Account and the Series 1991 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 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 1991 A Bonds Reserve Account which result in a reduction in the balance of the Series 1991 A Bonds Reserve Account to below the Series 1991 A Bonds Reserve Requirement shall be subsequently restored from the first Gross Revenues available after all required payments have been made in full to the Series 1991 A Bonds Sinking Fund for payment of debt service on the Series 1991 A Bonds and to the Series 1991 A Bonds Sinking Fund for payment of debt service on the Series 1991 A Bonds.

Except with respect to transfers to the Rebate Fund, any withdrawals from the Series 1991 B Bonds Reserve Account which result in a reduction in the balance of the Series 1991 B Bonds Reserve Account to below the Series 1991 B Bonds Reserve Requirement shall be subsequently restored from the first Gross Revenues available after all required payments to the Prior Bonds Sinking Fund, the Series 1991 A Bonds Sinking Fund, the Series 1991 A Bonds Reserve Account, the Renewal and Replacement Fund, the Series 1991 B Bonds Sinking Fund and the Series 1991 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 1991 A Bonds Sinking Fund, or the Series 1991 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.

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 Prior Bonds Sinking Fund, the Depreciation Fund 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.

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 charges, fees and expenses of the Depository Bank, the Commission, the Registrar and the Paying Agent.

D. The moneys in excess of the sum insured by the maximum amounts insured by FDIC in the Revenue Fund, the Depreciation 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 Gross 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.

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 1991 A Bonds, there shall first be deposited with the Commission in the Series 1991 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 1991 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 1991 A Bonds, there shall be deposited with the Commission in the Series 1991 A Bonds Reserve Account and from the proceeds of the Series 1991 B Bonds, there shall be deposited with the Commission in the Series 1991 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 1991 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.

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 1991 A Bonds, and thereafter for the Series 1991 B Bonds.

Section 6.02. Disbursements From the Bond Construction Trust Fund. Payments for Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the 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 1991 A Bonds Reserve Account, and when fully funded to the Series 1991 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 1991 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 1991 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.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Bonds shall not 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, shall ever have the right to compel the exercise of the taxing power of the Issuer to pay said Bonds or the interest thereon.

Section 7.03. Bonds Secured by Subordinate Pledge of Gross Revenues; Lien Positions with Respect to Prior Bonds. The payment of the debt service of the Series 1991 A Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on the Gross Revenues derived from the operation of the System, junior and subordinate to the lien in favor of the Holders of the Prior Bonds and senior and prior to the lien on said Gross Revenues in favor of the Holders of the Series 1991 B Bonds. The payment of the debt service of the Series 1991 B Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on said Gross Revenues, junior and subordinate to the lien on said Gross Revenues in favor of the Holders of the Prior Bonds and the Series 1991 A 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 Order of the Public Service Commission of West Virginia entered October 29, 1990, confirming the rates established in its Recommended Decision of July 23, 1990, in Case No. 90-051-WS-MA, copies of which Order and Recommended Decision are attached hereto as EXHIBIT A.

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 Outstanding, or to effectively defease this Bond Legislation in accordance with Section 10.01 hereof. 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.

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 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 1991 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 1991 A Bonds and the Series 1991 B Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the Reserve Accounts, the Depreciation Fund 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 1991 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 1991 A Bonds, unless the Series 1991 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 Prior Bonds and any other obligations with a lien on the Gross 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 1991 A Bonds and the Series 1991 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 1991 A Bonds or the Series 1991 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 issued pursuant to this Bond Legislation shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

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

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

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

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

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

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

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 Authority and to any Holder of any Bonds who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder of any Bonds or anyone acting for and in behalf of such Holder of any Bonds.

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 to all users thereof delinquent in payment of charges for the services of the System and will not restore such services of the 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

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. Connections. To the extent permitted by the laws of the State and rules and regulations of the Public Service Commission of West Virginia, the Issuer shall require every owner, tenant or occupant of any house, dwelling or building intended to be served by the System to connect thereto.

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.

Section 7.18. Statutory Mortgage Lien. For the further protection of the Holders of the Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Bonds and shall be for the equal benefit of all Holders of each respective series of Bonds, provided however, that the statutory mortgage lien in favor of the Holders of the Series 1991 A Bonds shall be junior and subordinate to that in favor of the Holders of the Prior Bonds, and shall be senior to the statutory mortgage lien in favor of the Holders of the Series 1991 B Bonds; and the statutory mortgage lien in favor of the Holders of the Series 1991 B Bonds shall be junior and subordinate to

that in favor of the Holders of the Prior Bonds and the Series 1991 A Bonds.

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 and this Bond Legislation the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this Section 8.01.

Except as otherwise provided, 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 Depository Bank, or such other bank or national banking association, as the case may be, shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank, or such other bank or national banking association, as the case may be, may make any and all investments permitted by this section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

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. 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 Original Bonds are private activity bonds; that 95% or more of the Net Proceeds of the Original 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 Original Bonds are issued does not and will not exceed \$5,000,000, determined in accordance with Section 148(f)(4)(D) of the Code and the Regulations from time to time in effect and applicable to the Original 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

Original 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 Original Bonds. In the event of a failure to pay any such amount or amounts, the Issuer will pay, from any lawful sources available therefor, to the United States an amount equal to the sum of 50% of the amount not paid, plus interest at the required rate on the portion of the amount which was not paid on the required date, beginning on such date, unless waived. In order to provide for the administration of this paragraph, the Issuer may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the Issuer may deem appropriate.

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

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

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 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 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 1991 A and Series 1991 B Bonds shall be subject to those of the Holders of the Prior Bonds, and provided further, however, that all rights and remedies of the Holder of the Series 1991 B Bonds shall be subject to those of the Holders of the Series 1991 A 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, 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 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 1991 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 1991 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 1991 A Bonds only, the pledge of Gross Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1991 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 Original Bonds from gross income for federal income tax purposes.

Series 1991 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 1991 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 1991 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 1991 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 1991 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 1991 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 1991 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 1991 B Bonds only, the pledge of Gross Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1991 B 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 1991 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 1991 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 1991 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 1991 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 1991 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.

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 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 1991 A Bonds or the Series 1991 B Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest 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 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 excludability of interest on the Original 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 Bonds and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution, the 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. 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 Manager, 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 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 Weirton Daily Times, a qualified newspaper published and of general circulation in the City of Weirton, together with a notice stating that this Bond Legislation has been adopted and that the Issuer contemplates the issuance of the Bonds described herein 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 - April 16, 1991

Passed on Second Reading - April 29, 1991

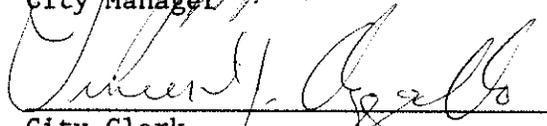
Passed on Final Reading
Following Public
Hearing - May 13, 1991



Mayor



City Manager



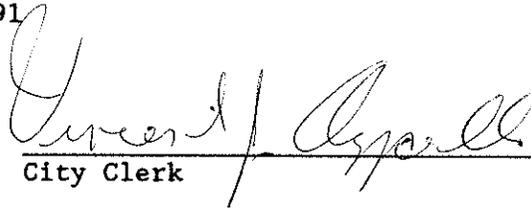
City Clerk

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the CITY OF WEIRTON on the 13th day of May, 1991.

Dated: May 23, 1991

[SEAL]



City Clerk

05/14/91
WEIRB.A3
94975/91001

CITY OF WEIRTON

Water Revenue Bonds,
Series 1991 A and Series 1991 B

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 1991 A AND SERIES 1991 B OF THE CITY OF WEIRTON; 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 Weirton (the "Issuer"), has duly and officially enacted a bond ordinance, effective May 13, 1991 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS FOR THE EXISTING WATERWORKS SYSTEM OF THE CITY OF WEIRTON AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN \$5,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1991 A AND NOT MORE THAN \$1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1991 B, PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; 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 ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the Bond Ordinance provides for the issuance of Water Revenue Bonds of the Issuer (the "Bonds"), in an aggregate principal amount not to exceed \$6,000,000, to be issued in two series, the Series 1991 A Bonds to be in an aggregate principal amount of not

more than \$5,000,000 (the "Series 1991 A Bonds") and the Series 1991 B Bonds to be in an aggregate principal amount of not more than \$1,000,000 (the "Series 1991 B Bonds"), and has preliminarily authorized the execution and delivery of a loan agreement relating to the Series 1991 A Bonds to be dated the date of delivery of the Bonds, and a supplemental loan agreement relating to the Series 1991 B 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 8, Article 19 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 WEIRTON:

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 Water Revenue Bonds, Series 1991 A, of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of \$4,784,000. The Series 1991 A Bonds shall be dated the date of delivery

thereof, shall finally mature October 1, 2016, 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 1991 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 thereto and to the Loan Agreement and incorporated therein by reference.

(B) The Water Revenue Bonds, Series 1991 B, of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of \$216,000. The Series 1991 B Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2016, 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 1991 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 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 Bank of Weirton, Weirton, West Virginia, as Depository Bank under the Bond Ordinance.

Section 7. Series 1991 A Bonds proceeds in the amount of \$484,275 shall be deposited in the Series 1991 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 1991 A Bonds proceeds in the amount of \$-0- shall be deposited in the Series 1991 A Bonds Reserve Account and Series 1991 B Bonds proceeds in the amount of \$-0- shall be deposited in the Series 1991 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 the Issuer's general fund or from West Virginia Water Development Authority.

Section 11. The Mayor, City Manager 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 May 23, 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.

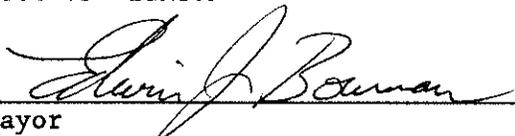
Section 14. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, 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 not more 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 13th day of May, 1991.

CITY OF WEIRTON



Mayor

05/13/91
WEIRB.F3
94975/91001

LOAN AGREEMENT

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

CITY OF WEIRTON
(Governmental Agency)

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Chapter 20, Article 5C, of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered to make loans to governmental agencies for the acquisition or construction of water development projects by such governmental agencies and to issue water development revenue bonds of the State of West Virginia (the "State") to finance, in whole or in part, by loans to governmental agencies, one or more water development projects, all subject to such provisions and limitations as are contained in the Act;

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

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

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

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

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

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

ARTICLE I

Definitions

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

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

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

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

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

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

1.7 "Origination Fee" means the fee paid by a Governmental Agency with respect to its participation in the State's Revolving Fund program established pursuant to Title VI of the Water Quality Act of 1987, to provide funds for the acquisition and construction of wastewater Projects.

1.8 "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.

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

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

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

ARTICLE II

The Project and the System

2.1 The Project shall generally consist of the construction and acquisition of the facilities described in the Application, to be, being or having been constructed in accordance with plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers, the Authority having found, to the extent applicable, that the Project is consistent with the applicable comprehensive plan of water management approved by the Director of the West Virginia Division of Natural Resources (or in the process of preparation by such Director), has been approved by the West Virginia Bureau of Public Health and is consistent with the standards set by the West Virginia Water Resources Board for the waters of the State affected thereby.

2.2 Subject to the terms, conditions and provisions of this Loan Agreement and of the Local Act, the Governmental Agency has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is

doing or has done all things necessary to construct the Project in accordance with the plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers.

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

2.4 The Governmental Agency agrees that the Authority and its duly authorized agents shall have the right at all reasonable times to enter upon the Project site and Project facilities and to examine and inspect the same. The Governmental Agency further agrees that the Authority and its duly authorized agents 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 in respect of the System pursuant to the pertinent provisions of the Act.

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

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

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

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

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

2.10 The Governmental Agency 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 Governmental Agency agrees that qualified operating personnel properly certified by the State will be retained to operate the System during the entire term of this Loan Agreement.

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

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

(d) No Loan shall be made for the purpose of refinancing any outstanding long-term indebtedness of a Governmental Agency unless an opinion of counsel is received by the Authority to the effect that such refinancing is permitted by the Act and the Resolution, and that such refinancing will not cause a violation of any covenant, representation or agreement of the Authority contained in the Resolution or Tax Regulatory Agreement with respect to the exclusion of the interest on the Bonds from gross income of the holder thereof for federal income tax purposes;

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

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

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

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

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

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

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

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

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

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Authority for loans to finance water development projects and that the obligation of the Authority to make any such loan is subject to the Governmental Agency's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing and to the right of the Authority to make such loans to other governmental agencies as in the aggregate will permit the fullest and most timely utilization of such proceeds to enable the Authority to pay debt service on the water development revenue bonds issued by it. The Governmental Agency specifically recognizes that the Authority will not execute this Loan Agreement unless and until it has available funds sufficient to purchase all the Local Bonds and that, prior to such execution, the Authority may commit to and purchase the revenue bonds of other governmental agencies for which it has sufficient funds available. The Governmental Agency further specifically recognizes that during the last 90 days of a period to originate Loans from its water development revenue bond proceeds, the Authority may execute Loan Agreements, commit

moneys and close Local Bond sales in such order and manner as it deems in the best interest of the Program.

ARTICLE IV

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

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

(a) That the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as set forth on Schedule Y attached hereto and incorporated herein by reference. The gross revenues of the System shall always be used for purposes of the System.

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by the gross or net revenues from the System, as more fully set forth in Schedules X and Y attached hereto;

(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 (the "Reserve Account") is funded (whether by Local Bond proceeds, monthly deposits or otherwise) at 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") and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, equal to at least one hundred ten percent (110%) of the maximum amount required in any year for debt service on the Local Bonds and any such prior or parity obligations;

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

(iv) That, except as otherwise required by State 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 Local Bonds outstanding, with further restrictions on the disposition of portions of the System as are normally contained in such covenants;

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

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

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

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

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

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

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

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

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

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

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

(xvi) 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 Governmental Agency 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;

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

(xviii) That the Governmental Agency shall have obtained the certificate of the Consulting Engineer in the form attached to the Loan Application, 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;

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

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

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

4.2 The Loan shall be secured by the pledge and assignment by the Governmental Agency, as effected by the Local Act, of the fees, charges and other revenues of the Governmental Agency from the System as further set forth by and

subject only to such reservations and exceptions as are described in Schedules X and Y hereto or are otherwise expressly permitted in writing by the Authority.

4.3 An Origination Fee Account shall be established with the Trustee to hold the portion of the proceeds of any Loan established to fund an Origination Fee. Amounts on deposit in an Origination Fee Account shall belong to the Governmental Agency receiving the related Loan, but such amounts may only be disbursed from the Account to pay the Origination Fee as and when required to satisfy the requirements of the State's Revolving Fund program established pursuant to Title VI of the Water Quality Act of 1987 or for such other purposes as the Authority may approve in writing.

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

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

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

4.7 The Governmental Agency agrees to pay from time to time, as required by the Authority, the Governmental Agency's allocable share of the reasonable administrative expenses of the Authority relating to the Program. Such administrative expenses shall be as determined by the Authority and shall include without limitation Program expenses, legal fees paid by the Authority and fees paid to the trustee and paying agents for the water development revenue bonds. The Authority shall provide both the Governmental Agency and the trustee for the water development revenue bonds with a schedule of such fees and charges, and the Governmental Agency shall pay such fees and charges on the dates indicated directly to the trustee. The Governmental Agency hereby specifically authorizes the Authority to exercise the powers granted it by Section 9.06 of the General Resolution.

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

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

ARTICLE V

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

5.1 The Governmental Agency hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Loan Agreement and the Local Act. The Governmental Agency hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to make the Loan, it has fixed and collected, or will fix and collect, the rates, fees and other charges for the use of the System, 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 Governmental Agency hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges 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 Governmental Agency defaults in the payment of any fees due to the Authority pursuant to Section 4.6 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 Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under Section 6a 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 Governmental Agency

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

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

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

in connection with the Loan shall be incorrect or incomplete in any material respect or (b) the Governmental Agency has violated any commitment made by it in its Application or in any supporting documentation or has violated any of the terms of this Loan Agreement.

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

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

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

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

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

ARTICLE VII

Miscellaneous

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

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

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

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

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

7.6 This Loan Agreement 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.

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

7.8 This Loan Agreement shall terminate upon the earlier of:

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

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

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

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

City of Weirton

[Proper Name of Governmental Agency]

(SEAL)

By: [Signature]
Its: City Manager

Date: May 23, 1991

Attest:

[Signature]
Its City Clerk

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

(SEAL)

By: [Signature]
Director

Date: May 23, 1991

Attest:

[Signature]
Secretary-Treasurer

WDA-5X
(July 1990)

SCHEDULE X
DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds	\$ <u>4,784,000.00</u>
Purchase Price of Local Bonds	\$ <u>4,784,000.00</u>

Interest on the Local Bonds is payable on April 1 and October 1 in each year, beginning with the first semiannual interest payment date after delivery of the Local Bonds to the Authority, until the Local Bonds are paid in full, at the rate of 8.10 % per annum. Principal of the Local Bonds is payable on October 1 in each year as set forth on Exhibit 1 attached hereto and incorporated herein by reference.

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

As of the date of the Loan Agreement, the Local Bonds are subordinate as to source of and security for payment to the following obligations:



1

2



West Virginia Water Development Authority
Local Loan From Series 1990 A Pool
Debt Service Schedule - City of Weirton

<u>Date</u>	<u>Coupon</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service 8.10% Bonds</u>
10/1/91			137,779.20	137,779.20
10/1/92	8.10%	64,490.00	387,504.00	451,994.00
10/1/93	8.10%	69,713.00	382,280.31	451,993.31
10/1/94	8.10%	75,360.00	376,633.56	451,993.56
10/1/95	8.10%	81,464.00	370,529.40	451,993.40
10/1/96	8.10%	88,063.00	363,930.81	451,993.81
10/1/97	8.10%	95,196.00	356,797.71	451,993.71
10/1/98	8.10%	102,907.00	349,086.83	451,993.83
10/1/99	8.10%	111,242.00	340,751.37	451,993.37
10/1/00	8.10%	120,253.00	331,740.77	451,993.77
10/1/01	8.10%	129,993.00	322,000.27	451,993.27
10/1/02	8.10%	140,523.00	311,470.84	451,993.84
10/1/03	8.10%	151,905.00	300,088.48	451,993.48
10/1/04	8.10%	164,209.00	287,784.17	451,993.17
10/1/05	8.10%	177,511.00	274,483.24	451,994.24
10/1/06	8.10%	191,889.00	260,104.85	451,993.85
10/1/07	8.10%	207,432.00	244,561.84	451,993.84
10/1/08	8.10%	224,234.00	227,759.85	451,993.85
10/1/09	8.10%	242,397.00	209,596.90	451,993.90
10/1/10	8.10%	262,031.00	189,962.74	451,993.74
10/1/11	8.10%	283,255.00	168,738.23	451,993.23
10/1/12	8.10%	306,199.00	145,794.57	451,993.57
10/1/13	8.10%	331,001.00	120,992.45	451,993.45
10/1/14	8.10%	357,812.00	94,181.37	451,993.37
10/1/15	8.10%	386,795.00	65,198.60	451,993.60
10/1/16	8.10%	418,126.00	33,868.21	451,994.21
		<u>\$4,784,000.00</u>	<u>\$6,653,620.57</u>	<u>\$11,437,620.57</u>

SCHEDULE Y
REVENUES

In accordance with Subsection 4.1(a) of the Loan Agreement, the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as follows:

(i) to the extent not otherwise limited by an outstanding local ordinance, indenture or other act or document, as reflected on Schedule X to the Loan Agreement, and beginning seven (7) months prior to the first date of payment of interest on the Local Bonds from revenues and thirteen (13) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth (1/6) of the interest payment next coming due on the Local Bonds and one-twelfth (1/12) of the principal payment next coming due on the Local Bonds and, beginning thirteen (13) months prior to the first date of payment of principal of the Local Bonds, if the Reserve Account was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof (which, with an approving opinion of bond counsel to the Governmental Agency, may be with a letter of credit) in an amount equal to the Reserve Requirement, by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) (or such other amount as shall be acceptable to the Authority and as shall fund the Reserve Account over not more than ten (10) years) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

(iii) to provide debt service on and requisite reserves for any subordinate indebtedness of the Governmental Agency held or owned by the Authority;

(iv) to pay Operating Expenses of the System; and

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

SCHEDULE Z

Additional and Supplemental Definitions

1. "Local Statute" means Chapter 8, Article 19, of the Code of West Virginia, 1931, as amended.

2. "System" means the waterworks system owned by the Governmental Agency in its entirety or any integral part thereof, including mains, hydrants, meters, valves, standpipes, storage tanks, pump tanks, pumping stations, intakes, wells, impounding reservoirs, pumps, machinery, purification plants, softening apparatus and all other facilities necessary, appropriate, useful, convenient or incidental in connection with or to a water supply system, and any additions, betterments or improvements thereto hereafter constructed or acquired from any sources whatsoever and includes the Project.

Additional Conditions and Covenants

1. As a condition precedent to the Authority's making the Loan, the Governmental Agency shall have obtained, among other permits required, a permit from the West Virginia Bureau of Public Health.

2. The Local Act shall contain a covenant substantially as follows:

That the Governmental Agency will, to the full extent permitted by applicable law and the rules and regulations of the PSC, discontinue and shut off the services and facilities of the System to all users of services of the System delinquent in payment of charges for the services of the System and will not restore the services of the System until all delinquent charges for the services of the System have been fully paid.

3. Subject to any prior or parity obligations described in Schedules X and Y attached to the Loan Agreement, the gross revenues derived from the operation of the System are pledged to the payment of the principal of and interest on the Local Bonds.

4. The paying agent for the Local Bonds shall be the West Virginia Municipal Bond Commission or any successor to the functions thereof.

5. As a condition precedent to the Authority's making the Loan, the Governmental Agency shall deliver to the Authority a certificate representing the following:

- (a) The Governmental Agency expects to enter into a contract within six months of the date thereof for the construction of the Project, and the amount to be expended pursuant to such contract exceeds the lesser of 2-1/2 percent of the estimated total Project cost financed with proceeds from the sale of the Local Bonds or \$100,000;
- (b) Work with respect to the construction of the Project will proceed with due diligence to completion. Construction is expected to be completed within three years from the date of issuance of the Authority's water development revenue bonds;
- (c) All of the proceeds from the sale of the Local Bonds which will be used for payment of costs of the Project will be expended for such purpose within three years from the date of issuance of the Authority's water development revenue bonds; and
- (d) The Governmental Agency does not expect to sell or otherwise dispose of the Project, in whole or in part, prior to the last maturity date of the Local Bonds.

SUPPLEMENTAL LOAN AGREEMENT

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

CITY OF WEIRTON
(Governmental Agency)

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Chapter 20, Article 5C, of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered to make loans to governmental agencies for the acquisition or construction of water development projects by such governmental agencies and to issue water development revenue bonds of the State of West Virginia (the "State") to finance, in whole or in part, by loans to governmental agencies, one or more water development projects, all subject to such provisions and limitations as are contained in the Act;

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

WHEREAS, the Governmental Agency is authorized and empowered by the statutes of the State to construct, operate and improve a water development project, as defined by the Act, and to finance the cost of constructing or acquiring the same by borrowing money to be evidenced by revenue bonds, including supplemental, subordinate revenue bonds, issued by the Governmental Agency;

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

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

WHEREAS, on or prior to the date hereof, the Governmental Agency and the Authority entered a loan agreement with respect to the purchase by the Authority of certain Local Bonds of the Governmental Agency, all as more specifically described in Exhibit A attached hereto and incorporated herein by reference (the "Loan Agreement").

WHEREAS, having reviewed the Application and made all findings required by Section 5 of the Act, and having available sufficient funds therefore, the Authority is willing to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of supplemental, subordinate revenue bonds of the Governmental Agency with certain available funds of the Authority (other than the proceeds of certain water development revenue bonds of the State issued by the Authority pursuant to and in accordance with the provisions of the Act and a general resolution adopted by the Authority on May 22, 1985, as supplemented), subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Authority's supplemental water development loan program (the "Supplemental Program") as hereinafter set forth.

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

ARTICLE I

Definitions; Loan Agreement

1.1 Capitalized terms used and not otherwise defined herein shall have the meanings respectively given them by the Loan Agreement.

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

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

1.4 "Origination Fee" means the fee paid by a Governmental Agency with respect to its participation in the State's Revolving Fund program established pursuant to Title VI of the Water Quality Act of 1987, to provide funds for the acquisition and construction of wastewater Projects.

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

1.6 "Supplemental Bonds" means the revenue bonds to be issued by the Governmental Agency pursuant to the provisions of the Local Statute, to evidence the Supplemental Loan and to be purchased by the Authority with certain available funds (other than the proceeds of its water development revenue bonds), the lien of which on the revenues of the System is junior, subordinate and inferior to that of the Local Bonds, all in accordance with the provisions of this Supplemental Loan Agreement.

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

1.8 This Supplemental Loan Agreement is supplemental to the Loan Agreement, the terms of which are incorporated herein by reference.

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 constructed in accordance with plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers, the Authority having found, to the extent applicable, that the Project is consistent with the applicable comprehensive plan of water management approved by the Director of the West Virginia Division of Natural Resources (or in the process of preparation by such Director), has been approved by the West Virginia Bureau of Public Health and is consistent with the standards set by the West Virginia Water Resources Board for the waters of the State affected thereby.

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

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

2.4 The Governmental Agency agrees that the Authority and its duly authorized agents shall have the right at all reasonable times to enter upon the Project site and Project facilities and to examine and inspect the same. The Governmental Agency further agrees that the Authority and its duly authorized agents 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 in respect of the System pursuant to the pertinent provisions of the Act.

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

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

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

2.8 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority. Until the Project facilities are completed and accepted by the Governmental Agency, the Governmental Agency or (at the option of the Governmental Agency) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor and all subcontractors, as their interests may appear.

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

2.10 The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with all State and federal standards. The Governmental Agency agrees that qualified operating personnel properly certified by the State will be retained to operate the System during the entire term of this Supplemental Loan Agreement.

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

ARTICLE III

Conditions to Supplemental Loan; Issuance of Supplemental Bonds

3.1 The agreement of the Authority to make the Supplemental Loan is subject to the Governmental Agency's fulfillment, to the satisfaction of the Authority, of each and

all of those certain conditions precedent on or before the delivery date for the Supplemental Bonds, which shall be the date established pursuant to Section 3.4 of the Loan Agreement for delivery of the Local Bonds. Said conditions precedent are as follows:

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

(b) The Governmental Agency shall have authorized the issuance of and delivered to the Authority for purchase the Supplemental Bonds described in this Article III and in Article IV hereof and shall have delivered to the Authority for purchase the Local Bonds in accordance with the Loan Agreement;

(c) The Governmental Agency shall have 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 the Authority shall have received a certificate of the Consulting Engineers to such effect;

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

(e) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") necessary for the issuance of the Supplemental Bonds, construction of the Project and imposition of rates and charges and shall have taken any other action required for the imposition of such rates and charges (imposition of such rates and charges is not, however, required to be effective until completion of construction of the Project), and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel, to such effect;

(f) 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 shall have received a certificate of the accountants for the Governmental Agency, or such other person or firm experienced in the finances of governmental agencies and satisfactory to the Authority, to such effect; and

(g) The net proceeds of the Supplemental Bonds, together with the net proceeds of the Local Bonds and all other 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) and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, shall be sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and the Authority shall have received a certificate, of such person or firm and in form and substance satisfactory to the Authority, to such effect and evidence satisfactory to it of such irrevocably committed grants.

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

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

3.4 The Supplemental Loan will be made only in conjunction with the Loan. The Supplemental Bond shall be delivered to the Authority, at the offices of the Authority, simultaneously with the delivery of the Local Bond to the Authority.

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Authority for loans to finance water development projects and that the obligation of the Authority to make any such loan is subject to the Governmental Agency's fulfilling all of the terms and conditions of this Supplemental Loan Agreement and the Loan Agreement on or prior to the Date of Loan Closing and to the right of the Authority to make such loans to other governmental agencies under the conditions and in the manner described in the Loan Agreement. The Governmental Agency further understands and acknowledges that the Authority's obligation to make the Supplemental Loan is subject to the availability on the Date of Loan Closing of funds legally available therefor.

ARTICLE IV

Supplemental Bonds; Security for Supplemental Loan; Repayment of Supplemental Loan; No Interest on Supplemental Loan; Fees and Charges

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

(a) That the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as set forth on Schedule Y attached hereto and incorporated herein by reference. The gross revenues of the System shall always be used for purposes of the System.

(b) Covenants substantially as follows:

(i) That the Supplemental Bonds shall be secured by the revenues from the System, as more fully set forth in Schedules X and Y attached hereto, subject to the prior and senior security therefrom granted to the Local Bonds;

(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 the Supplemental Bonds and all other obligations secured by or payable from the revenues of the System prior to or on a parity with the Local Bonds and on a parity with the Supplemental Bonds or, if the reserve accounts established for the payment of debt service on the Local Bonds (the "Reserve Account") and for the payment of debt service on the Supplemental Bonds (the "Supplemental Reserve Account") are funded (whether by Local Bond proceeds with respect to the Local Bonds, monthly deposits or otherwise), respectively, at an amount at least equal to the maximum amount of principal and interest which will come due on the Local Bonds in any year (the "Reserve Requirement") or on the Supplemental Bonds in any year (the "Supplemental Reserve Requirement"), as the case may be, 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 the Supplemental Bonds and any such prior or parity obligations;

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

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

(v) That the Governmental Agency shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Supplemental Bonds, except the Local Bonds and bonds on a parity with the Supplemental Bonds, which parity bonds 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 Supplemental Bonds and parity bonds theretofore and then being issued and on the Local Bonds and any other obligations secured by or payable from the revenues of the System prior to the Supplemental Bonds; provided, however, that additional parity Local Bonds and additional parity Supplemental Bonds may be issued to complete the Project, as described in the Application as of the date hereof, without regard to the foregoing;

(vi) That the Governmental Agency will carry such insurance as is customarily carried with respect to works and properties similar to the System;

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

(viii) That any bond owner may, by proper legal action, compel the performance of the duties of the Governmental Agency under the Local Act, including

the making and collection of sufficient rates or charges for services rendered by the System, and shall also have, in the event of a default in payment of principal of or interest on the Supplemental Bonds, the right to obtain the appointment of a receiver to administer the System as provided by law, subject to the prior and senior rights of the owner or owners of the Local Bonds;

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

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

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

(xii) That the Governmental Agency 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 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 Supplemental Bonds, except for accrued interest and capitalized interest, if any, must be deposited in a construction fund on which the owner of the Supplemental 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),

provided that said construction fund may be the one established for the Local Bonds, which shall have a prior and senior lien thereon;

(xv) That the Governmental Agency shall have obtained the certificate of the Consulting Engineer, in the form attached to the Loan Application, 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 Water Development Project;

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

(xvii) That, as long as the Authority is the owner of any of the Supplemental Bonds, the Governmental Agency shall not authorize redemption of any Supplemental Bonds by it without the written consent of the Authority.

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

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

4.3 The principal of the Supplemental Loan shall be repaid by the Governmental Agency annually on the day and in the years provided in Schedule X hereto.

4.4 The Supplemental Loan shall not bear interest.

4.5 The Supplemental Bonds shall be delivered to the Authority in fully registered form, transferable and exchangeable as provided in the Local Act at the expense of the Governmental Agency.

4.6 The Governmental Agency agrees to pay from time to time, as required by the Authority, the Governmental Agency's allocable share of the reasonable administrative expenses of the Authority relating to the Supplemental Program, which administrative expenses shall be as determined by the Authority.

4.7 An Origination Fee Account shall be established with the Trustee to hold the portion of the proceeds of any Loan established to fund an Origination Fee. Amounts on deposit in an Origination Fee Account shall belong to the Governmental Agency receiving the related Loan, but such amounts may only be disbursed from the Account to pay the Origination Fee as and when required to satisfy the requirements of the State's Revolving Fund program established pursuant to Title VI of the Water Quality Act of 1987 or for such other purposes as the Authority may approve in writing.

ARTICLE V

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

5.1 The Governmental Agency hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Supplemental Loan Agreement and the Local Act. The Governmental Agency hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to make the Supplemental 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 and the Supplemental Bonds shall prove to be insufficient to produce the minimum sums set

forth in the Local Act, the Governmental Agency hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges so as to provide funds sufficient to produce the minimum sums set forth in the Local Act and as required by this Supplemental Loan Agreement.

5.3 In the event the Governmental Agency defaults in the payment of any fees due to the Authority pursuant to Section 4.6 hereof, the amount of such default shall bear interest at the rate of five percent (5%) per annum, from the date of the default until the date of the payment thereof.

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under Section 6a 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 Governmental Agency

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

6.2 The Governmental Agency hereby warrants and represents that all information provided to the Authority in this Supplemental Loan Agreement, in the Application or in any other application or documentation with respect to financing the Project was at the time provided, 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 Supplemental Loan and receiving the Supplemental Bonds, the Authority shall have the

right to cancel all or any of its obligations under this Supplemental Loan Agreement if (a) any representation made to the Authority by the Governmental Agency in connection with the Loan or the Supplemental Loan shall be incorrect or incomplete in any material respect or (b) the Governmental Agency has violated any commitment made by it in its Application or in any supporting documentation or has violated any of the terms of the Loan Agreement or this Supplemental Loan Agreement.

ARTICLE VII

Miscellaneous

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

7.2 Schedules X, Y and Z shall be attached to this Supplemental Loan Agreement at the time of execution hereof by the Authority and shall be approved by an official action of the Governmental Agency supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority.

7.3 If any provision of this Supplemental 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 Supplemental Loan Agreement, and this Supplemental Loan Agreement shall be construed and enforced as if such invalid or unenforceable provision had not been contained herein.

7.4 This Supplemental 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 Supplemental Loan Agreement.

7.5 No waiver by either party of any term or condition of this Supplemental 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 Supplemental Loan Agreement.

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

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

7.8 This Supplemental Loan Agreement shall terminate upon the earlier of:

(i) termination by the Authority of the Loan Agreement pursuant to Subsections 7.8(i) or (ii) thereof;

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

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

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Loan Agreement to be executed by their respective duly authorized officers as of the date executed below by the Governmental Agency, but this Supplemental Loan Agreement shall not be binding on the Authority until executed by it.

City of Weirton

[Proper Name of Governmental Agency]

(SEAL)

By

Its

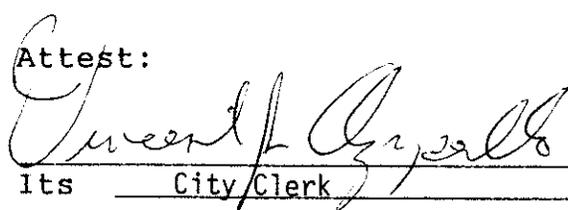


City Manager

Date:

May 23, 1991

Attest:



Its

City Clerk

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

(SEAL)

By *Daniel B. Yakoski*
Director

Attest:

Date: May 23, 1991

Barbara B. Meadows
Secretary-Treasurer

WDA-Supp. 5X
(July 1990)

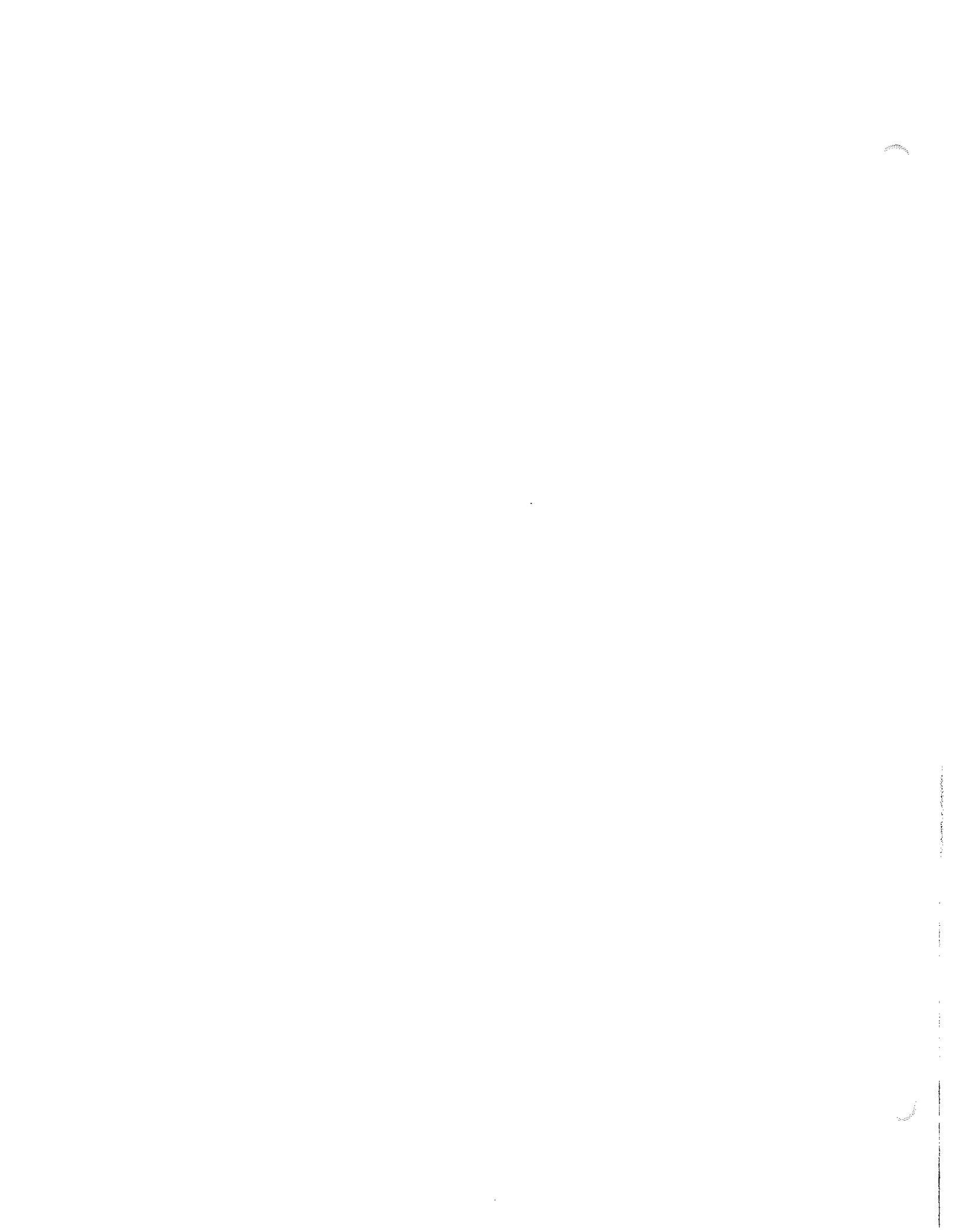
SCHEDULE X
DESCRIPTION OF SUPPLEMENTAL BONDS

Principal Amount of Supplemental Bonds	\$ <u>216,000.00</u>
Purchase Price of Supplemental Bonds	\$ <u>216,000.00</u>

Principal of the Supplemental Bonds is payable on October 1 in each year as set forth on Exhibit 1 attached hereto and incorporated herein by reference. The Supplemental Bonds bear no interest.

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

As of the date of the Supplemental Loan Agreement, the Supplemental Bonds are subordinate as to source of and security for payment to the following obligations, in addition to the Local Bonds:



West Virginia Water Development Authority
Local Loan From Series 1990 A Pool
Debt Service Schedule - City of Weirton

<u>Date</u>	<u>Interest Free Loan</u>
10/1/91	
10/1/92	8,640.00
10/1/93	8,640.00
10/1/94	8,640.00
10/1/95	8,640.00
10/1/96	8,640.00
10/1/97	8,640.00
10/1/98	8,640.00
10/1/99	8,640.00
10/1/00	8,640.00
10/1/01	8,640.00
10/1/02	8,640.00
10/1/03	8,640.00
10/1/04	8,640.00
10/1/05	8,640.00
10/1/06	8,640.00
10/1/07	8,640.00
10/1/08	8,640.00
10/1/09	8,640.00
10/1/10	8,640.00
10/1/11	8,640.00
10/1/12	8,640.00
10/1/13	8,640.00
10/1/14	8,640.00
10/1/15	8,640.00
10/1/16	8,640.00
	<u>\$216,000.00</u>

SCHEDULE Y
REVENUES

In accordance with Subsection 4.1(a) of the Supplemental Loan Agreement, the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as follows:

(i) as prescribed by the Loan Agreement, to the extent not otherwise limited by an outstanding local ordinance, indenture or other act or document, as reflected on Schedule X to the Loan Agreement, and beginning seven (7) months prior to the first date of payment of interest on the Local Bonds from revenues and thirteen (13) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth (1/6) of the interest payment next coming due on the Local Bonds and one-twelfth (1/12) of the principal payment next coming due on the Local Bonds and, beginning thirteen (13) months prior to the first date of payment of principal of the Local Bonds, if the Reserve Account was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof (which, with an approving opinion of bond counsel to the Governmental Agency, may be with a letter of credit) in an amount equal to the Reserve Requirement, by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) (or such other amount as shall be acceptable to the Authority and as shall fund the Reserve Account over not more than ten (10) years) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

(ii) as prescribed by the Loan Agreement, 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;

(iii) beginning thirteen (13) months prior to the first date of payment of principal of the Supplemental Bonds, to provide debt service on the Supplemental Bonds by depositing in a sinking fund one-twelfth (1/12) of the principal payment next coming due on the Supplemental Bonds and, if the Supplemental Reserve Account was not funded

concurrently with the issuance thereof in an amount equal to the Supplemental Reserve Requirement, by depositing in the Supplemental Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) (or such other amount as shall be acceptable to the Authority and as shall fund the Reserve Account over not more than ten (10) years) of the Supplemental Reserve Requirement or, if the Supplemental Reserve Account has been so funded (whether by Supplemental Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Supplemental Reserve Account at the Supplemental Reserve Requirement;

(iv) to provide debt service on and requisite reserves for any other subordinate indebtedness of the Governmental Agency held or owned by the Authority;

(v) as prescribed by the Loan Agreement, to pay Operating Expenses of the System; and

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

SCHEDULE Z

Additional and Supplemental Definitions

1. "Local Statute" means Chapter 8, Article 19, of the Code of West Virginia, 1931, as amended.

2. "System" means the waterworks system owned by the Governmental Agency in its entirety or any integral part thereof, including mains, hydrants, meters, valves, standpipes, storage tanks, pump tanks, pumping stations, intakes, wells, impounding reservoirs, pumps, machinery, purification plants, softening apparatus and all other facilities necessary, appropriate, useful, convenient or incidental in connection with or to a water supply system, and any additions, betterments or improvements thereto hereafter constructed or acquired from any sources whatsoever and includes the Project.

Additional Conditions and Covenants

1. As a condition precedent to the Authority's making the Supplemental Loan, the Governmental Agency shall have obtained, among other permits required, a permit from the West Virginia Bureau of Public Health.

2. The Local Act shall contain a covenant substantially as follows:

That the Governmental Agency will, to the full extent permitted by applicable law and the rules and regulations of the PSC, discontinue and shut off the services and facilities of the System to all users of services of the System delinquent in payment of charges for the services of the System and will not restore the services of the System until all delinquent charges for the services of the System have been fully paid.

3. Subject to any prior or parity obligations described in Schedules X and Y attached to the Supplemental Loan Agreement, and to the prior lien of the Local Bonds, the gross revenues derived from the operation of the System are pledged to the payment of the principal of the Supplemental Bonds.

4. The paying agent for the Supplemental Bonds shall be the West Virginia Municipal Bond Commission or any successor to the functions thereof.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: July 23, 1990

CASE NO. 90-051-WS-MA

CITY OF WEIRTON, a municipal
corporation, Hancock County.

Investigation and suspension of
increase in water and sewer rates
and charges as a result of petition
filed in accordance with West Virginia
Code §24-2-4b.

RECOMMENDED DECISION

On December 28, 1989, the City of Weirton, a municipal corporation, Hancock County, adopted ordinances increasing rates and charges for municipal water and sewer service within and without the corporate limits of said City of Weirton, effective no sooner than forty-five days thereafter, or February 12, 1990.

West Virginia Code §24-2-4b, as enacted on March 10, 1979 and amended on July 1, 1981, removes from Commission jurisdiction primary approval of rate increases of municipally operated public utilities in this State except upon the filing of a petition within thirty (30) days of the adoption of the ordinance changing such rates and charges by:

- (a) any customer aggrieved by the changed rates or charges who presents to the Commission a petition signed by not less than twenty-five percent of the customers served by such a municipally operated public utility; or
- (b) any customer who is served by a municipally operated public utility and who resides outside the corporate limits and who is affected by the change in said rates or charges and who presents to the Commission a petition alleging discrimination between customers within and without the municipal boundaries, if said petition is accompanied by evidence of discrimination; or
- (c) any customer or group of customers who are affected by said change in rates who reside within the municipal boundaries and who present a petition to the Commission alleging discrimination between said customer or group of customers and other customers of the municipal utility, if said petition is accompanied by evidence of discrimination.

On January 23, 1990, the Commission received a petition from approximately 3,320 customers of the City of Weirton in opposition to the proposed water and sewer rate increases. The City of Weirton currently has 9,401 water customer accounts, and 9,445 sewer customer accounts, as taken from City computer records. Several corporations have multiple meters and total customers of record are slightly fewer in number. It is safe to assume that the City of Weirton has 9,350 water customers.

By Order entered on January 24, 1990, the Commission made the City of Weirton Respondent to this proceeding, and, pursuant to the requirements of West Virginia Code §24-2-4b, and the Commission's General Order No. 200.3, suspended the proposed rates and charges until 12:01 a.m., June 13, 1990, unless otherwise ordered by the Commission.

In response to a Staff motion, by order entered on March 9, 1990, the statutory suspension period for the City of Weirton's adopted water rate ordinance was tolled until the City of Weirton filed a complete certificate application and a completed Rule 42 Exhibit for a proposed water project which is to be supported by its adopted municipal water rate ordinance. By the terms of the March 9, 1990 order, upon the filing of such an application and necessary supporting information, the Executive Secretary of the Commission was to enter a further suspension order which suspended the effective date of the City of Weirton's adopted municipal rate ordinance for a period of 94 days after the date of the filing.

On May 11, 1990, the City of Weirton filed a certificate application which purportedly satisfied the requirements of the March 9, 1990 Order. Therefore, by Order entered on May 14, 1990, the tolling was lifted, and the rates and charges established by the City of Weirton's municipal water rate ordinance were suspended for use until 12:01 a.m., August 13, 1990, unless otherwise ordered by the Commission.

By Procedural Order entered on May 14, 1990, the City of Weirton's municipal water rate case was set for hearing to be conducted in the Community Center, 3420 Main Street, Weirton, West Virginia, on Thursday, June 14, 1990, beginning at 9:30 a.m. EDST. At that hearing, the City of Weirton was to appear and offer evidence in support of its increased rates and charges, and leave was granted for any party or parties to intervene on or before the date of the hearing. In accordance with the provisions of the May 14, 1990 Procedural Order, all Rule 42 Exhibits, financial documentation and other exhibits which the City of Weirton intended to offer into direct evidence were to be filed with the Commission's Executive Secretary on or before June 1, 1990. Commission Staff was also directed to conduct a cost of service study and file the results of that study with the Commission's Executive Secretary on or before June 7, 1990. Finally, any and all financial documentation or exhibits which either the City of Weirton or Commission Staff intended to offer into evidence in rebuttal to the prepared direct exhibits were to be filed with the Commission's Executive Secretary on or before June 12, 1990.

The City of Weirton was required to provide notice of the scheduled hearing by posting a copy of a prescribed notice in conspicuous places where bills for water and sewer service are paid for a period of at least twenty (20) days prior to the June 14, 1990 hearing, and by publishing a

copy of the prescribed notice in two (2) issues of the Weirton Daily Times, Weirton, between the date of the May 14, 1990 order and June 11, 1990.

Return receipts received on June 4, 1990 verified that the prescribed notice was published in the Weirton Daily Times by the City of Weirton on May 18 and May 25, 1990.

By order entered on June 4, 1990, this ALJ granted a Staff motion for an extension of time in which to file its cost of service study and rate design exhibits. Accordingly, those Staff exhibits were filed on June 12, 1990.

The hearing commenced as scheduled. Robert R. Rodecker, Esquire, appeared on behalf of the City of Weirton, and Tom Sayre, Esquire, appeared on behalf of Commission Staff. Intervention status was granted to four individual customers, Robert Barone, Esq., Kathy Iaquina, Tony Iaquina and Edward Rodak, who wished to participate in the proceeding by cross-examining witnesses, filing positions and briefs for the Commission's consideration, and having the opportunity to appeal any orders entered by the Administrative Law Judge or the Public Service Commission. Due to the commonality of interests, Mr. Barone and Ms. Iaquina were designated as the questioners on behalf of the Intervenors. While Mr. Barone was an attorney, he only appeared in this proceeding in his own behalf.

During the course of the hearing, Commission Staff and the City of Weirton sponsored a proposed stipulation which had been entered into between the parties. The various Intervenors in this case did not join in that stipulation. As described at the hearing and as reduced to writing, the City of Weirton and Commission Staff had agreed to stipulated revenue levels to be generated by the City's water rates. However, the City of Weirton and Commission Staff did not agree on a particular rate design which was to be adopted to generate the stipulated revenue levels.

At the conclusion of the hearing, a schedule was established for the submission of post-hearing documents and statements of position. According to that schedule, certain request exhibits and the written stipulation were to be submitted on or before June 22, 1990. The Intervenors were allowed to submit an initial statement of position on or before June 29, 1990, and the City and Commission Staff were provided the opportunity to file any appropriate responses on or before July 5, 1990. A Joint Stipulation and Agreement for Settlement between the City of Weirton and Commission Staff was filed on June 22, 1990. ALJ Request Exhibit No. 1, which related to certain comparative pumping and power expense information, was filed on June 27, 1990. An Initial Brief was filed by Intervenor Kathy Iaquina on June 29, 1990, and a Reply Brief was filed by the City of Weirton on July 5, 1990.

EVIDENCE

In the course of the recommended decision in this case, the evidence and discussion will address two sets of proposed rates. The City of

Weirton is seeking approval of rates and charges which are adequate to meet its existing operation and maintenance expenses, taxes and debt service requirements and provide a sufficient surplus to meet its ongoing capital requirements. At the same time, it is also seeking approval of increased rates and charges which are sufficient to meet its increased operation and maintenance expenses and debt service requirements for a proposed project which has been placed before this Commission for approval in Case No. 90-296-W-CN.

In Case No. 90-296-W-CN, the City of Weirton is requesting Commission approval of five described contracts in a single project which the City represents as Phase I of a water system upgrade and improvement program, at a total estimated cost of \$5,000,000. As described at the hearing, and as set forth in more detail by the City's application in Case No. 90-296-W-CN, the five contracts, with the associated project cost estimates in parenthesis, consist of the following:

1. The construction of a permanent river intake which will bring water into a new raw water pump station. (\$666,941);
2. Construction of a new raw water pump station. (\$1,120,737);
3. Reconstruct a 3,000,000 gallon reservoir at Lee Avenue and pump station. (\$2,263,476);
4. Construction of a Weircrest booster station. (\$371,287);
and
5. Construction of a Weir Avenue pump station and renovation of approximately 6,250 linear feet of water main. (\$577,559).
(Source: City certificate application and City Exhibit No. 5 in Case No. 90-296-W-CN).

The need for the project, and the Commission's approval or disapproval of all or part of the proposed City project, will be addressed by separate decision in Case No. 90-296-W-CN.

Therefore, this decision shall proceed to establish rates and charges for immediate use by the City of Weirton, based upon its ongoing revenue needs of the City's water system without the described project. Further, this decision shall also establish rates and charges for use if and when the described project is approved and constructed as proposed in Case No. 90-296-W-CN, to be effective as of the date the project construction is completed.

Seven (7) members of the public came forward and made statements of protest in opposition to the City of Weirton's proposed water rates, and numerous petitions have been included in the case file to reflect strong opposition to the proposed rate increase throughout the community. The City of Weirton sponsored the testimony of five (5) witness to provide justification and support for the stipulated rates. Commission Staff presented the testimony of two (2) witnesses to present the Staff findings, conclusions and recommendations after audit investigation, as well

as support for the proposed stipulation. The various witnesses in this case were as follows:

Public Witnesses

Leonard Salerno	-	John Alatis
Kathy Iaquina	-	Anthony Iaquina
Edward Rodak	-	Vance Battista
John Barone		

City's Witnesses

Edwin J. Bowman, Mayor
Harold N. Howie, Accountant
James Gills, Gills, Guard & Johnson, Engineer
Vincent Azzarello, City Clerk & Finance Director
Bruce Fox, Manager of City Water Utility

Commission Staff Witnesses

Robert R. McDonald, Senior Utilities Analyst
Charles E. Windham, Jr., Staff Engineer

The concerns and question shared by the members of the public were reflected in the numerous petitions and letters which are contained in the official case file of the Public Service Commission. The persons who attended and spoke at the hearing emphasized common concerns which were apparently shared throughout the community. As a whole, the Protestants were concerned about the rate impact on the individual residents of the City, many of who are elderly or live on a fixed or limited income. (Tr., pp. 25-35, 38-39).

There are other concerns expressed about the existing operations of the City. Mr. Vance Battista had been associated with an engineering firm which had performed a preliminary study of leaks on the City's water and sewer systems in early 1980. He was not personally satisfied that the City had followed up that report with adequate corrective action to eliminate the problems which were identified by that study. (Tr, pp. 40-44). Mr. Iaquina observed that the City's records reflect that it is incurring a significant level of line losses on the system. He also believed that, during the course of numerous public hearings before the City Water Board and City Council, the public had been provided a number of figures concerning line loss which appeared inconsistent with one another. Therefore, he wanted the record to be clarified concerning the level of line losses which were currently being experienced on the City of Weirton's system. (Tr., pp. 36-37).

Finally, a number of persons questioned a need for the various system upgrades and improvements which have been proposed through a certificate application which was filed by the City in Case No. 90-296-W-CN. In part, the rates and charges proposed in this case are to support the described projects. The Protestants questioned whether the improvements and upgrades were truly necessary, and whether the improvements were designed to benefit the overall City system, or address the special needs of certain

outside customers and industrial customers. Until that was clarified, they could not be sure whether the increased rates and charges associated with the project and system improvements were fully and fairly recovered from the customer classes which most benefitted from the improvements. (Tr., pp. 46-48).

By the terms of its adopted ordinance, the City of Weirton proposed to increase its water rates and charges in order to generate approximately \$833,562 in additional annual revenues, which represents an overall increase of approximately 59.90%. The adopted ordinance would also include provisions for an automatic 6% rate increase on October 1, 1990, and on each October 1 thereafter, beginning on October 1, 1991.

The City of Weirton's present water rates and charges distinguish between service provided in the downtown areas of the City and the hilltop areas of the City. The City's existing rates and tariff provisions are as follows:

Downtown Areas

First 5,000 gallons used per quarter	\$1.88 per 1,000 gallons
Next 495,000 gallons used per quarter	\$1.88 per 1,000 gallons
Over 500,000 gallons used per quarter	\$1.84 per 1,000 gallons

Hilltop Areas

First 5,000 gallons used per quarter	\$1.93 per 1,000 gallons
Next 495,000 gallons used per quarter	\$1.93 per 1,000 gallons
Over 500,000 gallons used per quarter	\$1.89 per 1,000 gallons

Minimum Charge

- Downtown Areas - \$9.40 per quarter
- Hilltop Areas - \$9.65 per quarter

Fire Hydrant Rental -

\$24.00 per quarter per hydrant

Reconnection Charge -

\$15.00 for reconnection

Meter Service Connect and Disconnect Fee -

\$15.00 service charge for each separate meter connect and disconnect after the original meter installation. In the event of a change of residence in which a connection immediately follows a disconnect, the customer shall be charged only one service fee of \$15.00.

After Hours Service -

A service fee of \$15.00 will be charged for each separate call after regular working hours and holidays.

New Service Connection Charge -

1. A service connection charge of \$150.00 shall be charged for each separate connection to the water works system involving a 3/4 inch line with a 5/8 inch meter.

2. A service connection charge for installation of a 1-inch size line or larger shall be based on the actual time and material cost.

Applicability

Applicable to all customers served outside the corporate limits of the City of Weirton.

Availability of Service

Available for general domestic, commercial and industrial service.

Rates

The rates for water or water service furnished to customers whose establishments are located outside the corporate limits of the City of Weirton shall be 115% of the applicable meter rates and minimum charges for water or water service furnished to its customers within the corporate limits.

The rates of customers requiring booster pump service shall be based upon the "Hilltop Area" charges, and the rates of customers not requiring booster pumps service shall be based on the "Downtown Area" charges presently stated in Schedule Nos. 1 and 2.

(See Staff Exhibit No. 2, Statement D, Schedule 1).

The City's proposed rates and charges, as set forth in its municipal rate ordinance, eliminate the differential between booster and non-booster service, and between service rendered inside and outside the municipal limits. The City also proposed certain modifications to its rate structure which would preserve its existing minimum charge at lower consumption levels, and apply a flat charge per thousand gallons for all consumption above that minimum level. The City of Weirton's proposed rates and charges, and tariff provisions provide as follows:

First 3,000 gallons or less per quarter	\$9.65
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All consumption over 3,000 gallons per quarter \$3.14 per 1,000 gallons of consumption.

Minimum Charge

No bill will be rendered for less than the following minimum amount:

\$9.65 per quarter

Annual Rate Increase

On October 1, 1990, each of the rates established hereinabove shall be uniformly increased by a rate of six percent (6%). On each October 1 thereafter beginning on October 1, 1990, the rates then in effect shall be uniformly increased by a rate of six percent (6%).

However, in no event, shall more than three (3) such annual rate increases be imposed pursuant to this ordinance unless the common counsel of the City of Weirton, Brooke and Hancock Counties, West Virginia, enacts a new ordinance establishing revised rates and charges for services rendered by the Municipal Water Works system of the City of Weirton, West Virginia.

Monthly or Bi-Monthly Billings

The above rates and charges may be adjusted to a monthly or bi-monthly basis, providing those lower charges.

Reconnection Charge

All statements shall be rendered quarterly to the party owing same and shall be due as of the date of rendition and should be payable in cash or its equivalent; and if any statement remains unpaid for thirty (30) days after the date thereof, all water services to the party owing same shall be then disconnected or shut off and shall not be again connected or resumed until the amount shown by the statement and reconnection charge of \$15.00 are paid in full.

Meter Service Connect and Disconnect Fee -

A service fee of \$15.00 will be charged for each separate meter connect and disconnect after the original meter installation. However, in the event of a change of residence in which a connection immediately follows a disconnect, the customer shall be charged only one service fee of \$15.00.

After Hours Service Fee -

A service fee of \$15.00 will be charged for each separate service call after working hours and holidays.

New Service Connection Charge -

A charge for service connection will be the cost of labor, material, machine hire and overhead. If water is installed by an outside contractor, then the amount of the contract is the charge.

No free service shall be furnished and all future connections to the water works shall be made on a metered basis only.

(See December 28, 1989 Municipal Ordinance; Staff Exhibit No. 2, Statement D, Schedule 2).

After conducting an audit and investigation, as well as a class cost of service study, Commission Staff observed that a large portion of the City of Weirton's requested water rate increase was related to five major projects which were being reviewed by the Commission in Case No. 90-296-W-CN. Therefore, Staff recommended two sets of rates for approval in this case. The first set of rates, which are characterized as interim rates by Commission Staff, were designed to meet the City of Weirton's going-level cost of providing water service, as if the projects identified in the existing certificate application of the City of Weirton were not constructed. The second set of rates, identified by Staff as proposed permanent rates, were designed to meet the City of Weirton's cost of providing service to its customers if the proposed projects were in fact approved and constructed by the City of Weirton. As proposed, Staff's recommended interim rates were designed to generate a sales revenue increase of \$197,831, or 14.20%. The Staff recommended permanent rates were designed to generate an additional sales revenue increase of \$821,911, or 51.68%. (Staff Exhibit No. 3, p. 1).

Based upon the above, Commission Staff originally recommended the approval of the following rates and rate structures:

RATES

		<u>Interim</u>	<u>Permanent</u>
First	5,000 gallons used per quarter	\$2.55	\$3.87
Next	25,000 gallons used per quarter	\$2.30	\$3.49
Over	30,000 gallons used per quarter	\$1.70	\$2.58

MINIMUM CHARGE

No service will be rendered for less than the following amount according to the size of the meter installed:

	<u>Interim</u>	<u>Permanent</u>
5/8 inch meter	\$ 12.75	\$ 19.35 per quarter
3/4 inch meter	\$ 19.15	\$ 29.00 per quarter

1	inch meter	\$ 31.90	\$ 48.40 per quarter
1-1/2	inch meter	\$ 63.75	\$ 96.75 per quarter
2	inch meter	\$ 102.00	\$ 143.80 per quarter
3	inch meter	\$ 191.25	\$ 298.25 per quarter
4	inch meter	\$ 318.75	\$ 483.75 per quarter
6	inch meter	\$ 637.50	\$ 967.50 per quarter
8	inch meter	\$1,020.00	\$1,548.00 per quarter
10	inch meter	\$1,466.25	\$2,225.25 per quarter

Fire Hydrant Rental -

City Owned and Privately Owned - \$24.00 per quarter per hydrant.

Reconnection Charge - \$15.90 for reconnection

Tap Fees - \$250.00

(Staff Exhibit No. 3, Schedules 6 & 7).

Both the City and Commission Staff submitted audit reports illustrating revenues and purported expenses for the City's water system based upon an adjusted test year. Historical data was developed for the 12 months ended June 30, 1989, to reflect the City's revenues and expenses for that period on the City's books. Certain accounting adjustments were then made to the City's books, as needed, to modify the City's characterization of certain entries. Both the City and Commission Staff then made going-level adjustments to this historical data to reflect the revenue needs and expenses of the City for the first year that the City's increased rates were to be in effect. When possible, the adjustments to major expense categories were based upon an analysis and measurement of demonstrated price level changes. An inflation factor was applied to all other expense items which are not readily subject to a detailed analysis, but which are subject to inflation. (See Staff Exhibit No. 2 and City Exhibit No. 2).

The City's original rate request included a proposal to hire six additional employees to provide additional maintenance services. The City had requested the hiring of an additional equipment operator, an additional laborer, an additional employee to maintain the distribution system, a laboratory technician, a plant or system operator and a meter reader. The total cost of hiring these additional employees included over \$150,000 in wages and approximately \$50,000 in other employee benefits. (See City Exhibit No. 3, Statement 6, Adjustment Nos. 2 and 6 of Going Level Adjustments). Staff's recommended interim revenue levels, and the stipulation's interim rates, contain no provisions for the hiring of any additional employees by the City. (Tr., p. 266).

The City's needs for these additional employees were advanced by Mr. Gills, the City's Engineer, and by Mr. Fox, the water system's manager. Mr. Fox observed that the City has not replaced some of the water employees it had previously lost over the years through attrition. Due to the lack of funds and manpower, certain preventative maintenance programs, such as valve location and exercise programs and meter testing programs,

had been severely reduced. Both Mr. Fox and Mr. Gills noted that the City was not presently engaged in a regular meter testing program, and it only inspected and tested meters upon complaint or when billing inconsistencies were observed or reported. Mr. Fox and Mr. Gills also noted that the valves throughout the City's distribution system needed to be relocated and exercised through a renewed program, to insure that the City can promptly and efficiently respond to line breaks and other emergency situations, and minimize the associated inconvenience to customer service. At the present time, the City sometimes experiences difficulties in locating certain valves, or finds them not to be in proper working order. Both of these programs are labor intensive, and the City believed the additional manpower was required to perform the valve and meter testing on a large scale, without neglecting other areas of system operation and maintenance. (Tr., pp. 139-140, 144-145, 153-154, 188-190, 197-205).

Commission Staff agreed that the City should renew an aggressive meter inspection program, and replace meters when they are found to be broken or inaccurate. Staff believed that the location and replacement of slow or broken meters would help the City reduce its levels of unaccounted-for water, which currently represents 21.4% of its pumped water production. Also, Staff supported the City's valve location, replacement and exercise program. However, Staff's recommendations included no additional funds to support those programs. While Staff acknowledged that these programs were manpower intensive, Staff did not review the City's need to hire additional employees to pursue the programs, and Staff's proposed rates were not designed to allow for the hiring of additional employees. (Tr., pp. 231-232, 234-239, 241-243, 266-267).

Both the Commission Staff and the City then proceeded to reflect the anticipated impact of the construction of the five described projects in Case No. 90-296-W-CN. Since the total estimated cost of the project is \$5,000,000, and the City represented it intended to finance the entire project through a Water Development Authority (WDA) borrowing of \$5,000,000, the City's going level debt service was adjusted to reflect the associated increased borrowing. Other adjustments were made to reflect the revised operation and maintenance expenses associated with the improved system, which primarily consisted of increased pumping costs. (Staff Exhibit No. 3, Schedules 4 and 5; City Exhibit No. 3, Statement H, ProForma I, II and III; Tr., pp. 99-104, 264-270).

There was some question at the hearing as to the anticipated increases in operation and maintenance expenses for the water system after project construction. Mr. Howie, the accountant on behalf of the City, identified approximately \$29,757 in additional maintenance expenses associated with the river intake and the new power production equipment. (See City Exhibit No. 3, Statement G, Adjustment 17). Mr. Howie stated that the City Engineer had represented that any other modified operation and maintenance expenses were insignificant or offsetting. (Tr., pp. 103-104). However, at a later date, that same engineer provided the Staff Accountant with certain information which indicated that the power and heating expenses for the new river intake pumps and pump houses would be \$262,200. Although the Staff engineer was unavailable to confirm the increased power expenses between the submission of the information by the City's engineer and the submission of Staff Exhibit No. 3, Staff reflected

those increased power expenses in its permanent operation and maintenance expenses. (Tr., pp. 265-268, 293-294, 296-299; City Exhibit No. 4). In retrospect, Staff Engineer Windham believed that some of the increased power expenses should have been offset by lower pumping expenses at the City's existing well sites, which would only be secondarily utilized after the construction of a permanent river intake. (Tr., pp. 301-304, 307-308). In view of this testimony, the ALJ required the City engineer to submit an overall projection of the water system's power expenses after construction of the proposed project. (Tr., pp. 303-307).

The supplemental information required by ALJ Request Exhibit No. 1 was filed on June 27, 1990. As reflected in that exhibit, the City engineer estimated that the annual power costs for all water system operations, projected for the 1992-93 fiscal year, after project construction would be completed, totaled \$311,179. If this estimate is correct, the Staff's reflection of power expenses after project construction was overstated. Staff's going level operation and maintenance expenses already reflected \$172,057 in power costs. (See Staff Exhibit No. 2, Statement A, Schedule 2, Sheet 2). After the increased power expenses of \$262,200 were added by Staff to the City's existing operation and maintenance expenses, the total level of power costs reflected in Staff's permanent operation and maintenance expenses is \$434,257, which exceeds the City Engineer's projected power expense estimates by \$123,078. *

Despite this apparent discrepancy in Staff's calculated power costs, neither the City nor Commission Staff sought any corresponding reduction in the stipulated revenue levels. The City stated that it had agreed to the stipulated revenue levels, and not to Staff's allowance or disallowance of various expense items, and the stipulated revenue levels continued to represent a reasonable compromise on the various points of contention. (Tr., pp. 304-305).

Commission Staff was the only party which conducted a class cost of service study in support of its modified rate design. Staff's class cost of service study applied calculated engineering factors to the various items of expense incurred in serving the water customers of the City, based upon the most recent billing analysis for the City's system. The water system's operating costs and expenses were functionalized and segregated according to an accepted class cost of service methodology. The calculated engineering factors were then applied to the items of expense in order to allocate the respective expenses among the various customer classes. Staff then recommended a proposed rate structure which was designed to generate revenues which best match the calculated cost of serving the respective customer classes. (Staff Exhibit Nos. 1 and 3).

Even though the Staff recommended a going level revenue increase of \$197,332 annually, representing an annual increase of 14.17%, Staff's class cost of service calculations indicated that the City's existing rates and charges generated more than sufficient revenues to meet the City's going-level cost of serving every customer class except residential customers. Therefore, Staff proposed an interim rate schedule which placed the bulk of the increased rates on the lower consumption blocks, and lower rates in the higher consumption blocks. The net effect of Staff's rate design recommendations lowered the revenue levels obtained

from the City's resale customers, maintained the levels of revenues obtained from the City's commercial and industrial customer classes, and placed the full brunt of the interim rate increase on the residential customer class. By class, Staff's proposed interim rate design would effectively decrease resale revenues by 10%, increase industrial revenue by 3.5%, maintain fire service and commercial revenue at present levels, and increase residential rates by 24.3%. (See, Staff Exhibit No. 3, p. 1). Staff then recommended that its interim rate design be proportionately increased across the board to establish final rates and charges after project construction. (Staff Exhibit No. 3, p. 2).

While Staff's cost of service analysis followed accepted allocation methodologies and guidelines of the American Water Works Association, there was information in the record which challenged the reliability of the underlying data generated from City records. The accepted allocation methodologies in part depend upon the use of billed water consumption of the various customer classes according to the City's most recent records. The evidence clearly indicates that the City has failed to properly maintain their existing meters in recent years, which calls into question the reliability of the City's billed readings.

Two examples of this problem show the potential magnitude of the existing errors. The City recently discovered that a water meter registering water usage at a Weirton Steel Corporation machine shop had not been read since it was installed in 1980. When the meter was finally read in December of 1989, it reflected a reading of 35,000,000 gallons. When the meter was reread in March of 1990, to reflect the first reliable quarterly billing for the meter, it indicated that the machine shop had consumed 1,100,000 gallons for that quarter. On the other side of the scale, the Weirton Steel Corporation had requested the testing and replacement of another water meter which served its R & D building, which had previously registered readings as high as 8,000,000 per quarter at that facility. After the meter was replaced, substantially lower monthly consumption levels were registered. The latest quarterly reading on the R & D building meter reflected a consumption of 290,000 gallons, and, overall, the meter readings after meter replacement are approximately 10% of prior readings. Weirton Steel Corporation now claims that it has been overbilled at that R & D building meter for six or seven years. (Tr., pp. 157-164, 174).

The City's proposed rate structure, which essentially provided for a flat charge per 1,000 gallons of water provided to all customers, regardless of class, was similar to the City's existing rate structure. However, the City eliminated the minor differences between rate blocks, and eliminated the difference between hilltop customers and lowland customers, recognizing that many of the City's pumping expenses were incurred to serve its overall system, and not just identified sections. The City's proposed rate structure also eliminated any rate differential between customers who are located inside and outside the City limits.

The stipulation provided that the established permanent rates would only be modified to reflect changes to the actual debt service for the City after the actual issuance of bonds for the project. (Tr., pp. 250-251; Joint Stipulation filed on June 22, 1990). While the City and

Staff did not necessarily agree to the various line adjustments, the City agreed to accept Staff's recommended levels of revenue for both interim and permanent rates, with one minor adjustment of \$5,000 to reflect a three-year amortization of certain incurred rate case expenses. However, the parties did not stipulate to any proposed rate design, and the City continued to seek the approval of a relatively flat charge per 1,000 gallons.

As was brought out on the record at a July 10, 1990 hearing in Case No. 90-296-W-CN, the actual size of the required WDA bond issue has not been established. The project has yet to be bid, and actual project costs could be more or less than the \$5,000,000 estimate once actual bids have been received. Also, the City hopes to receive a \$750,000 Appalachian Regional Commission (ARC) grant on the project, although its prospects for receiving such a grant prior to the project construction appear to be diminishing. In any event, due to limitations of the WDA program, the size of the WDA bond issue for the project shall not exceed \$5,000,000. (July 10, 1990 Transcript in Case No. 90-296-W-CN at pp. 123-124, 131-133, 153-146, 195-204).

At the time the stipulated revenue levels were being developed, the parties did not know the actual interest rate which would be made available on WDA borrowings. For purposes of reflecting the anticipated impact of the borrowing, the stipulation reflects a debt service for a \$5,000,000 borrowing, to be repaid over a period of 25 years at an interest rate of 8.5%. Since this presumed interest rate was only an estimate, clause 19 of the stipulation provides for the automatic modification of the stipulated permanent revenue levels based upon the actual size and interest rate of the WDA borrowing at bond closing. Since the time of the stipulation, the WDA has sold its new series of bonds on the market, and it will be able to offer its next series of loans at an interest rate of 7.75%. At that interest rate, the corresponding permanent debt service on a \$5,000,000 borrowing would be reduced by \$30,000 annually, and the debt service reserve requirement would be correspondingly reduced by \$3,000 annually. (July 10, 1990 Transcript in Case No. 90-296-W-CN at pp. 315-317).

DISCUSSION

In Ms. Iaquina's initial brief, the Intervenor identified a number of areas of dispute. First, the Intervenor believed that the City's stated industrial revenues should be increased to reflect the recent meter readings at Weirton Steel Corporation's machine shop. While the ALJ admits that the City's test year bill analysis, as developed by both parties, is flawed, the record is inadequate to make an accurate adjustment. As demonstrated by the City's experience at the Weirton Steel Corporation R & D building, it also appears that the prospective billings at the R & D building will be substantially lower than those reflected during the test year. Instead of making uncertain counterbalancing adjustments, the ALJ sees no choice but to rely on the historical billing data as the most reliable data in the record.

The Intervenors also objected to the City's retention of outside counsel, since it already had a City Attorney. Therefore, the Intervenors wanted the associated ratemaking expenses removed from the revenue requirements. Regardless of whether the City had sufficient internal expertise to adequately present and support its adopted municipal rate ordinance before this Commission, the decision to retain outside consultants and attorneys to present a rate case is a management decision which would normally be deferred to the utility. There is nothing unreasonable about securing experts on a municipal appeal case who are more familiar with the filing requirements, policies, procedures and practices of the Public Service Commission, once the Commission's ratemaking jurisdiction has been triggered. Therefore, if the fees were reasonably established, they would be approvable as a ratemaking expense. Since they are viewed as a non-recurring expense item, consistent with standard Commission policy, rate case expenses would be amortized over a reasonable period of time, usually two to three years, to reflect the anticipated span between rate cases. After reviewing the ratemaking expenses and attorney fees which were substantiated and stipulated by the parties, the ALJ is satisfied that the parties have properly identified and amortized the related rate case expenses, consistent with accepted Commission policy.

The Intervenors believed that certain engineering expenses reflected during the test year for Mr. Gills and his engineering firm are non-recurring. Mr. Gills and his firm have been performing a number of engineering functions, some of which were related to the City's rate case, some of which were related to the City's pending certificate application and project, and some of which are related to other services provided to render advice and assistance for the water system's normal operations and capital projects which do not require certification. The City and Staff audit reports identify engineering services related to the rate case which have been segregated and amortized, and engineering services associated with the City's pending application in Case No. 90-296-W-CN have been segregated and identified as a part of project costs, to be funded through project financing. Therefore, the ALJ must conclude that the engineering services and other outside services reflected in the City's going level expenses reflect reasonable and necessary consulting services which were provided in the normal course of business, and it is reasonable to reflect such expenses as recurring expenses for ratemaking purposes.

The Intervenors believed that the City had failed to substantiate a need to hire six (6) additional employees, and maintained that certain items identified in the City's described capital improvement program, such as meter replacement, tank painting and other items, did not need to be performed on the accelerated schedule originally proposed by the City. The stipulated interim rates were not designed to generate revenues which would allow the City to hire additional employees or fund capital improvements, tank painting or meter replacement at a rate faster than it has been. Therefore, the ALJ shall interpret the Intervenors' comments as support for the stipulated surplus generated through rates, after all operation and maintenance expenses, debt service and taxes have been met, of \$135,532. The stipulated surplus of \$135,532 is equal to the City of Weirton's three-year average of plant additions from 1987 through 1989, adjusted for inflation. (See Staff Exhibit No. 2, Statement H, Sheet 2; June 22, 1990 Joint Stipulation, Appendices A and B).

The Intervenors were extremely concerned with the City's existing level of unaccounted-for water level of 21.4%. Therefore, they believed that the City should take efforts to eliminate line losses and test and inspect its meters in an effort to reduce its unaccounted-for water losses to a level which is below the 15% standard targeted by Commission Rules.

The Intervenors also observed that the City's existing rate structure includes surcharge provisions which would have customers located outside City limits pay 115% of the corresponding rates and charges to that same customer if they were located inside City limits. Both the City and Commission Staff have proposed to eliminate that tariff provision as discriminatory. The Intervenors wish to maintain and strictly enforce the surcharges. The ALJ agrees that the record does not support a concept that it costs the City any more to provide water service to customers merely because they are located outside City limits. Therefore, the old tariff provision is unjustly discriminatory between the City's inside and outside customers and should be properly eliminated.

The Intervenors also observed that \$87,000 in additional raw water pumping expenses had not been adequately substantiated on the record, and should be eliminated from the stipulated revenue levels after project construction.

Finally, the Intervenors believed that the City had failed to file its certificate application in a timely fashion to allow for the full review and consideration of the projects before the associated rates are established. Therefore, they believed that the City had unfairly manipulated the administrative process.

After reviewing the entire record in this case, the Administrative Law Judge finds that the stipulated revenue levels for water service provided on and after August 13, 1990, as set forth in Attachment A to the Stipulation, are reasonable and should be approved. The stipulated revenue level of \$1,589,907 is designed to meet the operation and maintenance expenses determined by Staff, plus an additional \$5,000 in amortized ratemaking expenses, meet the system's existing debt service reserve requirements, and generate a surplus which is adequate to meet the City's historical level of capital additions and capital projects. Without this increase, Staff's going level cash flow analysis clearly establishes that the City's existing rates do not produce sufficient revenues to meet its existing revenue requirements. Therefore, recommended rates shall be established for use by the City which are designed to produce \$197,332 in additional annual revenues, representing an increase of 14.17% overall.

The ALJ agrees with most of Staff's proposed tariff revisions, with one exception. The elimination of the distinctions between high and low level customers and between inside and outside customers is consistent with Staff's calculated cost of providing service to those customer classes. Since the entire system is now served by pumped production, the rate distinction between high and low level customers is no longer cost-justified. Further, nothing in the record supports a cost differential between the City's inside and outside customers.

The Staff's proposed establishment of a \$250 tap fee for all meter sizes and minimum bills for the respective meter sizes according to AWWA multipliers is also consistent with this Commission's established policy on tap fees. Tap fees are established as customer contributions toward system construction and are not intended to fully compensate the utility for actual connection costs, which are normally recognized as capital expenses to be funded through available surplus. The establishment of increasing minimum charges for the respective meter sizes assures a utility that it can recoup certain levels of revenues after incurring the expense of installing the larger meter.

The ALJ also supports the proposed elimination of the additional after hours service call charge, which further penalizes a customer for experiencing a service problem, line break or service emergency if the event occurs at anytime other than 9:00-5:00, Monday through Friday.

The only Staff proposed tariff revision which will not be incorporated by the ALJ is the proposed elimination of the City's reconnect/disconnect charge. Similar charges have been approved for use by contract or by tariff charge for other water and sewer utilities, and this charge has been in effect for this particular utility over a long period of time. Therefore, the ALJ shall not eliminate this tariff provision from the City's approved tariff.

The ALJ does not find fault with the methodology applied by Commission Staff to estimate the City's cost of providing service to the various customer classes. However, the ALJ does have certain reservations about the reliability of the underlying billing data, in view of the absence of a meter testing program by the City in recent years and in view of the magnitude of certain billing disputes. This ALJ also has certain reservations about the equities of the Staff recommended rate design, particularly in view of the City's acknowledged meter problems. Since the existing rate structure is presumed to be reasonable until it is shown to be inferior, inequitable or inappropriate by a reliable class cost of service study, there is Commission precedent for deferring to an existing rate design if there are substantial reservations about the reliability of the underlying data. Further, as stated by the Commission's recent decision in the City of Wellsburg, Case No. 90-022-S-MA (May 25, 1990), a cost of service study provides an estimated allocation of costs which serves as a tool, and not as an absolute guide, in designing reasonable rates and charges. In this case, the ALJ is of the opinion that the Staff proposed rate structure, particularly when compounded with the magnitude of the overall permanent rate increases constitutes a rate shock on the residential class, and a more gradual rate design shift is warranted.

In view of the above, the ALJ finds it reasonable and appropriate to not allow any rate block to reduce below its existing charges. With this guideline in place and after experimenting with various scenarios, the ALJ finds that the two-tiered rate structure set forth in the attached Appendix 2 is reasonable and appropriate in that it shifts part of the burden toward residential customers, as indicated by Staff's class cost of service study, but allows all customers to share in the utility's increasing costs. The reflected rates are designed to allow the utility to recoup the targeted level of revenues set forth in the stipulation. The

ALJ shall also proportionately increase the fire fee to reflect the overall percentage increase. The approved tariff, as set forth in Appendix 2, has also retained the minimum usage of 5,000 gallons per quarter for customers with 5/8-inch meters, and established minimum charges for the respective meter sizes according to accepted AWWA multipliers, to insure that all customers are proportionately paying minimums according to their access to the system.

The ALJ also finds that the stipulated permanent revenue levels for water service represent a reasonable and appropriate compromise which fairly represents the anticipated costs of providing water service to the City's system if the City borrows \$5,000,000 to construct all five contracts proposed in Case No. 90-296-W-CN. The stipulated operation and maintenance expenses after project construction have been stated as \$291,000 higher than the going level cost of operating the system without the project. While the record only supports \$168,000 in increased operation and maintenance expenses as a direct result of the project construction, the additional \$123,000 in expenses provided by the stipulation may reasonably be applied to fund the reinstatement of a uniform meter testing program, a valve exercise and maintenance program and other labor intensive programs, which were deemed necessary by both the City and Commission Staff, but not funded through the interim rates. A portion of the funds could also be treated as surplus to fund system upgrade or other capital projects which were not provided for in the interim rates.

The increased debt service reflected in the stipulated permanent revenue levels represents the cost of the maximum WDA borrowing for the project. In fact, the WDA borrowing may be lower, depending on the availability of grant funds and revised project costs after the receipt of actual bids. The maximum debt service and debt service reserve provided by the stipulation shall be reduced by \$30,000 and \$3,000, respectively to reflect the actual interest rate which is now known to be available from the WDA, and the stipulated revenue levels shall be accordingly reduced dollar for dollar. The ALJ observes that the literal provisions of clause 19 of the stipulation, which requires that both the debt service coverage and the construction requirement on Appendix B of the stipulation remain the same when the revenue requirements are adjusted to reflect the modified debt service, is a mathematical impossibility without manipulating some of the other operation and maintenance expenses. Therefore, the ALJ shall modify clause 19 of the stipulation to provide that, upon finalization of the WDA borrowing in Case No. 90-296-W-CN, the City's revenue requirements set forth in Appendix B of the Joint Stipulation shall be correspondingly adjusted by the amount of the reduced debt service and debt service reserve, and the established rates shall be modified on a pro rata basis. By establishing this provision, it is the ALJ's intent that any experienced reduction in WDA borrowings be directly passed through to the City's ratepayers. Similarly, any reduced borrowings associated with the disallowance of all or part of the contracts identified in Case No. 90-296-W-CN would also be directly reflected in rate reductions.

The ALJ finds it reasonable and appropriate to spread the increased expenses of operating the water system after project construction evenly to all customer classes by increasing each rate block by the overall percentage increase required by the stipulation. Appendix 3 reflects the

rates and charges which would be required if all contracts were approved, and the maximum \$5,000,000 is borrowed from the WDA to finance the project, at an interest rate of 7.75%. The overall revenue increase of 50%, which would be required in those circumstances, over and above the 14.17% going level increase, has been spread evenly across the City's approved rate blocks.

FINDINGS OF FACT

1. The City's existing water rates and charges do not provide sufficient revenues to meet the City's going level cost of providing service to its customers. (City Exhibit No. 3, Statement H, Staff Exhibit No. 2, Statement H).

2. The stipulated revenue levels, to become effective August 13, 1990, are designed to meet Staff's determination of the City's going level operation and maintenance expenses (after an additional \$5,000 is added as amortized ratemaking expenses), taxes and debt service requirements, and produce a surplus which is equal to the City's historical level of capital additions and capital projects. (Staff Exhibit No. 2, Statement H).

3. The stipulated revenue levels, to become effective upon completion of project construction of the five contracts identified in Case No. 90-296-W-CN, are designed to meet the increased debt service associated with a \$5,000,000 WDA borrowing, and provide an additional \$291,000 to meet increased operating expenses. (See City Exhibit No. 3, Schedules 4 and 5; City Exhibit No. 3, Statement H; Tr., pp. 99-104, 264-270).

4. The record in this case reveals that the increased operating costs which are directly associated with the City's proposed project are estimated to be \$168,000, or \$123,000 less than the increased operating expenses proposed by the stipulation. (ALJ Request Exhibit No. 1; Staff Exhibit No. 2, Statement A, Schedule 2, Sheet 2; Tr., pp. 265-268, 293-294, 268-296-299).

5. The additional \$123,000 in operating expenses provided by the stipulation would allow the City to hire additional employees to pursue additional system maintenance programs which the City has neglected in the past, and all parties agreed should be pursued. The proposed cost of hiring six (6) employees in total wages and benefits was approximately \$200,000 has not otherwise been provided for in the proposed revenue levels. (See City Exhibit No. 3, Statement 6, Adjustment Nos. 2 and 6; Tr., pp. 231-232, 234-239, 241, 243, 266-267).

6. Major billing disputes at certain City industrial meters reveal significant inconsistencies or questionable reliability of the City's billing records. (Tr., pp. 157-164, 174).

7. The Staff cost of service study, which in part relies upon the City's historical bill analysis, would have a majority of the City's increased operating expenses shifted to the City's residential customers. (Staff Exhibit No. 3, pp. 1-2).

CONCLUSIONS OF LAW

1. The City's existing rates and charges are unreasonable and inadequate since they do not allow the City to generate sufficient revenues to support its continued water operations.

2. The stipulated revenue levels for use to design increased rates and charges, effective August 13, 1990, are reasonable and appropriate since they allow the City sufficient revenues to meet its reasonable and necessary operation and maintenance expenses, taxes, and debt service requirements at going level. This stipulated revenue increase would provide for an overall increase of 14.17%, generating \$197,332 in additional annual revenues.

3. The ALJ does not find fault with the methodology applied by Commission Staff to estimate the City's cost of providing service to the various customer classes. However, the ALJ does have certain reservations about the reliability of the underlying billing data, in view of the absence of a meter testing program by the City in recent years and in view of the magnitude of certain billing disputes. This ALJ also has certain reservations about the equities of the Staff recommended rate design, particularly in view of the City's acknowledged meter problems. Since the existing rate structure is presumed to be reasonable until it is shown to be inferior, inequitable or inappropriate by a reliable class cost of service study, there is Commission precedent for deferring to an existing rate design if there are substantial reservations about the reliability of the underlying data. Further, as stated by the Commission's recent decision in the City of Wellsburg, Case No. 90-022-S-MA (May 25, 1990), a cost of service study provides an estimated allocation of costs which serves as a tool, and not as an absolute guide, in designing reasonable rates and charges. In this case, the ALJ is of the opinion that the Staff proposed rate structure, particularly when compounded with the magnitude of the overall permanent rate increases, constitutes a rate shock on the residential class, and a more gradual rate design shift is warranted.

4. The ALJ finds that the two-tiered rate structure set forth in the attached Appendix 2 is reasonable and appropriate in that it shifts part of the burden toward residential customers, as indicated by Staff's class cost of service study, but allows all customers to share in the utility's increasing costs. The reflected rates are designed to allow the utility to recoup the targeted level of revenues set forth in the stipulation. The ALJ shall also proportionately increase the fire fee to reflect the overall percentage increase. The approved tariff, as set forth in Appendix 2, has also retained the minimum usage of 5,000 gallons per quarter for customers with 5/8-inch meters, and established minimum charges for the respective meter sizes according to accepted AWWA multipliers, to insure that all customers are proportionately paying minimums according to their access to the system.

5. The ALJ also finds that the stipulated permanent revenue levels for water service represent a reasonable and appropriate compromise which fairly represents the anticipated costs of providing water service to the City's system if the City borrows \$5,000,000 to construct all five contracts proposed in Case No. 90-296-W-CN.

6. The ALJ observes that the literal provisions of clause 19 of the stipulation, which requires that both the debt service coverage and the construction requirement on Appendix B of the stipulation remain the same when the revenue requirements are adjusted to reflect the modified debt service, are a mathematical impossibility without manipulating some of the other operation and maintenance expenses. Therefore, the ALJ shall modify clause 19 of the stipulation to provide that, upon finalization of the WDA borrowing in Case No. 90-296-W-CN, the City's revenue requirements set forth in Appendix B of the Joint Stipulation shall be correspondingly adjusted by the amount of the reduced debt service and debt service reserve, and the established rates shall be modified on a pro rata basis.

7. The ALJ finds it reasonable and appropriate to spread the increased expenses of operating the water system after project construction evenly to all customer classes by increasing each rate block by the overall percentage increase required by the stipulation. Appendix 3 reflects the rates and charges which would be required if all contracts were approved, and the maximum \$5,000,000 is borrowed from the WDA to finance the project, at an interest rate of 7.75%. The overall revenue increase of 50%, which would be required in those circumstances, over and above the 14.17% going level increase, has been spread evenly across the City's approved rate blocks.

8. Nothing in this Decision shall be construed as a grant of the certificate application in Case No. 90-296-W-CN.

ORDER

IT IS, THEREFORE, ORDERED that the increased rates and charges, as established by the City of Weirton's December 28, 1989 municipal water rate ordinance, are hereby denied and disallowed, and the City of Weirton is hereby authorized to use and apply the amended tariff sheets set forth in Appendix 2, attached to this order, for all service provided on and after August 13, 1990.

IT IS FURTHER ORDERED that the City of Weirton shall file copies of its approved tariff with the Commission within fifteen (15) days after this order becomes a final order of the Commission.

IT IS FURTHER ORDERED that the City of Weirton is hereby authorized to implement increased rates and charges, upon the completed construction of any and all projects which are authorized by the Commission to be constructed in Case No. 90-296-W-CN, consistent with the terms of the attached stipulation (Appendix 1), as modified below, and the terms of this order.

IT IS FURTHER ORDERED that clause 19 of the attached stipulation is hereby modified to provide as follows:

"Upon finalization of the WDA borrowing in Case No. 90-296-W-CN, the City's revenue requirements set forth in Appendix B of the Joint Stipulation shall be reduced by the amount of the reduced debt service and debt service reserve, and the established rates

approved for use upon completion of the project shall be accordingly modified on a pro rata basis."

With that modification, the attached stipulation in Appendix 1 is hereby adopted in this case.

IT IS FURTHER ORDERED that, upon the closing of a Water Development Authority (WDA) bond for any project or projects approved in Case No. 90-296-W-CN, the City of Weirton is hereby required to file revised tariff rates for Commission approval which reflect the modified debt service and rate design approved by this order, consistent with the adopted stipulation and the rate structure set forth in Appendix 3, attached to this order. Upon the filing of such modified tariff sheets, a further Commission order shall be entered which confirms the approved rates and charges which are to be implemented upon project completion.

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

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

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

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


Robert F. Williams
Administrative Law Judge

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PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

CASE NO. 90-051-WS-MA

CITY OF WEIRTON, a municipal corporation, Hancock County.
Investigation and suspension of increase in water rates and charges as a result of a petition filed in accordance with West Virginia Code §24-2-4b

JOINT STIPULATION AND AGREEMENT FOR SETTLEMENT

Pursuant to West Virginia Code §24-1-9 and Rules 11 and 13.4 of the Commission's Rules of Practice and Procedure, the City of Weirton ("City") and the Staff of the Public Service Commission of West Virginia ("Staff"), parties to this proceeding, join in this Joint Stipulation and Agreement For Settlement ("Stipulation").

PROCEDURAL BACKGROUND

1. On December 28, 1989, the City Council of the City of Weirton adopted Ordinance No. 916 enacting increased rates and charges for furnishing water service within and without the corporate limits of said City of Weirton, effective no sooner than forty-five (45) days thereafter, or February 12, 1990.

2. On January 23, 1990, the Public Service Commission of West Virginia ("Commission") received a petition from approximately 3,320 customers of the City in opposition to the proposed water increase.

3. On January 24, 1990, the Commission, pursuant to the provisions of West Virginia Code §24-2-4b and the Commission's General Order No. 200.3, made the City a Respondent to this proceeding and deferred the aforesaid charges until June 13, 1990.

4. On March 7, 1990, the Staff filed a Motion requesting that the running of the suspension period of the City's water rate increase be tolled pending receipt of additional information necessary for the Staff to conduct its investigation.

5. On March 9, 1990, the Administrative Law Judge entered an Order tolling the running of the suspension period pursuant to the provisions of West Virginia Code §24-2-4b until the filing, by the City, of an application for a certificate of convenience and necessity for the construction of certain water plant facilities.

6. On May 11, 1990, the City filed its application for a certificate of convenience and necessity, which application was given the Case No. 90-296-W-CN.

7. On May 14, 1990, the Commission entered its Order in this case, lifting the tolling of the suspension period and providing that the suspension period end on August 13, 1990.

8. On May 14, 1990, the Administrative Law Judge issued a Notice of Hearing establishing a procedural schedule wherein the parties to the proceeding were required to submit financial data and other documents in support of their position.

9. On June 7, 1990, the City submitted its Rule 42 exhibit in support of the rates adopted by Ordinance on December 28, 1989.

10. On June 7, 1990, the Staff submitted its Rule 42 exhibit.

11. On June 12, 1990, the Staff filed its Class Cost of Service Study and Revenue Requirements.

12. On June 13, 1990, a prehearing conference was held with representatives of the City and the Staff in attendance. At the conference, the parties discussed the relevant issues in this case in an effort to reach a settlement, and, as a result of the discussions and negotiations, a settlement was reached between the Staff and the City.

DISCUSSION OF REVENUE DEFICIENCY

13. At the June 13, 1990 conference, it became evident that if a negotiated settlement was to be reached in this proceeding it would have to be based upon an adjustment to the revenue requirement which did not assign numerical adjustments to individual issues or have either of the parties concede their strongly held positions on certain of the issues in dispute.

14. The City agreed to accept the Staff-recommended revenue requirements contained within the document styled Class Cost of Service Study and Revenue Requirements submitted by the Staff on June 12, 1990, with an adjustment to expenses and the interim revenue requirement of an additional Five Thousand Dollars (\$5,000).

15. Based upon the Staff's and the City's determination of going-level operating revenues of One Million Four Hundred Thirty-Four Thousand Eight Hundred Twenty Dollars (\$1,434,820), the City and the Staff, for the purposes of this Stipulation, have agreed that an additional One Hundred Ninety-Seven Thousand Three Hundred Thirty-Two Dollars (\$197,332) is required by the City to meet its current expenses, debt service requirements and provide a reasonable level of surplus for construction purposes. (See Appendix A attached hereto).

16. Because the City's rate ordinance, as adopted, contemplated the construction of certain projects and a borrowing of \$5 Million to carry out such construction program, the City had proposed an immediate increase and annual increases for three (3) years beginning in October, 1990.

17. The Staff, in its recommendation, proposed an immediate increase to meet on-going expenses of operation, and a second increase effective upon completion of projects contemplated by the City as contained within the City's filing in Case No. 90-296-W-CN.

18. On June 7, 1990, in Case No. 90-296-W-CN, the Staff filed its Joint Staff Memorandum recommending Commission approval of the City's application, subject to certain conditions therein set forth.

19. The City and Staff agree that the stipulated permanent revenue requirement contained on Appendix B attached hereto will provide revenues sufficient to cover the City's operation and maintenance expenses, debt service requirements and construction surplus if the City's application for a certificate is granted in Case No. 90-296-W-CN. However, the parties hereto have agreed that if the debt service requirements associated with the \$5 Million borrowing are different than the levels included within the Staff's Cash Flow Analysis appearing at Schedule 5 of Staff

Exhibit No. 3, the City's revenue requirements would be adjusted to provide the same coverage ratio and construction requirement as shown on Appendix B.

20. The City and the Staff agree that this Stipulation resolves all areas of contention in this case and that the record in this case supports additional revenues for the City, based upon fully audited financial information, of One Hundred Ninety-Seven Thousand Three Hundred Thirty-Two Dollars (\$197,332), on an interim basis.

21. Further, the parties agree that the record in this case supports additional revenue for the City of Eight Hundred Twenty-Seven Thousand Four Hundred Ten Dollars (\$827,410) on a permanent basis upon completion of the five contracts contained within Case No. 90-296-W-CN assuming the Commission grants a certificate for the construction of all five contracts.

22. The parties jointly recommend that the Administrative Law Judge make appropriate Findings of Fact and Conclusions of Law that the recommended increase in revenues on an interim and permanent basis as contained within the Appendices A and B attached to this Stipulation are just and reasonable.

DISCUSSION OF RATE DESIGN

23. In the Ordinance adopted by the City, the rate design proposed by the City was a flat rate for all classes of customers. In the Staff's Cost of Service Study, it was determined that the residential class of service was not contributing its full share to the cost of service and the industrial and resale customers were contributing an excess amount, based on the City's existing rate design.

24. In its recommendation, the Staff proposed a declining block rate structure which would move the various classes of service towards their contribution to the cost of providing service. However, such rate design would result in a decrease in rates to all resale and industrial customers and some commercial customers, while residential customers would incur a larger percentage increase. It is the City's preference that the rates adopted by the Administrative Law Judge in this proceeding be consistent with the rate design proposed in its rate Ordinance so as to lessen the impact of the rate increase upon the City's residential customers.

25. Because the City did not perform a Cost of Service Study in the design of its rate, whereas the Staff did, the City is without evidentiary support to oppose the Staff's proposed rate design. Thus, the parties agree to permit the

Administrative Law Judge to exercise his discretion in the selection of an appropriate rate design to fairly recover the revenue requirements stipulated to by the parties.

ACCEPTANCE BY ALJ AND COMMISSION

26. This Stipulation is subject to the approval of the ALJ and the Commission. It results from a review of the Ordinance and supporting financial information filed by the City and the Staff. This Stipulation reflects substantial compromises by the parties and is proposed to expedite the resolution of this matter and to avoid further protracted and expensive litigation. Accordingly, it is made without any admission or prejudice to any positions which any party might adopt during subsequent litigation, including any further litigation in this case.

27. The parties adopt this Stipulation as being in the public interest, without agreeing that any of the positions set forth shall be applicable to future proceedings. The parties acknowledge that it is the Commission's and the ALJ's prerogative to accept, reject, or modify any stipulation. However, in the event that this Stipulation is rejected or modified by the ALJ or Commission, it is expressly understood by the parties that they are not bound to accept this Stipulation as modified or rejected and may avail themselves of whatever rights are available to them

by law and the Commission's Rules of Practice and Procedure, and may pursue fully all issues and positions herein, as if no proposed settlement existed.

WHEREFORE, the parties, on the basis of all of the foregoing, respectfully request that presiding Administrative Law Judge Robert Williams make appropriate Findings of Fact and Conclusions of Law adopting and approving this Stipulation.

Respectfully submitted this 22nd day of June, 1990.

CITY OF WEIRTON

By Robert R. Rodecker
Robert R. Rodecker, Counsel

STAFF OF THE PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA

By Thomas Sayre
Thomas Sayre, Counsel

APPENDIX A

CITY OF WEIRTON WATER BOARD
 CASH FLOW ANALYSIS - INTERIM RATES
 CASE NO. 90-051-WS-MA

	<u>STIPULATED REVENUE REQUIREMENT</u>
CASH AVAILABLE:	
OPERATING REVENUES	
SALES REVENUE	1,589,907
OTHER OPERATING REVENUES	42,245
OTHER INCOME	<u>38,570</u>
TOTAL CASH AVAILABLE	1,670,722
CASH REQUIREMENTS:	
OPERATION & MAINTENANCE EXPENSES	1,321,557
TAXES OTHER THAN INCOME TAXES	<u>50,641</u>
CASH REQUIREMENTS BEFORE DEBT SERVICE	1,372,198
CASH AVAILABLE FOR DEBT SERVICE (A)	298,524
DEBT SERVICE REQUIREMENTS:	
INTEREST	58,491
PRINCIPAL	92,000
OTHER	<u>12,501</u>
SUBTOTAL (B)	162,992
RESERVE REQUIREMENT	<u> </u>
TOTAL DEBT SERVICE REQUIREMENTS	162,992
REMAINING CASH	<u><u>135,532</u></u>
COVERAGE RATIO (A)/(B)	<u><u>1.832</u></u>
CONSTRUCTION REQUIREMENT	<u><u>135,532</u></u>

APPENDIX B

CITY OF WEIRTON WATER BOARD
 CASH FLOW ANALYSIS - PERMANENT RATES
 CASE NO. 90-051-WS-MA

	<u>STIPULATED REVENUE REQUIREMENT</u>
CASH AVAILABLE:	
OPERATING REVENUES	
SALES REVENUE	2,417,317
OTHER OPERATING REVENUES	42,245
OTHER INCOME	<u>38,570</u>
TOTAL CASH AVAILABLE	2,498,132
CASH REQUIREMENTS:	
OPERATION & MAINTENANCE EXPENSES	1,617,667
TAXES OTHER THAN INCOME TAXES	<u>50,641</u>
CASH REQUIREMENTS BEFORE DEBT SERVICE	1,668,308
CASH AVAILABLE FOR DEBT SERVICE (A)	829,824
DEBT SERVICE REQUIREMENTS:	
INTEREST	483,491
PRINCIPAL	150,000
OTHER	<u>12,501</u>
SUBTOTAL (B)	645,992
RESERVE REQUIREMENT	<u>48,300</u>
TOTAL DEBT SERVICE REQUIREMENTS	694,992
REMAINING CASH	<u><u>135,532</u></u>
COVERAGE RATIO (A)/(B)	<u><u>1.285</u></u>
CONSTRUCTION REQUIREMENT	<u><u>135,532</u></u>

CITY OF WEIRTON WATER BOARD
CASE NO. 90-051-WS-MA
RECOMMENDED RATES, EFFECTIVE AUGUST 13, 1990

AVAILABILITY OF SERVICE

Available for domestic, commercial, industrial and resale service.

RATES

First	30,000 gallons used per quarter	\$2.25
Over	30,000 gallons used per quarter	\$2.00

MINIMUM CHARGE

No service will be rendered for less than the following amount according to the size of the meter installed:

5/8 inch meter	\$ 11.250 per quarter
3/4 inch meter	\$ 16.875 per quarter
1 inch meter	\$ 28.125 per quarter
1-1/2 inch meter	\$ 56.250 per quarter
2 inch meter	\$ 90.000 per quarter
3 inch meter	\$ 168.750 per quarter
4 inch meter	\$ 281.250 per quarter
6 inch meter	\$ 562.500 per quarter
8 inch meter	\$ 900.000 per quarter

MONTHLY OR BI-MONTHLY BILLING

The above rates and charges may be adjusted to a monthly or bi-monthly basis.

FIRE SERVICE FEE, CITY OWNED AND PRIVATELY OWNED HYDRANTS

\$27.50 per quarter per hydrant.

RECONNECTION CHARGE

\$15.00 for reconnection

METER SERVICE, CONNECT AND DISCONNECT FEE

A service fee of \$15.00 will be charged for each separate meter connect and disconnect after the original meter installation. However, in the event of a change of residence in which a connection immediately follows a disconnect, the customer shall be charged only one service fee of \$15.00.

TAP FEES

\$250.00

CITY OF WEIRTON WATER BOARD
CASE NO. 90-051-WS-MA
MAXIMUM RECOMMENDED RATES UPON COMPLETION
OF PROJECT APPROVED BY CASE NO. 90-296-W-CN

AVAILABILITY OF SERVICE

Available for domestic, commercial, industrial and resale service.

RATES

First	30,000 gallons used per quarter	\$3.37
Over	30,000 gallons used per quarter	\$3.00

MINIMUM CHARGE

No service will be rendered for less than the following amount according to the size of the meter installed:

5/8 inch meter	\$ 16.850 per quarter
3/4 inch meter	\$ 25.275 per quarter
1 inch meter	\$ 42.125 per quarter
1-1/2 inch meter	\$ 84.250 per quarter
2 inch meter	\$ 134.800 per quarter
3 inch meter	\$ 252.750 per quarter
4 inch meter	\$ 421.250 per quarter
6 inch meter	\$ 842.500 per quarter
8 inch meter	\$1,348.000 per quarter

MONTHLY OR BI-MONTHLY BILLING

The above rates and charges may be adjusted to a monthly or bi-monthly basis.

FIRE SERVICE FEE, CITY OWNED AND PRIVATELY OWNED HYDRANTS

\$41.00 per quarter per hydrant.

RECONNECTION CHARGE

\$15.00 for reconnection

METER SERVICE, CONNECT AND DISCONNECT FEE

A service fee of \$15.00 will be charged for each separate meter connect and disconnect after the original meter installation. However, in the event of a change of residence in which a connection immediately follows a disconnect, the customer shall be charged only one service fee of \$15.00.

TAP FEES

\$250.00

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in Charleston, West Virginia on this 10th day of August, 1990.

CASE NO. 90-051-WS-MA

CITY OF WEIRTON, a municipal corporation, Hancock County.

Investigation and suspension of increasing water and sewer rates and charges as a result of a petition filed in accordance with West Virginia Code §24-2-4b.

FINAL ORDER

On July 23, 1990, an Administrative Law Judge issued a Recommended Decision which established certain rates and charges on behalf of the City of Weirton. The City had adopted a municipal rate ordinance, but over 25% of its customers filed a petition with the Commission challenging the reasonableness of such rates. Thus, the Commission's jurisdiction was invoked pursuant to West Virginia Code §24-2-4b.

The Recommended Decision essentially approves two tiers of rates. The first tier to become effective August 13, 1990, is set forth in Appendix 2 of the Recommended Decision. Those rates are designed to reflect the present, going-level, expenses of the City. The second tier of rates, which is set out in Appendix 3 of the Recommended Decision, are the maximum recommended rates upon completion of various projects which are the subject of Case No. 90-296-W-CN.

In Case No. 90-296-W-CN, the City of Weirton has filed for a certificate of public convenience and necessity requesting Commission approval of five contracts in a single project which the City represents as a water system upgrade and improvement program at a total estimated cost of \$5 million. The five contracts, with the associated estimated project cost, consist of the following:

- 1) The construction of the permanent river intake which will bring water into a new raw water pump station; (\$666,941.00)

- 2) the construction of a new raw water pump station; (\$1,127,737.00)
- 3) reconstruct the three million gallon reservoir at Lee Avenue and pump station; (\$2,263,476.00)
- 4) construction of a Weircrest booster station; (\$371,297.00)
- 5) construction of a Weir Avenue pump station and renovation of approximately 6,250 linear feet of water main. (\$577,559.00) (See, Recommended Decision, p. 5; City certificate application and City Exhibit No. 5, Case No. 90-296-W-CN).

The Administrative Law Judge assigned to Case No. 90-296-W-CN has not yet issued a Recommended Decision in the matter. Thus, the aforesaid tier two rates which have been approved in the Recommended Decision are contingent upon approval of the certificate applied for in Case No. 90-296-W-CN and the ultimate construction of the projects approved in that case.

It has been indicated by the City that although they contemplate obtaining \$5 million through a WDA bond issue, the City hopes to receive \$750,000 Appalachian Regional Commission Grant on the project. (See, Recommended Decision, p. 14). Nevertheless, the tier two rates have been calculated based on the assumption that the entire project will be funded by a WDA bond issue.

The Recommended Decision provides for prorata reduction to rates and charges approved in the second tier if certain of the projects are not certificated, not completed and/or if the projects are completed at cost less than presently estimated.

On August 6, 1990, pursuant to West Virginia Code §24-1-9, an Intervenor, Cathleen A. Iaquina, who represents a group of residential customers, filed exceptions to the ALJ's Recommended Decision. The exceptions contend that:

- 1) The City's haphazard filing procedures have caused undue hardship on all parties and have made it impossible for petitioners to know what permanent rates will be charged in the future, due to unanswered contingencies.
- 2) No adjustment has been made for the reduction of the unaccounted-for water rate.
- 3) The PSC has not conducted a complete independent investigation of the City records.
- 4) The City and PSC Staff met in private and agreed to a joint stipulation in the water rate increases.

5) PSC Staff did not have an expert on the bond issues available to testify at the water hearing.

6) There is no adjustment in this Order for the 115% surcharge rate to the customers outside the City limits.

7) The contingency clause reducing rates upon elimination of one or more capital projects is unclear as to who has discretion in these matters.

Based on the foregoing exceptions, the intervenor requests that the Commission conduct a hearing.

DISCUSSION

As a result of action by the Legislature, the Public Service Commission has limited jurisdiction over the rates and charges of a municipality. Under the provisions of West Virginia Code §24-2-4b a municipality is able to effectuate a change in rates and charges through the enactment of an ordinance. The Commission can obtain jurisdiction over such action only upon receipt of a petition as set forth in that Code section. Once a petition is filed, the Commission shall suspend the adoption of the rate change contained in the ordinance for a period of 120 days from the date such rates and charges would otherwise go into effect. In this case, the proposed rates and charges have been suspended until 12:01 a.m., August 13, 1990.

As previously indicated, the exceptions filed by the intervenors were not received until August 6, 1990, thus, the Commission is precluded from conducting further hearings in this matter and is limited to a review of the Recommended Decision based on the record before it.

The Commission will discuss the ALJ's Recommended Decision in context of the exceptions filed by the intervenors. The Commission sympathizes with the complaint of the intervenors that the filing procedures have caused undue hardship on all parties and have made it very difficult to know what permanent rates will be charged in the future due to unanswered contingencies. However, as previously indicated, the Commission itself has virtually no control over the timing of a municipal rate case. The municipality obviously can adopt rate ordinance at any time it chooses. Following the adoption of the rate ordinance, the matter comes before the Commission on a strict statutory time table. Thus, the Commission has somewhat limited opportunity to review and establish what it believes to be reasonable rates and charges by the City. The certificate filing in Case No. 90-296-W-CN is entirely a separate case from the municipal appeal. Although it is common for the Commission to establish rates in conjunction with certificate cases based on estimated cost of projects, it is the typical case that

the rates are established in the same Order granting a certificate. This case is unusual in that rates are being established in a municipal appeal case associated with the construction which has not yet been approved in the certificate case. This is attributable mainly to the overall statutory system which has been established for municipal rate increases.

Although the Commission appreciates the efforts of the ALJ to provide sufficient mechanisms to guard against future contingencies, the Commission finds this particular case to have too many unanswered questions. In particular, the certificate case has not been finalized. The Commission is uncertain which projects will be certificated and what conditions will be placed on the cost estimates. Additionally, funding is not certain. The City hopes to obtain \$750,000 in a grant from the Appalachian Regional Commission. Clearly, the ultimate rates to be used by the City after the completion of construction will vary depending on whether or not grant money is received by the City. In addition to funding questions, bids have not been opened. Finally, it is acknowledged that the power costs in the tier two rates have been overstated by \$123,078. (See, Recommended Decision, p. 12). For these reasons the Commission will disapprove the tier two rates and will strike the rates approved in Appendix 3 to the Recommended Decision.

Concerning the intervenors contention that there should be an adjustment to rates made for unaccounted-for water, the Commission would note that although there appears to be a significant water loss problem it is unclear from the record in this matter what the specific magnitude and causes of the problem are. Furthermore, the Commission notes that some of the improvements presently contemplated by the City may contribute to a lessening of the water loss problem. The Commission notes that although its rules establish a target of a 15% unaccounted-for water, there is no mandatory penalty to a utility that exceeds that amount. The Commission would direct the City's attention to Rule 5.02 of the Commission's Rules for the Government of Water Utilities, and directs the utility to report unaccounted-for water separately in its annual report. The report must contain the proposed remedial actions to be taken by the utility if unaccounted-for water is in excess of 15%.

The intervenors complain that the Recommended Decision eliminates the higher rates charged to outside customers. In this regard, the Commission believes that the ALJ Recommended Decision is exactly correct. The ALJ found that:

The elimination of the distinction between high and low level customers and between inside and outside customers is consistent with Staff's calculated cost of providing service to those customer classes. Since the entire system is now served by pump production, the rate distinction

between high and low level customers is no longer cost justified. Further, nothing in the records supports a cost differential between the City's inside and outside customers. (Recommended Decision, p. 16).

The intervenors raised a question regarding billing practices related to service to Weirton Steel Corporation. The Commission agrees with the ALJ's conclusion that there have been significant inconsistencies which give rise to questionable reliability of the City's billing records. However, we note that the ALJ modified the Staff recommended rate design that may have been affected by such billing inconsistencies and pointed out the potential for offsetting adjustments relating to Weirton Steel bills. The Commission finds that the City has exhibited an undesirable tendency toward poor management practices regarding its billing procedures and directs the City to correct such deficiencies. We do not find, however, that any further adjustments to rates, beyond those already made by the ALJ, are warranted by the record.

Due to the Commission's decision on other issues raised by the exceptions, the Commission does not believe it needs to address the remaining concerns of the intervenors.

FINDINGS OF FACT

1) The Commission finds that the certificate Case Number 90-296-W-CN has not been decided. Thus, it is uncertain which of the projects will be certificated and what conditions will be placed on the cost estimates.

2) The City's funding with respect to this project is not certain. The ultimate rates to be used by the City after the completion of construction will vary depending on whether or not any grant money is received by the City.

3) In addition to the end results for the certificate case and uncertain funding, bids have not been opened with respect to the project.

4) It is submitted by all parties that the power costs reflected by the tier two rates have been overstated, and this overstatement has been quantified by submissions in the record at \$123,078.

5) Due to the uncertainty with respect to the certificate case, the funding, the lack of bids, and the overstatement of the power costs, the Commission finds that it cannot affirm the tier two rates established in Appendix 3 of the Recommended Decision.

6) The Commission's regulations concerning the government of water utilities, specifically Rule 5.02, does not require the

mandatory adjustment of rates if unaccounted-for water is in excess of 15%.

7) The Commission's regulations require that the water utility report the calculated amounts of unaccounted-for water and if that amount exceeds the 15%, it is to propose remedial action.

CONCLUSIONS OF LAW

1) The Commission concludes that the rates approved in Appendix 3 to the Recommended Decision, which were to be effective upon completion of the projects yet to be certificated in Case Number 90-296-W-CN, cannot be approved for the reasons set forth herein.

2) The Commission concludes that notwithstanding this termination to disapprove the tier two rates at this point, the City is not precluded from taking future ordinance action that it may deem necessary to adjust its rates depending on the outcome of Case Number 90-296-W-CN.

3) Rule 5.02 of the Commission's Rules and Regulations for the Government of Water Utilities requires that this utility report in its Annual Report its unaccounted-for water. If that unaccounted-for water is calculated to be in excess of 15% the report must contain proposed remedial action to be taken by the City.

ORDER

IT IS THEREFORE ORDERED, that the rates and charges contained in Appendix 3 of the ALJ Recommended Decision be hereby stricken.

IT IS FURTHER ORDERED, that the City of Weirton shall calculate its unaccounted-for water in its next Annual Report. In the event the calculated unaccounted-for water is in excess of 15% the Annual Report shall contain the proposed remedial action to be taken by the City.

IT IS FURTHER ORDERED, that the ALJ Recommended Decision of July 23, 1990, in all other respects which are not inconsistent with this order, is hereby affirmed.

The Executive Secretary is hereby ordered to serve a copy of

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
AT CHARLESTON

Entered: September 18, 1990

CASE NO. 90-296-W-CN

CITY OF WEIRTON, a municipal corporation, Hancock County.

Application for a certificate of convenience and necessity to construct and install a raw water intake, pump station, reservoir system, booster station and improvements to existing distribution facilities to provide water service to the City of Weirton, Brooke and Hancock Counties.

RECOMMENDED DECISION

On May 11, 1990, the City of Weirton, a municipal corporation, Hancock County, filed a duly verified application for a certificate of convenience and necessity to construct and install a raw water intake, pump station, reservoir system, booster station and improvements to its existing distribution facilities providing water service to customers located in and around the City of Weirton, Brooke and Hancock Counties. In total the City's proposed project included five separate construction contracts which were to be completed at a total estimated project cost of \$5 million. The City of Weirton proposed to finance these projects by a Water Development Authority bond issue in the amount of \$5 million.

The five construction projects identified as a part of this project are segregated as follows:

- Contract One - to provide for the construction of a permanent river raw water intake;
- Contract Two - to provide for the construction of a new raw water pump station;
- Contract Three - to provide for the construction of two 1,500,000-gallon water storage tanks at Lee Avenue and for the replacement of existing Marland Heights booster station pumps, in part to pump water to the new reservoir;
- Contract Four - to provide for the replacement of an existing booster station on the City of Weirton's

system by the construction of a Weir Avenue booster station and construction of a hydropneumatic booster for the top of Weircrest; and

Contract Five - to provide for the installation of approximately 6,250 feet of 12-inch water main, and all necessary valves and appurtenances.

In order to support the project, the City of Weirton proposed to assess rates and charges which were contained in Rate Ordinance No. 916, which had been adopted by the City Council of Weirton on December 28, 1989. Those rates and charges were the subject of a separate rate investigation in Case No. 90-051-WS-MA.

By Order entered on May 11, 1990, the City of Weirton was required to provide public notice of its proposed certificate application in newspapers published and of general circulation in each of the Counties of Hancock and Brooke. Affidavits of publication received on June 4 and June 14, 1990, verified that the required notice was provided.

In response to protest which was filed in response to the published notice, by Order entered on June 15, 1990, the matter was scheduled for hearing to be conducted in the Youth Room, Community Center, 3420 Main Street, Weirton, West Virginia, on Tuesday, July 10, 1990, beginning at 9:30 a.m., EDST. By the terms of the June 15, 1990 Order, the City of Weirton was required to publish notice of the time and place of the scheduled hearing in newspapers published and of general circulation in each of the Counties of Hancock and Brooke at least two times between June 15, 1990 and July 5, 1990. Affidavits of publication filed on July 5, 1990, verified that the required notice of the hearing was provided in accordance with the terms of the Commission's June 15, 1990 Order.

The hearing commenced as scheduled on July 5, 1990. Robert R. Rodecker appeared on behalf of the City of Weirton, and Tom Sayre appeared on behalf of Commission Staff. Four individual customers of the City of Weirton, Mr. Ralph Barone, Ms. Kathleen A. Iaquina, Mr. Tony Iaquina, and Mr. Edward Rodak, were all granted Intervenor status in this case. At the conclusion of the hearing, all parties of record waived the right to submit briefs in this case, and they instead made closing statements at the conclusion of testimony.

As noted previously, in part, the rates and charges which had been requested by the City of Weirton in Case No. 90-051-WS-MA included rates and charges which the City of Weirton deemed necessary to support the continued operation of its water system, if the five described projects in this case are constructed. By Order entered on July 23, 1990 in Case No. 90-051-WS-MA, this Administrative Law Judge (ALJ) issued a Recommended Decision which established certain increased rates and charges on behalf of the City of Weirton. The Recommended Decision adopted two tiers of rates. The first tier of rates established rates and charges to become effective August 13, 1990, which were deemed necessary to support the continued operation of the City of Weirton's

system, without the construction of the five projects identified in the certificate case. The City of Weirton was also authorized by that Order to implement a second tier of increased rates and charges upon the completion of any and all projects which were authorized by the Commission to be constructed in Case No. 90-296-W-CN, consistent with the terms of the adopted Stipulation, as modified by the terms of the July 23, 1990 Order. The stipulated second tier revenue requirements, which were set forth in Appendix 1 of the July 23, 1990 Recommended Decision included a theoretical debt service reserve with a maximum \$5 million borrowing from the Water Development Authority, to be repaid at an interest rate of 7.75% over a period of 38 years. The July 23, 1990 Decision recognized that the City hoped to receive a \$750,000 Appalachian Regional Commission (ARC) grant on the project, although the prospect of receiving such a grant prior to the project's construction appeared to be diminishing. In the event that the \$750,000 grant became available, or all or part of the proposed projects were not approved by the Commission for construction, the July 23, 1990 Order provided a mechanism by which the approved rates and charges would be reduced to reflect the lowered WDA borrowing. By proceeding in this manner, the second tier of increased rates and charges recommended by the July 23, 1990 Order represented the maximum rates and charges which were needed to support the maximum project costs which would be flowing from Case No. 90-296-W-CN.

By Final Order entered in Case No. 90-051-WS-MA, on August 10, 1990, the Commission rejected in toto the second tier of increased rates and charges which were needed to support the project construction in Case No. 90-296-W-CN. Although the Commission disapproved the second tier rates established by the Administrative Law Judge, the Commission indicated that the City would not be precluded from taking any future ordinance action that it deemed necessary to adjust its rates, depending upon the outcome of Case No. 90-296-W-CN.

On August 20, 1990, the City of Weirton requested that the Commission reconsider its August 10, 1990 decision in Case No. 90-051-W-MA.

EVIDENCE

Four affected customers made statements as public witnesses in this case. The Intervenor presented the testimony of four witnesses, the City of Weirton presented the testimony of four witnesses and Commission Staff presented the testimony of two witnesses.

Mr. Leonard D. Salerno was primarily concerned about the impact of the project on senior citizens served by the City's water system. He described a number of programs which had been instituted in recent years to help ease the financial burden on senior citizens living on a fixed income. Since the City of Weirton's declining population was becoming more and more composed of senior citizens, he was very concerned about the impact of the increasing water rates on the City's senior citizens, and requested that the City and the Commission consider a special reduced senior citizen's rate for water services. (Tr., pp. 11-18).

Mr. John Barone noted that the City's Water Board had entered into a contract with Weirton Steel Corporation to construct a 24-inch line which is currently not being used to its capacity. Mr. Barone also noted that a portion of the 3,000,000-gallon Lee Avenue Reservoir was to serve the Weirton Steel Corporation. If that is true, he believed that Weirton Steel Corporation should be bearing the cost of constructing the additional capacity which is needed exclusively to serve the Weirton Steel Corporation. (Tr., pp. 20-23).

Mr. Vance Battista had been associated with an engineering firm which performed the preliminary study of leaks on the City's water and sewer systems in early 1980. Based on those observations, he believed that part of the infiltration and inflow which was observed on the City's sewer lines was the result of some leaking water distribution lines, and he believed that the leaks in the water distribution lines should be located and corrected. (Tr., pp. 24-28).

Mr. Albert Torbich related difficulties which he and other petitioners encountered in circulating petitions against the water rate increase and presenting them before the City of Weirton Water Board and the Public Service Commission. (Tr., pp. 29-31).

Mr. Ray Lewis, a customer within the City of Weirton's city limits, believed that some of the City of Weirton's water was ultimately being used to serve customers in other territories, including Pennsylvania. He believed the City's rates were too high, and the City was not charging outside customers enough for providing water service to them. (Tr., pp. 32-35).

Mr. John Moore, a member of the City Council for 27 years, was of the opinion that the City of Weirton did not need a 3,000,000-gallon reservoir to provide adequate fire service throughout its system, but believed that a 1,500,000-gallon reservoir would suffice. Mr. Moore testified that he had also been against the City obtaining its raw water supplies from the river, and believed that the City should investigate additional well sites in the Harmon Creek area. He also believed that the existing well sites of the City provided adequate water supplies to meet the City's requirements, without any raw water intake. (Tr., pp. 37-41, 44-46, 51-53, 55-57).

Mr. Moore also expounded upon a 24-inch line which had been previously constructed from the City's water treatment plant to Weir Avenue. At the time the project was initially constructed, Mr. Moore stated that Weirton Steel Corporation was supposed to purchase one million gallons of water per day. There was never a signed contract to that extent, although he believed there was a verbal agreement. Weirton Steel Corporation loaned the City of Weirton the funds to construct the particular line, and Weirton was to pay the money back over time as the Weirton Steel Corporation purchased water from the system. (Tr., pp. 57-59).

Thomas Koumaros, City Treasurer for the past 27 years, sponsored a copy of the City of Weirton's existing bond ordinance for its waterworks, Ordinance No. 159, which was issued in 1964. As set forth in that

Ordinance, the City of Weirton was to charge customers located outside the City's corporate limits 115% of the corresponding water rates charged to customers residing inside the City of Weirton's limits. The City of Weirton has two bulk resale customers, the Paris-Florence Water Authority and the Oakland Public Service District, which provide service to customers located outside the City limits. However, the meter for the Paris-Florence Water Authority is located within the City limits. Therefore, the 115% surcharge has not been assessed by the City to this customer. (Intervenor's Ex. No. 1; Tr., pp. 69-71).

Mr. John Iaquina, a twenty-five year resident of Weirton, had reviewed the City's plans, and believed that the City's proposed Weir Avenue booster line extended one-half mile further than necessary up to and across Murphy Avenue, before tying across to the City's existing lines. Since there were few residences along that route, and Weirton Steel had constructed two refuse tanks near the proposed line, he questioned the need and reasonableness of the proposed routine. (Tr., pp. 304-312; City of Weirton Ex. No. 2).

The City of Weirton sponsored four witnesses in support of its application. These witnesses included Mr. Bruce Fox, Utilities Director for the City of Weirton; Mr. James R. Gills, President of Gills, Gard and Johnson, engineer for the City's water project; Mr. A. D. Mastrantoni, of the Brooke-Hancock Planning and Development Counsel; and Mr. Keith Johnson, Vice-President of Gills, Gard and Johnson, project engineer. Certain other aspects were testified to by Mr. William Ridgeway, City attorney, at the request of the Intervenor in this case. Commission Staff presented the testimony of Robert McDonald, Senior Utilities Analyst with the Public Service Commission of West Virginia; and Mr. Charles E. Windham, Jr., Utilities Engineer with the Public Service Commission of West Virginia.

As testified by these various witnesses, the various projects sought by the City of Weirton were deemed necessary to comply with West Virginia Department of Health orders and make improvements in the distribution system to assure a continued supply of high quality, potable water.

The City of Weirton had secured its water supplies from well systems over an extended period of time, and one well, identified as the Ranney well, served as the primary water source for the system. Three supplemental field wells had been drilled in 1981 within the immediate area, but since they drew from the same water table, they do not increase the available supply source to the City. (Tr., pp. 88-89).

During the summer of 1987, the City began encouraging curtailment of water consumption on its system, due to the supply demands placed on its existing well system. Concurrently, the City hired the services of a ground water developing firm to survey the area and conduct hydrological tests on alternate well sites to augment its existing supplies to determine the available area with the best potential for groundwater development. Those initial tests, conducted at potential sites located at the mouth of Harmon Creek and the Ohio River during 1988, located a site with a potential capacity of 2,000,000 gallons per day, but the water was twice as hard as the City's existing supply, the temperature of

the water was elevated, and the source was subject to potential leachate and contamination from slag pits maintained at higher elevations. There was also a distance of one mile between the potential well site and the City's existing water treatment plant. (Tr., pp. 90-95, 101-104).

During the spring of 1988, the City of Weirton experienced water shortages during a prolonged drought, and found it necessary to impose water conservation measures by municipal ordinance. (Tr., pp. 106-109; City Ex. No. 2). The City's water supply problems were relieved by the installation of a temporary river intake in August of 1988. The temporary river intake essentially consists of two submersible pumps set down in the Ohio River at the end of a pier. The State Health Department allowed the City of Weirton to establish this temporary raw water intake as an emergency measure, with the understanding that final plans and specifications for a permanent supply source and system upgrade would be submitted within twenty-four (24) months. (Tr., pp. 95-97).

The State Health Department also waived certain surface water treatment requirements on a temporary basis, while the City's permanent plans are being finalized. The City's existing plant was originally designed to treat ground water, which must be detained in clarifiers for a minimum of two hours. Normally, surface water is to be detained a minimum of four hours for clarification, coagulation and other treatment processes. On a temporary basis, the State Health Department has permitted the City to use one clarifier dedicated to surface water, with a system which is not designed to provide four (4) hours' detention time. (Tr., p. 97).

Since the City first began obtaining part of its water supply from the river, it has gradually become less and less reliant on its wells as its primary water source. Although the volume of pumped river water is not currently metered, Mr. Fox estimated that 70% of the City's water supply is currently obtained from the river, and less than 500,000 gallons per day are obtained from its existing wells. However, even at these reduced usage levels, the well sources do not appear to be recharging at a substantial rate. (Tr., pp. 114-115).

The City's engineers performed a general facilities plan which addressed the availability of water supply, the handling of sludge disposal, minimum water storage requirements, and improvements required on the City's water distribution system over the next twenty years. (Tr., pp. 93-96, 101-102).

The overall improvements proposed for the City's water system are set forth in the engineering report, identified as City Exhibit No. 6. In that report, the City's Engineer has proposed expansion of the City's storage capacity, the establishment of a permanent raw water intake, modification and upgrade of the City's existing water treatment plant to meet the Department of Health's increased standards for treating both river water and the City's well water, and various improvements to the City's distribution system. (See generally, City Ex. No. 2). The City has proposed to proceed with these overall improvements in two phases, with its present application representing only its first phase of improvements. None of the proposed plant renovations are included in the

current project, and they are to be separately addressed in a Phase II application to be sought at a later time. (Tr., pp. 153-158).

As proposed, the City wishes to install a 42-inch diameter permanent raw water intake which will bring water in to a new raw water pump station. The proposed raw water intake, which is to be constructed at a total estimated project cost of \$666,941, is designed to provide up to 24 million gallons per day. A smaller diameter intake was considered, but the City's engineer was concerned that the capacity of a smaller intake (24-inch with a 6 million gallon per day capacity or 30-inch with a 10 million gallon per day capacity) may prove to be inadequate over the useful service life of the intake, which could exceed 50 years. Since the labor and equipment expenses to install either diameter piping in an aquatic environment were approximately the same, the only cost difference between the considered alternatives was the material cost of the piping and the intake screen. (City Ex. No. 6, p. 6-4; City Ex. No. 5; Tr., pp. 235-236, 238-239).

The proposed raw water pump station is designed to utilize a series of pumps of varying capacities which can be run in different combinations to best match the fluctuating supply requirements of the City at the lowest power costs. The total estimated cost associated with this portion of the project is \$1,120,737. The collective capacity of the initial raw water pumps is proposed at six million gallons per day, but pump settings will be established to house up to 24 million gallons per day of pumping capacity. (City Ex. No. 5; City Ex. No. 6, p. 6-5; Tr., pp. 236-240).

Currently, the City's water treatment plant has a total treatment capacity of four million gallons per day, and it has experienced pumping levels of four to five million gallons per day to meet the demands of its existing water system. (City Ex. No. 6, p. 6-3). As noted in the July 23, 1990 Recommended Decision in Case No. 90-051-WS-MA, the City of Weirton is currently experiencing unaccounted-for water levels of 21.4% according to records for its most recent test year. However, the accuracy of that figure is suspect in light of the acknowledged billing discrepancies and inadequate meter testing and replacement programs applied by the City of Weirton in recent years. (See, July 23, 1990 Recommended Decision in Case No. 90-051-WS-MA, at pp. 10-11, 13).

After evaluating the storage requirements on the City of Weirton's system, both in view of its fire protection requirements and the peak hour demands of its overall system, the City's engineer determined that the City required additional storage. The engineer also found the City's existing 1,000,000 gallon Lee Avenue Reservoir to be in poor condition and in need of replacement. Based upon the calculated storage requirements of the system, the City's engineer estimated a need for 3,300,000 gallons in total storage capacity at Lee Avenue. This number is composed of 1,000,000 gallons to meet the maximum day demands of the system's customers, 1,300,000 gallons for fire flow, and 1,000,000 gallons to provide additional requested capacity to Weirton Steel Corporation. Based upon the system and site limitations of the Lee Avenue Reservoir, the City's engineer recommended the construction of 3,000,000 gallons of storage capacity at that site, believing that the

remaining 300,000 gallons of storage shortfall could be offset by conservation or emergency backflow of water from higher level systems. The engineer also recommended that the storage be provided by two 1,500,000 gallon tanks, as opposed to a single 3,000,000 gallon tank, to provide a means of alternate cleaning and inspection without unduly compromising the City's total storage capacity. The City's engineer testified that storage tanks are commonly sized in factors of 500,000 gallons. The engineer noted that the storage tanks could be constructed in two phases, but believed that the City should attempt to construct them at the same time, at a total estimated cost of \$2,200,000. The City also proposed to replace the existing booster pump facilities along Marland Heights to better supplement the water plant pumping to the Lee Avenue Reservoir. (City Ex. No. 5; City Ex. No. 6, pp. 9-2A through 9-4; Tr., pp. 242-250, 274-278, 287-289).

The proposed Weircrest booster station is a 900-gallon per minute pump station designed to alleviate pressure problems and pump failures which are currently being experienced in the Weirton Heights area. The correction of this problem will also eliminate or reduce pumping problems experienced at the Rice Boulevard pumping station, the Howard Park pumping station and a smaller pumping station further north on the system. The total cost of this portion of the project is estimated at \$557,559. (Tr., pp. 217-218; City Ex. No. 5).

The proposed Weir Avenue pumping station and main upgrade is designed to serve the Weirton Heights area of the City's system, which is one of the higher elevations served by the City. Currently, the City has found its piping in that area to be too small, and it has experienced difficulties in delivering water to the Weirton Heights area in sufficient quantities, without affecting the pressures and quantities from Weircrest and other areas further to the north. The proposed upgrade in that area, at a total estimated project cost of 447,559, is designed to alleviate these experienced problems. While other alternate routes may be available, the specific line routing was selected due to the existence of available easements and access to the property in question, since the proposed lines were to be laid along city streets. (Tr., pp. 218, 270-273; City Ex. No. 5).

The total project has yet to be bid. Therefore, it is currently impossible to determine whether the actual project costs for the five described projects would be higher or lower than \$5 million. (Tr., pp. 149-150).

The City has sought a \$750,000 ARC grant to offset some of the construction costs. If this funding is to become available, it must also be matched by a corresponding contribution from Weirton Steel Corporation. This funding is being sought to offset the cost of constructing the additional one million gallons of storage capacity on behalf of the Weirton Steel Corporation. (Tr., pp. 123-124, 143-154, 200-204; City Ex. No. 1, Tab 5).

Weirton Steel Company's role in this matter was unclear on the record, and ongoing negotiations were being conducted between the City and Weirton Steel Corporation. Based upon the representations made at

the hearing, Weirton Steel Corporation wished to reserve one million gallons of the storage capacity for its use, on demand, but it did not intend to obligate itself to actually use any of the capacity. The City indicated that Weirton Steel primarily desired the reserve storage for fire protection, but the City also hoped that Weirton Steel Corporation would begin using additional volumes of water for its everyday use. Currently, Weirton Steel Corporation uses the City of Weirton's water system to serve some of its needs, but it also relies on its own water plant to provide water for use in its manufacturing process. The Weirton Steel Corporation has apparently agreed to meet the ARC grant matching requirement by forgiving \$750,000 of a debt owed to it by the City of Weirton. (Tr., pp. 143-145, 151; Intervenor's Ex. No. 2).

In July of 1980, the City of Weirton entered into an agreement with the National Steel Corporation to finance the \$1,200,000 construction of a 24-inch water line extending from the City's filtration plant to the Lee Avenue Reservoir. At the time the contract was executed, a number of alternate proposals had been discussed, including one in which the Weirton Steel Corporation would obligate itself to take or pay for a consumption level of one million gallons per day until the construction expense was fully amortized. However, that alternative depended upon the City fronting the \$1.2 million in construction costs, which it lacked the financial means to do. The executed agreement merely obligated the City to retire the \$1.2 million debt to Weirton Steel Corporation from the proceeds of a bond issue designed to finance the construction. No such bond issue was ever made by the City, Weirton Steel Corporation never increased its level of purchased water, and the loan was never repaid to Weirton Steel Corporation. The City has offered, and Weirton Steel Corporation has apparently accepted, one million gallons of dedicated storage capacity at the proposed Lee Avenue Reservoir in exchange for a \$750,000 reduction in the described \$1.2 million debt. The City officials have sought a total forgiveness of the \$1.2 million debt in exchange for this dedicated capacity, and no formal agreement on the described forgiveness of debt has been made a part of this record. (Intervenor's Ex. No. 2; Tr., pp. 292-302).

The State Health Department has reviewed the City's plans and issued a permit to construct the facilities set forth in the five described projects. (City Ex. No. 1, Tabs 9 and 10). Commission Staff has reviewed the various projects, concluded that they are consistent with the public need, and recommended approval of the requested certificate. (Staff Ex. Nos. 1; Tr., pp. 318-322).

The City of Weirton has received appropriate assurances from the Water Development Authority that it shall be permitted to borrow up to \$5 million to finance the described projects. If the actual bids would cause the City to exceed the available funding, it would be forced to reduce or eliminate one or more of the described projects from this package, and proceed to construct what it could with the \$5 million. The City's prospects of receiving the \$750,000 ARC grant in time to proceed with the project are remote, since its application has not been prioritized by the Governor's Office of Community and Industrial Development for the current fiscal year. However, if these funds should become available prior to project construction and the closing of the WDA

bond issue, the size of the corresponding WDA bond issue could be correspondingly reduced. (Tr., pp. 122-123, 200-204, 315).

The Commission Staff and the City had previously stipulated to a set of rates which would be sufficient to support a \$5 million borrowing, once the project was completed. The stipulation also provided a mechanism by which the rates to be placed into effect after project construction would be reduced to reflect any lowered debt service, in the event that the WDA borrowing was reduced in the event of favorable bids or the availability of the \$750,000 ARC grant. (City Ex. No. 4). The June 23, 1990 Recommended Decision in Case No. 90-051-WS-MA, which adopted the proposed stipulation and rate adjustment mechanism, was reversed by the Commission on August 10, 1990. Therefore, by virtue of the Commission's Order, the City does not have sufficient rates and charges to support the project unless and until the Commission either reconsiders its August 10, 1990 decision in Case No. 90-051-WS-MA on petition for reconsideration, or the City successfully enacts and adopts a revised municipal ordinance which generates sufficient rates and charges to prospectively support the project.

DISCUSSION

Based upon the evidence presented in this case, this Administrative Law Judge is of the opinion that the City of Weirton has adequately established a public need for the five (5) described projects. The projects are technically sound and properly designed from an engineering standpoint, based upon the independent analysis of both the Department of Health and the Commission Staff.

The ALJ would have preferred to have been presented with a firm commitment from Weirton Steel Corporation to forgive the \$1.2 million debt previously incurred by the City of Weirton in constructing the 24-inch Lee Avenue line and/or entering into a take or pay contract for the reserved capacity. However, the construction of a three million gallon capacity reservoir at Lee Avenue is neither unreasonable nor inappropriate, given the system demands and storage requirements for the City of Weirton system, even without the dedication of reserved storage capacity to Weirton Steel. However, the ALJ also notes that the City could also reasonably delay the construction of one of the proposed 1.5 million gallon tanks, if necessary, to secure the benefits of a forthcoming ARC grant and to obtain a firmer commitment from Weirton Steel Corporation, to better protect the interests of its customers.

The City's proposed use of a permanent river water intake is adequately supported by engineering studies, and is a reasonable and appropriate alternative to meet the City's existing and projected water supply requirements. While the City could proceed to investigate alternate well sites ad infinitum, there is no evidence to conclude that the ground water supply alternative was not reasonably considered and investigated, and the City's pressing supply requirements would limit its ability to investigate tenuous and less cost effective locations for wells.

The projects are adequately supported by sufficient permanent financing, as long as the total cost of the combined projects does not exceed \$5 million. However, if the bids exceeded that amount, this ALJ could not offer an opinion about the adequacy of funding without reviewing the City's revised project costs or any alternate source of supplemental funding. Since WDA funds are characteristically provided at the start of construction, there would be no need for interim financing on the project.

The ALJ cannot conclude that the project is supported by adequate rates and charges unless and until the City of Weirton establishes increased rates and charges by further municipal ordinance, or the Commission establishes sufficient rates and charges for use after the completion of project construction by petition for reconsideration in Case No. 90-051-WS-MA.

As a part of the certificate review process, the ALJ must conclude whether the described municipal project is adequately supported by proposed rates and charges. (See, Town of Delbarton, Case No. 79-392-S-C (1980); Town of Man, Case No. 81-433-W-PC (April 16, 1982); Town of Meadow Bridge, Case No. 81-244-S-CN (August 23, 1982); and Town of Ripley, Case No. 83-332-W-CN (May 7, 1984)). Similarly, these cases have also addressed whether the proposed rates had to be adopted by municipal ordinance before a certificate of convenience and necessity could be properly issued. The Ripley decision concluded that, while Code §24-2-4b does not require the utility to have an ordinance executed prior to the filing of the certificate case, the better practice would be to have the rate ordinance supporting the construction project in place prior to the issuance of the certificate. (See, Town of Ripley, Case No. 83-332-W-CN, 71 ARPSCWV 2120 at 2124 (May 7, 1984)).

In this case, by Final Order, the Commission has denied stipulated rates which would be sufficient to support the City of Weirton's proposed project in this case. Until adequate supportive rates and charges are established by one mechanism or another, the approval of the requested certificate would be contrary to the public interest, and the requested certificate application must be denied in accordance with the Commission's established policy. The City must either reinstitute the ratemaking process from the beginning, with the adoption of a new ordinance, or obtain Commission approval of sufficient rates and charges on petition for reconsideration in Case No. 90-051-WS-MA. Since the requested certificate is being denied on these grounds, the City of Weirton may seek approval of the requested certificate on petition for reconsideration, concurrent with the adoption or approval of sufficient supporting rates and charges.

FINDINGS OF FACT

1. The stipulated revenue levels set forth in Appendix B, City Exhibit No. 4, were determined by Commission Staff and the City to be required to support the City's revenue requirements if and when the five contracts proposed in this case are constructed. (See, City Ex. No. 4, pp. 5-6).

2. The stipulated revenue levels set forth in Appendix A, City Exhibit No. 4, were determined by Commission Staff and the City to meet the City's revenue requirements if none of the five contracts in this case are approved. (See, City Ex. No. 4, p. 4).

3. The rates and charges recommended by the stipulation in City Exhibit No. 4 were the subject of a separate rate investigation in Case No. 90-051-WS-MA.

4. By Recommended Decision entered on June 23, 1990, in Case No. 90-051-WS-MA, this Administrative Law Judge adopted increased rates and charges which reflected the revenue levels set forth in the stipulation set forth in City Exhibit No. 4. The Recommended Decision adopted two tiers of rates, with the second tier of rates to go into effect upon the completed construction of any project approved in this certificate application. The Order also provided a mechanism by which the second tier rates and charges would be reduced to reflect lowered borrowing levels which would result from the disapproval of one or more contracts, the availability of any grant funds which would reduce the borrowing below \$5 million, or the receipt of favorable bids. (June 23, 1990 Recommended Decision, City of Weirton, Case No. 90-051-WS-MA).

5. By Order entered on August 10, 1990 in Case No. 90-051-WS-MA, the Commission denied the second tier of rates which the Recommended Decision would have adopted to support any project approved by this certificate case. (August 10, 1990 Final Commission Order, City of Weirton, Case No. 90-051-WS-MA).

CONCLUSIONS OF LAW

1. By virtue of the Commission's August 10, 1990 Order in Case No. 90-051-WS-MA, the City of Weirton does not have sufficient rates and charges to support any project in this case unless and until the Commission either reconsiders its August 10, 1990 decision in Case No. 90-051-WS-MA on petition for reconsideration, or the City successfully enacts and adopts a revised municipal ordinance which generates sufficient rates and charges to prospectively support the project.

2. Until adequate supportive rates and charges are established by one mechanism or another, the approval of the requested certificate would be contrary to the public interest, and the requested certificate application must be denied in accordance with the Commission's established policy.

3. Upon consideration of the above, the Administrative Law Judge shall deny the City of Weirton's requested certificate of convenience and necessity unless and until adequate rates and charges are established which support its requested project. Since the requested certificate is being denied on these grounds, the City of Weirton may seek approval of the requested certificate on petition for reconsideration, concurrent with the adoption or approval of sufficient supporting rates and charges.

ORDER

IT IS, THEREFORE, ORDERED that the certificate of convenience and necessity as filed by the City of Weirton on May 11, 1990 is hereby denied on the grounds that its described project is inadequately supported by existing or adopted rates and charges.

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

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

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

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



Robert F. Williams
Administrative Law Judge

REW:cjf

*Typed to Jim Hill
10/30/90*

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA, in the City of Charleston on the 29th day of October, 1990.

CASE NO. 90-051-WS-MA

CITY OF WEIRTON, a municipal corporation, Hancock County.

Investigation and suspension of increasing water and sewer rates and charges as a result of a petition filed in accordance with West Virginia Code §24-2-4b.

and

CASE NO. 90-296-W-CN

CITY OF WEIRTON, a municipal corporation, Hancock County.

Application for a certificate of convenience and necessity.

FINAL ORDER

On August 10, 1990, in Case No. 90-051-WS-MA, City of Weirton, the Commission issued a Final Order which reversed an Administrative Law Judge Decision with respect to Weirton's municipal appeal case. Among other things, the Commission found that it could not affirm the "Tier Two rates" established in Appendix 3 of the Recommended Decision of the ALJ due to the uncertainty with respect to the certificate case, the funding for the projects, the lack of bids, and the over statement of the power costs. On August 20, 1990, the City of Weirton filed a Petition for Rehearing of the Commission's Order.

On September 18, 1990, the Administrative Law Judge issued a Recommended Decision in Case No. 90-296-W-CN, City of Weirton, which indicated that the Administrative Law Judge would have granted the requested certificates of convenience and necessity; however, found that the projects could not be certificated because they were not adequately supported by existing or adopted rates and charges. On October 3, 1990, the City of Weirton filed Exceptions to the Recommended Decision.

DISCUSSION

In its August 10, 1990 Order, the Commission could not approve the rate increase of the municipality associated with the proposed certificated projects (the Tier Two rates) because the Administrative

Law Judge had not yet entered a decision indicating whether or not the projects would be certificated. That factor, together with the uncertainty of the funding for the City's proposed certificate projects were the two primary reasons for the disallowance of the proposed rates associated with construction. Now that the Administrative Law Judge has issued his Decision in the certificate case, and since he found that it would be appropriate to issue the requested certificates except for the lack of adequate existing or adopted rates and charges, the Commission believes the primary reasons for its August 10, 1990 Order are no longer present and, consequently, that Decision will be reversed.

In particular, the Administrative Law Judge in Case No. 90-296-W-CN, City of Weirton, which involved an application for a certificate of convenience and necessity to undertake the construction, found that based upon the evidence presented in the case, that the City of Weirton had adequately established a public need for the five (5) described projects. The ALJ determined that the projects were technically sound and properly designed from an engineering standpoint based upon the independent analysis of both the Department of Health and the Commission's Staff. (See ALJ Recommended Decision, Case No. 90-296-W-CN, September 18, 1990, p. 10) As previously indicated, the rates associated with these projects were before the Commission in the municipal appeal case.

In its Petition for Rehearing and Reconsideration in Case No. 90-051-WS-MA, the City attached an August 15, 1990 letter from the Appalachian Regional Council Coordinator, Ralph H. Goolsby that indicated that there would be no ARC funds to support the project. Consequently, the City indicates that its funding is going to have to be through WDA bond money. In addition, the City asserts that in order to obtain WDA funds, the City will have to have adequate rates. (Petition for Rehearing, August 20, 1990, p. 5, Case No. 90-051-WS-MA)

Therefore, the Commission concludes that the two primary reasons for disallowance of the Tier Two rates have now been resolved since the entry of its Order on August 10, 1990. There is now a determination that the projects should be certificated from a public need perspective and it has been determined that the funding for the project will have to be obtained from WDA.

In its August 10, 1990 Order, the Commission also cited two other factors for denial of the Tier Two rates, i.e., the lack of bids for the project and the overstatement of the power costs. Since the Commission is going to place sufficient contingencies on the implementation of the Tier Two rates upon completion of the project, the Commission believes the lack of bids to be a relatively insignificant factor. Additionally, the Commission recognizes that the power costs were embedded in a revenue level that was stipulated between the City and Staff as being a reasonable overall level of revenues. Consequently, the Commission determines that these two factors are insufficient reasons for denial of the project and the

approval of rates associated with the project be effective upon completion of the project with certain contingencies.

Therefore, the Commission will reinstate the rates and charges contained in Appendix 3 of the ALJ's Recommended Decision of July 23, 1990, in Case No. 90-051-WS-MA. In addition, the terms and conditions associated with the Tier Two rates as contained within the Recommended Decision are adopted with respect to the use of these rates upon completion of the projects certificated in Case No. 90-296-W-CN.

FINDING OF FACTS

1. Following the Commission's Order of August 10, 1990, which denied the Tier Two rates of the City of Weirton associated with certain uncertificated projects, the Administrative Law Judge issued a Decision on September 18, 1990, in Case No. 90-296-W-CN, which indicated that there was a public need for the proposed projects but that they should be denied because of inadequate rates. (See, Case No. 90-296-W-CN, Recommended Decision, September 18, 1990)
2. The Administrative Law Judge determined in the certificate case that there was a public need for the five (5) described projects and that the projects were technically sound and properly designed from an engineering standpoint, based upon the independent analysis of both the Department of Health and the Commission's Staff. (Case No. 90-296-W-CN, Recommended Decision, September 18, 1990, p. 10)
3. In its Petition for Rehearing, the City of Weirton has attached a communication from the Appalachian Regional Commission which indicates that ARC grant money will not be available for funding of the proposed construction. (See Weirton's Petition for Rehearing, August 20, 1990, Exhibit No. 1)
4. In order to obtain WDA funds, the City of Weirton must have adequate rates established. (Petition for Rehearing, August 20, 1990, p. 5)
5. The power costs of the City are embedded in an overall revenue number which was stipulated to between the City and the Commission's Staff as being a reasonable overall revenue for the City.
6. Although the Commission, in its August 10, 1990 Order denying the Level Two rates associated with the certificate project, indicated that the denial was based, in part, upon the fact that bids had not been opened, the Commission believes that the contingencies regarding the Tier Two rates which are being reestablished by the Commission in this order are sufficient to safeguard the public interest.

7. The Commission finds that it is administratively efficient to consolidate Case Nos. 90-296-W-CN and 90-051-WS-MA, and to issue a Decision which resolves the issues in both cases.

CONCLUSIONS OF LAW

1. The Commission concludes that the City of Weirton has shown public need for the certificated projects in 90-296-W-CN as required by West Virginia Code §24-2-11.

2. The Commission concludes that it is reasonable to establish rates for the City to use upon completion of those projects subject to contingencies set out in the Recommended Decision of July 23, 1990, in Case No. 90-051-WS-MA.

3. If the Commission were to disallow the Tier Two rates in Case No. 90-051-WS-MA, it is clear that the City would have the ability to reenact an Ordinance which would establish rates associated with the certificated projects. The Commission may or may not obtain jurisdiction regarding that Ordinance under West Virginia Code §24-2-4b. Therefore, it is reasonable for the Commission to now review the reasonableness of the proposed Tier Two rates and establish sufficient safeguards since it has been determined that it is in the public interest to certificate the projects.

ORDER

IT IS, THEREFORE, ORDERED that Case No. 90-296-W-CN and Case No. 90-051-WS-MA are consolidated.

IT IS, THEREFORE, ORDERED that the ALJ's Decision in 90-296-W-CN, City of Weirton, is hereby reversed to the extent it denied the project certificate on the basis that there was inadequate rates to support the projects. In all other respects the Decision of the ALJ is affirmed and adopted as a Final Order of the Commission.

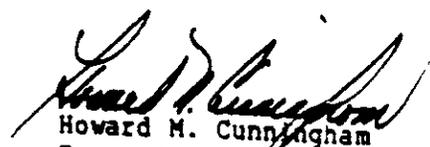
IT IS FURTHER ORDERED that the City is granted a certificate of public convenience and necessity to undertake construction of the projects which were the subject of Case No. 90-296-W-CN and the Decision of the ALJ entered on September 18, 1990.

IT IS FURTHER ORDERED that the Commission's Decision of August 10, 1990, which disallowed use of the Tier Two rates and charges contained in Appendix 3 of the Administrative Law Judge's Recommended Decision of July 23, 1990, in Case No. 90-051-WS-MA is reversed.

IT IS FURTHER ORDERED that the City may utilize the maximum rates established in its Tier Two rates as contained in Appendix 3 to the ALJ's Recommended Decision of July 23, 1990, subject to the contingencies contained within said Recommended Decision.

The Executive Secretary is hereby ordered to serve a copy of this Order upon all parties of record.

A True Copy, Teste:


Howard M. Cunningham
Executive Secretary



PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 3rd day of December, 1990.

CASE NO. 90-051-WS-MA
CITY OF WEIRTON

CASE NO. 90-292-W-CN
CITY OF WEIRTON

Petition for Reconsideration.

ORDER

On October 29, 1990, the Commission issued an order consolidating Case No. 90-051-WS-MA, City of Weirton and Case No. 90-296-W-CN, City of Weirton, granting the City a certificate of public convenience and necessity to construct projects which were the subject of Case No. 90-296-W-CN and approving the Tier Two rates involved in Case No. 90-051-WS-MA. A petition for rehearing and reconsideration was received on November 8, 1990, from an intervenor, Kathleen A. Iaquina.

DISCUSSION

The Commission has carefully considered the allegations and arguments contained in the petition and the entire record in this proceeding and concludes that the matters set forth in the petition were considered by the Commission before the entry of its order of October 29, 1990, or being now considered do not justify reopening and reconsideration of the decision.

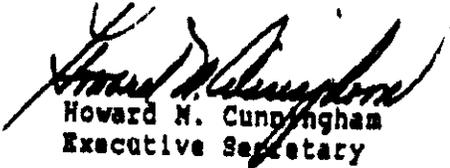
ORDER

IT IS, THEREFORE, ORDERED that the petition of the intervenor, Kathleen A. Iaquina, for rehearing and reconsideration of the Commission's Order entered October 29, 1990, be, and it hereby is, denied.

IT IS FURTHER ORDERED that the Executive Secretary of the Commission shall service a copy of this order upon all parties to this proceeding by United States First Class Mail and upon Commission Staff by hand delivery.

ARC
RS/las

A True Copy, Tests:


Howard M. Cunningham
Executive Secretary

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered by the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA, in the City of Charleston on the 21st day of February, 1991.

CASE NO. 90-051-WS-MA

CITY OF WEIRTON, a municipal corporation, Hancock County.

Investigation and suspension of increase in water and sewer rates and charges as a result of a petition filed in accordance with West Virginia Code §24-2-4b.

CASE NO. 90-296-W-CN

CITY OF WEIRTON, a municipal corporation, Hancock County.

Application for a certificate of convenience and necessity.

The Supreme Court of Appeals of West Virginia has entered an order in the above styled proceedings on the 6th day of February, 1991, which order is spread upon the record in the words and figures as follows:

"STATE OF WEST VIRGINIA

At a Regular Term of the Supreme Court of Appeals continued and held at Charleston, Kanawha County, on the 6th day of February, 1991, the following order was made and entered:

Kathleen A. Iaquina, Intervenor on behalf of the 3,320 residential and small commercial customers who signed the petitions against the increase, Petitioner

vs.) No. 910027

The Public Service Commission of West Virginia and the City of Weirton, Respondents

Upon an appeal from, suspension and review of the final order of the Public Service Commission of West Virginia made and entered on the 2nd day of December, 1990.

The Court, having maturely considered the petition for appeal; the record consisting of all papers,

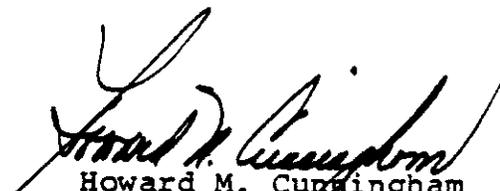
documents and evidence which were before the Public Service Commission at the hearing which resulted in the entry of the final order complained of; the statement of reasons for the entry of its order entered on the 2nd day of December, 1990, filed herein on the 30th day of January, 1991, by the respondent, Public Service Commission of West Virginia; the written response in support of the respondent Public Service Commission filed by the respondent City of Weirton on the 30th day of January, 1991, and the oral argument of counsel on the 6th day of February, 1991, the date fixed by the Court for hearing upon the aforesaid petition; is of opinion that the petitioner has not shown she is entitled to the relief prayed for in her said petition. It is therefore considered and ordered that the prayer of the petition for an appeal from, suspension and review, in this proceeding, be, and the same is hereby denied.

It is further ordered that leave be, and the same is hereby, granted to the Public Service Commission of West Virginia to withdraw from the office of the Clerk of this Court, the record consisting of all papers, documents and evidence originally filed with the Public Service Commission of West Virginia.

A True Copy.

Attest: /s/ Ancil G. Ramey
Clerk, Supreme Court of Appeals"

A True Copy, Teste:


Howard M. Cunningham
Executive Secretary

CITY OF WEIRTON

Water Revenue Bonds,
Series 1991 A and Series 1991 B

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

The undersigned, BARBARA B. MEADOWS, Secretary-Treasurer of the West Virginia Water Development Authority, for and on behalf of the West Virginia Water Development Authority (the "Authority") and JAMES W. LORD, City Manager of the City of Weirton (the "Issuer"), hereby certify as follows:

1. On the 23rd day of May, 1991, the Authority received the entire original issue of \$5,000,000 in aggregate principal amount of Water Revenue Bonds, Series 1991 A and Series 1991 B of the Issuer (collectively, the "Bonds"), issued as a single, fully registered Bond of each Series, numbered AR-1 and BR-1, respectively, both dated May 23, 1991, the Series 1991 A Bond being in the principal amount of \$4,784,000 and the Series 1991 B Bond being in the principal amount of \$216,000.

2. At the time of such receipt of the Bonds upon original issuance, all of the Bonds had been executed by Edwin J. Bowman, as Mayor of the Issuer, James W. Lord, as City Manager of the Issuer and Vincent J. Azzarello, as 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 the proceeds of the Series 1991 A Bonds in the aggregate amount of \$4,784,000 and proceeds of the Series 1991 B Bonds in the aggregate principal amount of \$216,000 (100% of par value), there being no interest accrued on either series.

IN WITNESS WHEREOF, Barbara B. Meadows duly signed and delivered this receipt on behalf of WEST VIRGINIA WATER DEVELOPMENT AUTHORITY and the CITY OF WEIRTON has caused this receipt to be duly executed and delivered by its City Manager, as of this 23rd day of May, 1991.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By Barbara B Meadows
Secretary-Treasurer

CITY OF WEIRTON

By [Signature]
City Manager

05/13/91
WEIRJ.G1
94975/91001

CITY OF WEIRTON

Water Revenue Bonds,
Series 1991 A and Series 1991 B

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

One Valley Bank, National Association
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 Weirton Water Revenue Bonds, Series 1991 A, in the principal amount of \$4,784,000 and Bond No. BR-1, constituting the entire original issue of the City of Weirton Water Revenue Bonds, Series 1991 B, in the principal amount of \$216,000 both dated May 23, 1991 (collectively, the "Bonds"), executed by the Mayor, City Manager and City Clerk of the City of Weirton (the "Issuer") and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond Ordinance and Supplemental Resolution duly enacted and adopted by the Issuer (collectively, the "Local Act");

(2) A copy of the Local Act authorizing the above Bond issue, duly certified by the City Clerk of the Issuer;

(3) Executed counterparts of the loan agreement and the supplemental loan agreement, both dated May 23, 1991, by and between the West Virginia Water Development Authority (the "Authority") and the Issuer (collectively, the "Loan Agreement");

(4) A signed opinion of nationally recognized bond counsel regarding the validity of the Loan Agreement and Bonds.

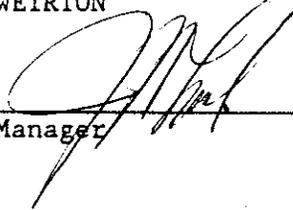
You are hereby requested and authorized to deliver the Bonds to the Authority upon payment to the account of the Issuer of the sum of \$5,000,000, representing the agreed aggregate purchase price of the Bonds, there being no accrued interest thereon. Prior to such delivery of the Bonds, you will please cause the Bonds to be authenticated by an authorized officer, as Bond Registrar, in

accordance with the forms of Certificate of Authentication and Registration thereon.

Dated this 23rd day of May, 1991.

CITY OF WEIRTON

By



City Manager

05/13/91
WEIRJ.H1
94975/91001

(SPECIMEN BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF WEIRTON
WATER REVENUE BOND, SERIES 1991 A

No. AR-1

\$4,784,000

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF WEIRTON, a municipal corporation and political subdivision of the State of West Virginia in Brooke and Hancock Counties of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of FOUR MILLION SEVEN HUNDRED EIGHTY-FOUR THOUSAND DOLLARS (\$4,784,000), 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, 1991. 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 May 23, 1991.

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 waterworks 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; and (iii) to pay certain costs of issuance hereof and related costs. The existing waterworks system of the Issuer, the Project, and any further additions, betterments and improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 19 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance duly enacted by the Issuer on May 13, 1991, and Supplemental Resolution duly adopted by the Issuer on May 13, 1991 (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 Water Revenue Bonds, Series 1991 B, of the Issuer (the "Series 1991 B Bonds"), issued in the aggregate principal amount of \$216,000, which Series 1991 B Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Bonds.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO THE ISSUER'S OUTSTANDING WATER REVENUE BONDS, SERIES 1964, DATED MARCH 1, 1964, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,843,185 (THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, after there has first been paid from said Gross Revenues all payments then due and owing on account of the Prior Bonds, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1991 A Bonds Reserve Account"), and unexpended proceeds of the Bonds and the Series 1991 B Bonds. Such Gross 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 Gross Revenues, the moneys in the Series 1991 A Bonds Reserve

Account and unexpended proceeds of the Bonds and the Series 1991 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 1991 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 1991 B Bonds, including the Prior Bonds, provided however, that so long as there exists in the Series 1991 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 1991 B Bonds and any other obligations outstanding prior to or on a parity with the Bonds or the Series 1991 B 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 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 WEIRTON has caused this Bond to be signed by its Mayor and City Manager and its corporate seal to be affixed hereon and attested by its City Clerk, and has caused this Bond to be dated May 23, 1991.

[SEAL]

Mayor

City Manager

ATTEST:

City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1991 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

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:

West Virginia Water Development Authority
Local Loan From Series 1990 A Pool
Debt Service Schedule - City of Weirton

<u>Date</u>	<u>Coupon</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service 8.10% Bonds</u>
10/1/91			137,779.20	137,779.20
10/1/92	8.10%	64,490.00	387,504.00	451,994.00
10/1/93	8.10%	69,713.00	382,280.31	451,993.31
10/1/94	8.10%	75,360.00	376,633.56	451,993.56
10/1/95	8.10%	81,464.00	370,529.40	451,993.40
10/1/96	8.10%	88,063.00	363,930.81	451,993.81
10/1/97	8.10%	95,196.00	356,797.71	451,993.71
10/1/98	8.10%	102,907.00	349,086.83	451,993.83
10/1/99	8.10%	111,242.00	340,751.37	451,993.37
10/1/00	8.10%	120,253.00	331,740.77	451,993.77
10/1/01	8.10%	129,993.00	322,000.27	451,993.27
10/1/02	8.10%	140,523.00	311,470.84	451,993.84
10/1/03	8.10%	151,905.00	300,088.48	451,993.48
10/1/04	8.10%	164,209.00	287,784.17	451,993.17
10/1/05	8.10%	177,511.00	274,483.24	451,994.24
10/1/06	8.10%	191,889.00	260,104.85	451,993.85
10/1/07	8.10%	207,432.00	244,561.84	451,993.84
10/1/08	8.10%	224,234.00	227,759.85	451,993.85
10/1/09	8.10%	242,397.00	209,596.90	451,993.90
10/1/10	8.10%	262,031.00	189,962.74	451,993.74
10/1/11	8.10%	283,255.00	168,738.23	451,993.23
10/1/12	8.10%	306,199.00	145,794.57	451,993.57
10/1/13	8.10%	331,001.00	120,992.45	451,993.45
10/1/14	8.10%	357,812.00	94,181.37	451,993.37
10/1/15	8.10%	386,795.00	65,198.60	451,993.60
10/1/16	8.10%	418,126.00	33,868.21	451,994.21
		<u>\$4,784,000.00</u>	<u>\$6,653,620.57</u>	<u>\$11,437,620.57</u>

(SPECIMEN BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF WEIRTON
WATER REVENUE BOND, SERIES 1991 B

No. BR-1

\$216,000

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF WEIRTON, a municipal corporation and political subdivision of the State of West Virginia in Brooke and Hancock Counties of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of TWO HUNDRED SIXTEEN THOUSAND DOLLARS (\$216,000), 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 May 23, 1991.

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 waterworks facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing waterworks system of the Issuer, the Project and any further additions, betterments and 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 8, Article 19 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance, duly enacted by the Issuer on May 13, 1991, and a Supplemental Resolution duly adopted by the Issuer on May 13, 1991 (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 CERTAIN OUTSTANDING WATER REVENUE BONDS OF THE ISSUER AS FOLLOWS:

(i) WATER REVENUE BONDS, SERIES 1964, DATED MARCH 1, 1964, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,843,185 (THE "PRIOR BONDS"); AND

(ii) WATER REVENUE BONDS, SERIES 1991 A, ISSUED CONCURRENTLY HERewith IN THE AGGREGATE PRINCIPAL AMOUNT OF \$4,784,000 AND DESCRIBED IN THE BOND LEGISLATION (THE "SERIES 1991 A BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System after there has first been paid from said Gross Revenues all payments then due and owing on account of the Prior Bonds and the Series 1991 A Bonds, all moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1991 B Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Gross 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 Gross Revenues, the moneys in the Series 1991 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 Prior Bonds, the Series 1991 A Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity therewith, including the Prior Bonds, provided however, that so long as there exists in the Series 1991 B Bonds Reserve Account and the reserve account established for the Series 1991 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 1991 A Bonds in the then current or any succeeding year, and any reserve account for any such prior or parity obligations, including the Prior 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 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 1991 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 WEIRTON has caused this Bond to be signed by its Mayor and City Manager and its corporate seal to be hereunto affixed hereon and attested by its City Clerk, and has caused this Bond to be dated May 23, 1991.

[SEAL]

Mayor

City Manager

ATTEST:

City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1991 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

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:

**West Virginia Water Development Authority
Local Loan From Series 1990 A Pool
Debt Service Schedule - City of Weirton**

<u>Date</u>	<u>Interest Free Loan</u>
10/1/91	
10/1/92	8,640.00
10/1/93	8,640.00
10/1/94	8,640.00
10/1/95	8,640.00
10/1/96	8,640.00
10/1/97	8,640.00
10/1/98	8,640.00
10/1/99	8,640.00
10/1/00	8,640.00
10/1/01	8,640.00
10/1/02	8,640.00
10/1/03	8,640.00
10/1/04	8,640.00
10/1/05	8,640.00
10/1/06	8,640.00
10/1/07	8,640.00
10/1/08	8,640.00
10/1/09	8,640.00
10/1/10	8,640.00
10/1/11	8,640.00
10/1/12	8,640.00
10/1/13	8,640.00
10/1/14	8,640.00
10/1/15	8,640.00
10/1/16	8,640.00
	<u>\$216,000.00</u>

STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

UNION NATIONAL CENTER EAST

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

FACSIMILE (304) 624-8183

CHARLES W. YEAGER
CARL F. STUCKY, JR.
HERBERT G. UNDERWOOD
JACKSON L. ANDERSON
OTIS L. O'CONNOR
ROBERT S. STEELE
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715 CHARLESTON NATIONAL PLAZA
P. O. BOX 1588
CHARLESTON, W. VA. 25326-1588
(304) 353-8000
FACSIMILE (304) 353-8180

126 EAST BURKE STREET
MARTINSBURG, W. VA. 25401-4399
(304) 263-6991
FACSIMILE (304) 263-4785

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

104 WEST CONGRESS STREET
P. O. BOX 100
CHARLES TOWN, W. VA. 25414-0100
(304) 725-1414
FACSIMILE (304) 725-1913

LOUIS E. ENDERLE, JR.
ROBERT J. SCHIAVONI
JOHN K. DORSEY
WALTER WASHINGTON
JOSEPH R. FERRETTI
MARK E. KINLEY
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ANDREW L. PATERNOSTRO
RONALD T. TOMASKO
LUCI R. WELLBORN

OF COUNSEL
RALPH BOHANNON
WRITER'S DIRECT DIAL NUMBER

May 23, 1991

City of Weirton Water Revenue Bonds, Series 1991 A

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

Gentlemen:

We have served as bond counsel in connection with the issuance by the City of Weirton (the "Issuer"), a municipal corporation and political subdivision organized and existing under the laws of the State of West Virginia, of its \$4,784,000 Water Revenue Bonds, Series 1991 A, dated the date hereof (the "Local Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated May 23, 1991, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Issuer and the West Virginia Water Development Authority (the "Authority") and the Local Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are originally issued in the form of one bond, registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, commencing October 1, 1991, at the rate of 8.10% per annum, and with principal installments payable on October 1 in each of the years 1992 through 2016, inclusive, all as set forth in "Schedule X," attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

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The Local Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 19 of the Code of West Virginia, 1931, as amended (the "Local Statute"), for the purposes of (i) permanently financing a portion of the costs of acquisition and construction of additions, betterments and improvements for the existing municipal waterworks facilities of the Issuer (the "Project"); (ii) paying interest on the Local Bonds for a period of approximately 15 months; and (iii) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of the Local Statute, the bond ordinance duly enacted by the Issuer on May 13, 1991, as supplemented by a supplemental resolution also adopted May 13, 1991 (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement 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, under existing law, as follows:

1. The Issuer is a duly organized and validly existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to construct and acquire the Project, 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.

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

3. The Local Act and all other necessary ordinances and resolutions have been duly and effectively enacted and adopted by the Issuer and constitute valid and binding obligations of the Issuer enforceable upon the Issuer. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

4. The Local Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Gross Revenues of the System referred to in the Local Act and secured by a lien on and pledge of the Gross Revenues of said System, junior, subordinate and inferior, however, as to lien, pledge and source of and security for payment to the Issuer's outstanding Water Revenue Bonds, Series 1964, dated March 1, 1964, and issued

in the original aggregate principal amount of \$2,843,185, all in accordance with the terms of the Local Bonds and the Local Act.

5. The interest on the Local Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted net book income (adjusted current earnings for taxable years beginning after December 31, 1989) for the purpose of computing the alternative minimum tax imposed on such corporations. The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Local Bonds in order that interest thereon be (or continue to be) excludable from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the Local Bonds to be included in gross income retroactive to the date of issuance of the Local Bonds. The Issuer has covenanted to comply with all such requirements. We express no opinion regarding other federal tax consequences arising with respect to the Local Bonds.

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

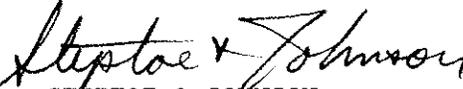
7. The Final Order of the Public Service Commission of West Virginia entered on October 29, 1990 (Case Nos. 90-051-WS-MA and 90-296-W-CN) granting to the Issuer a Certificate of Convenience and Necessity and approving certain rates and charges for use of the System was appealed to the Supreme Court of Appeals of the State of West Virginia, and, by order entered February 6, 1991, such appeal was denied and entered of record. Such Order is not subject to further appeal.

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

West Virginia Water Development Authority
Page 4

We have examined the executed and authenticated Local 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

05/21/91
WEIRJ.II
94975/91001

STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

UNION NATIONAL CENTER EAST

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

FACSIMILE (304) 624-8183

CHARLES W. YEAGER
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715 CHARLESTON NATIONAL PLAZA
P. O. BOX 1588
CHARLESTON, W. VA. 25326-1588
(304) 353-8000
FACSIMILE (304) 353-8180

126 EAST BURKE STREET
MARTINSBURG, W. VA. 25401-4399
(304) 263-6991
FACSIMILE (304) 263-4785

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

104 WEST CONGRESS STREET
P. O. BOX 100
CHARLES TOWN, W. VA. 25414-0100
(304) 725-1414
FACSIMILE (304) 725-1913

LOUIS E. ENDERLE, JR.
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LUCI R. WELLBORN

OF COUNSEL
RALPH BOHANNON

WRITER'S DIRECT DIAL NUMBER

May 23, 1991

City of Weirton Water Revenue Bonds, Series 1991 B

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

Gentlemen:

We have served as bond counsel in connection with the issuance by the City of Weirton (the "Issuer"), a municipal corporation and political subdivision organized and existing under the laws of the State of West Virginia of \$216,000 Water Revenue Bonds, Series 1991 B, dated the date hereof (the "Supplemental Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a supplemental loan agreement, dated May 23, 1991, including all schedules and exhibits attached thereto (the "Supplemental Loan Agreement"), between the Issuer and the West Virginia Water Development Authority (the "Authority") and the Supplemental Bonds, which are to be purchased by the Authority in accordance with the provisions of the Supplemental Loan Agreement. The Supplemental Bonds are originally issued in the form of one bond registered as to principal to the Authority, without interest thereon, with principal payable in installments on October 1 in each of the years 1992 through 2016, inclusive, all as set forth in "Schedule X," attached to the Supplemental Loan Agreement.

The Supplemental Bonds are issued, together with the Local Bonds, under the authority of and in full compliance with the Constitution and statutes of

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the State of West Virginia, including particularly, Chapter 8, Article 19 of the Code of West Virginia, 1931, as amended (the "Local Statute"), for the purposes of (i) permanently financing a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing municipal waterworks facilities of the Issuer (the "Project"); and (ii) paying certain issuance and other costs in connection therewith.

The Supplemental Loan Agreement is supplemental to a loan agreement also dated May 23, 1991, between the Issuer and the Authority (the "Loan Agreement"). The Supplemental Bonds are junior, subordinate and inferior as to lien, pledge and source of and security for payment to the bonds issued pursuant to the Loan Agreement and designated "Water Revenue Bonds, Series 1991 A" (the "Local Bonds"), which Local Bonds are issued simultaneously herewith and to the Issuer's outstanding Water Revenue Bonds, Series 1964, dated March 1, 1964, and issued in the original aggregate principal amount of \$2,843,185.

We have also examined the applicable provisions of the Local Statute, the bond ordinance duly enacted by the Issuer on May 13, 1991, as supplemented by a supplemental resolution adopted May 13, 1991 (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Supplemental Bonds are authorized and issued, and the Supplemental Loan Agreement that has been undertaken. The Supplemental 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 Supplemental Loan Agreement.

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 organized and validly existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Supplemental Loan Agreement and to issue and sell the Supplemental Bonds, all under the Local Statute and other applicable provisions of law. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Supplemental Loan Agreement.

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

3. The Local Act and all other necessary ordinances and resolutions have been duly and effectively enacted and adopted by the Issuer and constitute valid and binding obligations of the Issuer enforceable upon the Issuer.

4. The Supplemental Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable

and binding special obligations of the Issuer, payable from the Gross Revenues of the System referred to in the Local Act and secured by a lien on and pledge of the Gross Revenues of said System, junior and subordinate only to the Local Bonds and the Series 1964 Bonds, all in accordance with the terms of the Supplemental Bonds and the Local Act.

5. The Issuer has reserved the right to issue additional bonds ranking on a parity with the Supplemental Bonds, as provided in the Local Act.

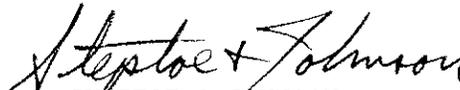
6. The Supplemental Bonds are, under the Local Statute, exempt from direct taxation by the State of West Virginia or any county, municipality, county commission, political subdivision or agency thereof.

7. The Final Order of the Public Service Commission of West Virginia entered on October 29, 1990 (Case Nos. 90-51-WS-MA and 90-296-W-CN) granting to the Issuer a Certificate of Convenience and Necessity and approving certain rates and charges for use of the System was appealed to the Supreme Court of Appeals of the State of West Virginia, and, by order entered February 6, 1991, such appeal was denied and entered of record. Such Order is not subject to further appeal.

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

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

Very truly yours,


STEPTOE & JOHNSON

05/21/91
WEIRJ.J1
94975/91001

STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

UNION NATIONAL CENTER EAST

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

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JAMES A. RUSSELL
LUCIEN G. LEWIN
WILLIAM T. BELCHER
MICHAEL L. BRAY
JAMES D. STEPTOE
DAVID C. CLOVIS
DANIEL R. SCHUDA
J. GREG GOODYKOONTZ
IRENE M. KEELEY
EVANS L. KING, JR.
WALTER L. WILLIAMS
SUSAN S. BREWER
SPRAGUE W. HAZARD
HERSCHEL H. ROSE III
DAVID LAYVA
GRAY SILVER III
RONALD H. HANLAN
C. DAVID MORRISON
HARRY P. WADDELL
CLEMENT D. CARTER III
W. HENRY LAWRENCE IV
J. ROBERT GWYNNE
WILLIAM E. GALEOTA
CHRISTOPHER P. BASTIEN
GORDON H. COPLAND
RANDALL C. LIGHT
STEVEN P. MCGOWAN
RICHARD M. YURKO, JR.
GARY W. HICKERSON
CURTIS G. POWER III
W. RANDOLPH FIFE
MARTIN R. SMITH, JR.

715 CHARLESTON NATIONAL PLAZA
P. O. BOX 1588
CHARLESTON, W. VA. 25326-1588
(304) 353-8000
FACSIMILE (304) 353-8180

126 EAST BURKE STREET
MARTINSBURG, W. VA. 25401-4300
(304) 263-6991
FACSIMILE (304) 263-4785

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

104 WEST CONGRESS STREET
P. O. BOX 100
CHARLES TOWN, W. VA. 25414-0100
(304) 725-1414
FACSIMILE (304) 725-1913

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ROBERT J. SCHIAVONI
JOHN K. DORSEY
WALTER WASHINGTON
JOSEPH R. FERRETTI
MARK E. KINLEY
MARCIA J. POLLARD
BRYAN R. COKELEY
PATRICK D. KELLY
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CHRISTINE S. VAGLIENTI
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WILLIAM F. ROHRBAUGH
CAROLINE J. STAFFORD
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PAUL R. CRANSTON
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GINA M. HOUSEHOLDER
MICHAEL KOZAKIEWICH, JR.
CYNTHIA R. COKELEY
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CAROLINE A. HENRICH
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LAURIE L. CRYTNER
O. GAY ELMORE, JR.
KAREN E. KAHLE
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AMY R. LAMP
DOUGLAS G. LEE
ANDREW L. PATERNOSTRO
SHERRI S. REED
RONALD T. TOMASKO
LUCI R. WELBORN

OF COUNSEL
RALPH BOHANNON
WRITER'S DIRECT DIAL NUMBER

May 23, 1991

City of Weirton Water Revenue Bonds, Series 1991 A

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

Gentlemen:

We have examined a transcript of proceedings relating to the issuance of \$4,784,000 aggregate principal amount of Water Revenue Bonds, Series 1991 A (the "Local Bonds"), of the City of Weirton (the "Issuer"), and a Certificate as to Arbitrage executed by the City Manager of the Issuer on this date.

Based upon such Certificate as to Arbitrage, we are of the opinion that the facts, estimates and circumstances set forth in the Certificate as to Arbitrage are sufficient to satisfy the requirements of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), to support the conclusion that the Local Bonds are not "arbitrage bonds" as therein defined. While we have undertaken no independent verification or investigation of the certifications, statements, expectations or representations set forth in such Certificate as to Arbitrage, no matters have come to our attention which make unreasonable or incorrect such statements, expectations or representations.

Accordingly, it is our opinion that, under existing statutes, regulations, rulings and court decisions, the Local Bonds are not "arbitrage

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bonds" as so defined. It is our further opinion, based upon such Certificate as to Arbitrage and under existing statutes, regulations, rulings and court decisions, that proceeds (as defined in the Code) of the Local Bonds are not subject to the arbitrage rebate requirements set forth in Section 148(f) of the Code.

The opinions set forth above are subject to the condition that the Issuer comply with all requirements of the Code relating to arbitrage that must be satisfied subsequent to the issuance of the Local Bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the Local Bonds to be so included in gross income retroactive to the date of issuance of the Local Bonds. The Issuer has covenanted to comply with all such requirements.

Very truly yours,


STEPTOE & JOHNSON

05/21/91
WEIRJ.K1
94975/91001



CITY OF WEIRTON

200 MUNICIPAL PLAZA
WEIRTON, WEST VIRGINIA 26062

May 23, 1991

City of Weirton
Water Revenue Bonds,
Series 1991 A and Series 1991 B

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

Steptoe and Johnson
P. O. Box 2190
Clarksburg, West Virginia 26301

Gentlemen:

I am City Attorney for the City of Weirton, in Brooke and Hancock Counties, West Virginia (the "Issuer"). As such counsel, we have examined copies of the approving opinions of Steptoe and Johnson, as bond counsel, a loan agreement and supplemental loan agreement, both dated May 23, 1991, by and between the West Virginia Water Development Authority (the "Authority") and the Issuer (collectively, the "Loan Agreement"), the Local Act (as defined therein) and other documents relating to the above-captioned Bonds of the Issuer. Terms used in said opinions, Local Act and Loan Agreement and not otherwise defined herein have the same meanings herein.

I am 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 Authority, constitutes a valid and binding agreement of the Issuer in accordance with its terms.
- 2) The Issuer has been duly and properly created and the Mayor, City Manager, City Clerk and members of Council of the Issuer have been duly and properly elected or appointed, have taken the requisite oaths, and are authorized to act on behalf of the Issuer.
- 3) The Local Act has been duly enacted and adopted by the Issuer and is in full force and effect.

West Virginia Water Development Authority, et al.
Page 2

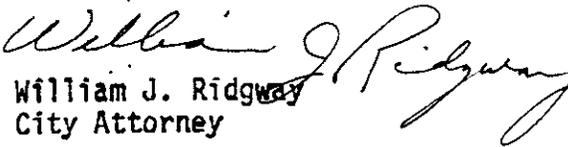
4) The execution and delivery of the Bonds and the Loan Agreement and the consummation of the transactions contemplated by the Loan Agreement, and the carrying out of the terms thereof, do not and will not in any material respect conflict with or constitute on the part of the Issuer a breach of or default under any 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, construction of the Project, operation of the System and imposition of rates and charges, including, without limitation, the receipt of all requisite orders and approvals from 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 Final Order of the Public Service Commission of West Virginia entered on October 29, 1990 (Case Nos. 90-051-WS-MA and 90-296-W-CN) granting to the Issuer a Certificate of Convenience and Necessity and approving certain rates and charges for use of the System was appealed to the Supreme Court of Appeals of the State of West Virginia, and, by order entered February 6, 1991, such appeal was denied and entered of record. Such Order is not subject to further appeal.

6) To the best of my knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Loan Agreement, construction of the Project, operation of the System or the validity of the Bonds or the collection or pledge of the Gross Revenues therefor.

All counsel to this transaction may rely upon this opinion as if specifically addressed to them.

Very truly yours,


William J. Ridgway
City Attorney

WJR:kc

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CITY OF WEIRTON

Water Revenue Bonds,
Series 1991 A and Series 1991 B

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. GRANTS, ETC.
11. LOAN AGREEMENT
12. RATES
13. SIGNATURES AND DELIVERY
14. BOND PROCEEDS
15. PUBLICATION AND PUBLIC HEARING ON BOND
ORDINANCE
16. PUBLIC SERVICE COMMISSION ORDER AND SUBSEQUENT APPEAL
17. PRIVATE USE OF FACILITIES
18. NO FEDERAL GUARANTY
19. IRS INFORMATION RETURN
20. SPECIMEN BONDS

We, the undersigned MAYOR, CITY MANAGER and CITY CLERK of the City of Weirton, in Brooke and Hancock Counties, West Virginia (the "Issuer"), and the undersigned CITY ATTORNEY for the Issuer, hereby certify in connection with the \$5,000,000 aggregate principal amount of the City of Weirton Water Revenue Bonds, Series 1991 A and Series 1991 B (collectively, the "Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined shall have the same meaning as in the Bond Ordinance of the Issuer enacted May 13, 1991, and a Supplemental Resolution adopted May 13, 1991 (collectively, the "Local Act").

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, construction of the Project, operation of the System, receipt of the Grant Receipts or the Gross Revenues, or in any way contesting or affecting the validity of the Bonds or the Grants or any proceedings of the Issuer taken with respect to the issuance or sale of the Bonds,

the pledge or application of the Gross Revenues or any other moneys or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, construction of the Project, operation of the System, receipt of the Grant Receipts or such pledge or application of moneys and security or the collection of the Gross Revenues or pledge thereof.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals and certificates required by law for construction of the Project, operation of the System and issuance of the Bonds have been obtained and remain in full force and effect, and competitive bids for construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the Official 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 and execution and delivery by the Issuer of the Loan Agreement, and the Issuer has met all conditions prescribed in the Loan Agreement entered into between the Issuer and the Authority. Other than the Series 1964 Bonds, there are no outstanding debt obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with all certifications, covenants, terms and provisions set forth in its ordinance authorizing issuance of the Series 1964 Bonds and in all documentation relating thereto.

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:

Charter of the City of Weirton.

Bond Ordinance.

Supplemental Resolution.

Rate Ordinance.

Affidavit of Publication of Abstract of Bond Ordinance and Notice of Hearing.

Affidavit of Publication of Rate Ordinance
and Notice of Public Hearing.

Minutes on Enactment of Bond Ordinance and
Adoption of Supplemental Resolution.

Loan Agreement.

ARC Grant Commitment.

Public Service Commission Orders set forth
at Paragraph No. 16 hereof.

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is the "City of Weirton." The Issuer is a municipal corporation in Brooke and Hancock Counties and 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 7 councilmembers whose names and dates of commencement and termination of current terms of office are as follows:

<u>Name</u>		<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
Edwin J. Bowman	- Mayor	July 1, 1987	June 30, 1991
Vincent J. Azzarello	- City Clerk	July 1, 1987	June 30, 1991
James W. Lord	- City Manager	July 1, 1987	June 30, 1991
Tim McCune	- Councilmember	July 1, 1987	June 30, 1991
Lynn Littleton	- Councilmember	July 1, 1987	June 30, 1991
Earl R. Brown	- Councilmember	July 1, 1987	June 30, 1991
Kenneth J. Weintraub	- Councilmember	July 1, 1987	June 30, 1991
Mario T. Pipinos	- Councilmember	July 1, 1987	June 30, 1991
Wanda J. Granato	- Councilmember	July 1, 1987	June 30, 1991
John C. Moore	- Councilmember	July 1, 1987	June 30, 1991

The name of the duly appointed and acting City Attorney of the Issuer is William J. Ridgway, Esquire.

The duly appointed and acting City Manager is James W. Lord and the duly appointed and acting City Clerk is Vincent J. Azzarello.

7. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the construction of the Project and 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 construction, acquisition, 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 Chapter 6, Article 9A, of the Official West Virginia Code of 1931, as amended, and a quorum of duly elected, qualified and acting members of the Governing Body was present and acting at all times during all such meetings.

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 Local Act. All insurance for the System required by the Ordinance is in full force and effect. The System is not presently covered by policies of flood or business interruption insurance, but will be if such coverages are available at reasonable cost.

10. GRANTS, ETC: As of the date hereof, the Appalachian Regional Commission has committed to the Issuer a Grant in the approximate amount of \$500,000.

11. 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.

12. RATES: The Issuer has duly enacted a rate ordinance on December 28, 1989, setting rates and charges for the services of the System. Such rates were appealed to the Public Service Commission of West Virginia. The Final Order of the Public Service Commission of West Virginia entered on October 29, 1990 (Case Nos. 90-051-WS-MA and 90-296-W-CN) granting to the Issuer a Certificate of Convenience and Necessity and approving certain rates and charges for use of the System was appealed to the Supreme Court of Appeals of the State of West Virginia, and, by order entered February 6, 1991, such appeal was denied and entered of record. The final permanent rates approved by the Public Service Commission are set forth in "Appendix 3" to the Recommended Decision of the Public Service Commission Administrative Law Judge entered July 23, 1990.

13. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Mayor and City Manager did officially sign all of the Bonds of the aforesaid issue, all dated May 23, 1991, by their respective manual signatures, and the undersigned City Clerk did officially cause the official seal of the Issuer to be affixed upon each of 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.

14. BOND PROCEEDS: On the date hereof the Issuer received from the Authority the agreed purchase price of the Bonds, being \$5,000,000 (100% of par value), there being no interest accrued thereon.

15. 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 a newspaper published and of general circulation in the City of Weirton, 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 Ordinance, stating that any person interested may appear before the Council at the public hearing held at a public meeting of Council on the 13th day of May, 1991, at 8:00 p.m., in the Council Chambers of the City Hall of the City of Weirton and present protests, and stating that a certified copy of the 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 City Clerk. 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.

16. PUBLIC SERVICE COMMISSION ORDERS: The Public Service Commission of West Virginia has entered orders on July 23, 1990, August 10, 1990, September 18, 1990, October 29, 1990, December 3, 1990, and February 21, 1991, establishing rates and charges for users of the Systems and granting a certificate of convenience and necessity of the Project.

17. 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 Series A 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 other than a governmental unit, 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.

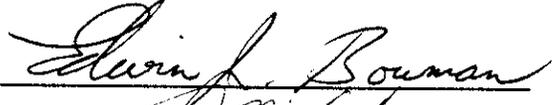
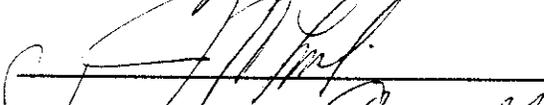
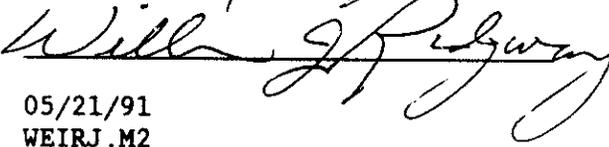
18. NO FEDERAL GUARANTY: The Bonds are not, in whole or part, and will not be, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

19. IRS INFORMATION RETURN: On the date hereof, the undersigned City Manager did officially sign a properly completed IRS Form 8038-G and will cause such executed Form 8038-G to be filed in a timely manner with the Internal Revenue Service Center, Philadelphia, Pennsylvania.

20. SPECIMEN BONDS: Delivered concurrently herewith are true and accurate specimens of the Bonds.

WITNESS our signatures and the official seal of the CITY OF WEIRTON on this 23rd day of May, 1991.

[CORPORATE SEAL]

<u>SIGNATURE</u>	<u>OFFICIAL TITLE</u>
	Mayor
	City Manager
	City Clerk
	City Attorney

05/21/91
WEIRJ.M2
94975/91001

CITY OF WEIRTON

Water Revenue Bonds,
Series 1991 A and Series 1991 B

CERTIFICATE AS TO ARBITRAGE

I, JAMES W. LORD, City Manager of the City of Weirton, in Brooke and Hancock Counties, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of \$4,784,000 aggregate principal amount of Water Revenue Bonds, Series 1991 A, of the Issuer, dated May 23, 1991 (the "Local 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"). I am one of the officers of the Issuer charged with the responsibility of issuing the Local Bonds. I am familiar with the facts, circumstances, and estimates herein certified and am duly authorized to execute and deliver this certificate on behalf of the Issuer.

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 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 May 23, 1991, the date on which the Local Bonds are to be physically delivered in exchange for the issue price thereof, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

5. In the ordinance pursuant to which the Local Bonds are issued, the Issuer has covenanted to make no use of the proceeds of the Local Bonds which would cause the Local Bonds to be "arbitrage bonds" within the meaning of the Code.

6. The Local Bonds and the Series 1991 B Bonds (the "Supplemental Bonds"), which bear no interest, were sold on May 23, 1991, to the West Virginia Water Development Authority (the

"Authority") for an aggregate purchase price of \$5,000,000 (100% of par).

7. The Local Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing municipal waterworks facilities of the Issuer (the "Project"); (ii) paying interest on the Local Bonds for a period of approximately 15 months; and (iii) paying costs of issuance of the Local Bonds.

8. The Issuer shall, within 30 days following delivery of the Local Bonds, enter into agreements which require the Issuer to expend in excess of \$100,000 on the Project constituting a substantial binding commitment, or has already done so. Acquisition, construction and equipping of the Project will proceed with due diligence to completion, and, with the exception of proceeds constituting capitalized interest (if any) all of the proceeds from the sale of the Local Bonds, together with any investment earnings thereon, will be expended for payment of Costs of the Project on or before September 1, 1992. Construction of the Project is expected to be completed by August 1, 1992.

9. The total cost of the Project (including all costs of issuance of the Bonds) is estimated at \$5,684,426. Sources and uses of funds for the Project are as follows:

SOURCES

Gross Proceeds of Local Bonds	\$4,784,000.00
Gross Proceeds of Supplemental Bonds	216,000.00
ARC Grant	500,000.00
Estimated Investment Earnings on Construction Fund	<u>184,426.00</u>
Total Sources	<u>\$5,684,426.00</u>

USES

Design, Acquisition and Construction of Project	\$5,175,151.00
Capitalized Interest on Local Bonds	484,275.00
Costs of Issuance	<u>25,000.00</u>
Total Uses	<u>\$5,684,426.00</u>

The amount of Project costs not expected to be reimbursed or paid from the HUD Grant and Supplemental Bond proceeds is estimated to be at least equal to the gross proceeds of the Local Bonds. Except for the proceeds of the Local Bonds, the Supplemental Bonds and the HUD Grant, no other funds of the Issuer will be available to meet costs of the Project, and no balances are available to meet such costs in any account which may, without legislative or judicial action, be invaded to pay such expenditures without a legislative, judicial or contractual requirement that such account be reimbursed.

10. Pursuant to Article V of the Local Act, the following special funds or accounts have been created (or continued if established by previous water bond ordinance):

- (1) Revenue Fund;
- (2) Depreciation Fund;
- (3) Renewal and Replacement Fund;
- (4) Operation and Maintenance Fund;
- (5) Bond Construction Trust Fund;
- (6) Rebate Fund;

(7) Series 1991 A Bonds Sinking Fund, and within the Series 1991 A Bonds Sinking Fund the Series 1991 A Bonds Reserve Account; and

(8) Series 1991 B Bonds Sinking Fund, and within the Series 1991 B Bonds Sinking Fund the Series 1991 B Bonds Reserve Account.

11. Pursuant to Article VI of the Local Act, the proceeds of the Local Bonds (and the Supplemental Bonds) will be deposited as follows:

(1) Local Bonds proceeds in the amount of \$484,275 will be deposited in the Series 1991 A Bonds Sinking Fund and applied to payment of interest on the Local Bonds.

(3) The balance of the proceeds of the Local Bonds and all of the proceeds of the Supplemental Bonds will be deposited in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project, including costs of issuance of the 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.

All proceeds of the Bonds used to reimburse the Issuer for costs of the Project previously incurred and paid by the Issuer with its own funds will be applied to reimbursement of costs which the Issuer intended, at all times, to finance with proceeds of the Bonds.

12. Moneys held in the Series 1991 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Local Bonds and will not be available to meet costs of construction of the Project. All investment earnings on moneys in the Series 1991 A Bonds Sinking Fund and Series 1991 A Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Bond Construction Trust Fund until completion of the Project, and thereafter will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Local Act.

13. Except for the Series 1991 A Bonds Sinking Fund and the Series 1991 A Bonds Reserve Account and the Series 1991 B Bonds Sinking Fund and Series 1991 B 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 Series 1991 A Bonds or the Series 1991 B Bonds, respectively, or which are pledged as collateral for the Series 1991 A Bonds or the Series 1991 B Bonds and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Series 1991 A Bonds or the Series 1991 B 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 Series 1991 A Bonds or Series 1991 B 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 designation 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 Series 1991 A Bonds, if any, will be deposited in the Series 1991 A Bonds Reserve Account or any other reserve or replacement fund, and less than 10% of the moneys received from the sale of the Series 1991 B Bonds, if any, will be deposited in the Series 1991 B Bonds Reserve Account or any other reserve or replacement fund. The amounts deposited in the Series 1991 A Bonds Reserve Account and Series 1991 B Bonds Reserve Account from time to time by the Issuer will not exceed the maximum

annual principal of and interest on the Series 1991 A Bonds and the Series 1991 B Bonds, respectively, and will not exceed 125% of average annual principal of and interest on the Series 1991 A Bonds and the Series 1991 B Bonds, respectively. Amounts in the Series 1991 A Bonds Reserve Account and the Series 1991 B Bonds Reserve Account, not to exceed 10% of the proceeds of the Series 1991 A Bonds and the Series 1991 B Bonds, respectively, if invested, will be invested without yield limitation. The establishment of the Series 1991 A Bonds Reserve Account and the Series 1991 B Bonds Reserve Account are required by the Authority, are vital to its purchase of the Series 1991 A Bonds and the Series 1991 B Bonds, respectively, and are reasonably required to assure payments of debt service on the Series 1991 A Bonds and the Series 1991 B Bonds, respectively.

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. The Issuer expects to enter into a contract within 30 days of the date hereof 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 construction of the Project will proceed with due diligence to completion. Construction is expected to be completed within 15 months of the date hereof.

16. Except for a reasonable temporary period until such proceeds are needed for the purpose for which such issue was 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 1991 A Bonds Sinking Fund for payment of interest on the Local Bonds, all of the proceeds of the Local Bonds will be expended on the Project within 16 months from the date of issuance thereof.

19. Any money deposited in the Series 1991 A Bonds Sinking Fund for payment of the principal of or interest on the Local Bonds (other than the Series 1991 A Bonds Reserve Account therein) will be spent within a 13-month period beginning on the date of receipt.

20. The Series 1991 A Bonds Sinking Fund and the Series 1991 B Bonds Sinking Fund (other than the Series 1991 A Bonds Reserve Account and the Series 1991 B Bonds Reserve Account therein) are intended primarily to achieve a proper matching of payments of debt service on the Series 1991 A Bonds, the Series 1991 B Bonds, respectively, each year. The Series 1991 A Bonds Sinking Fund and the Series 1991 B Bonds Sinking Fund (other than the Series 1991 A Bonds Reserve Account and the Series 1991 B Bonds Reserve Account therein) and such portions of the Revenue Fund will be depleted at least once a year except for a reasonable carryover amount not in excess of the greater of 1/12th of annual debt service on the Series 1991 A Bonds and the Series 1991 B Bonds, respectively, or 1 year's interest earnings on the Series 1991 A Bonds Sinking Fund and the Series 1991 B Bonds Sinking Fund (other than the Series 1991 A Bonds Reserve Account and the Series 1991 B Bonds Reserve Account therein) and such portions of the Revenue Fund, respectively. Except as otherwise allowed, any money deposited in the Series 1991 A Bonds Sinking Fund and in the Series 1991 B Bonds Sinking Fund for payment of the principal of or interest on the Series 1991 A Bonds and the Series 1991 B Bonds, respectively (other than the Series 1991 A Bonds Reserve Account and the Series 1991 B Bonds Reserve Account therein), and such portions of the Revenue Fund 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 1991 A Bonds Sinking Fund and the Series 1991 B Bonds Sinking Fund (other than in the Series 1990 A Reserve Account and the Series 1990 B Bonds Reserve Account therein) and such portions of the Revenue Fund will be spent within a 1-year period beginning on the date of receipt.

21. All the proceeds of the Local Bonds which were used for the payment of costs of the Project will be expended for such purposes within three years of July 11, 1990.

22. The amount designated as cost of issuance of the Local Bonds consists only of costs which are directly related to and necessary for the issuance of the Local Bonds.

23. All property financed with the proceeds of the Local Bonds will be held for Federal income tax purposes by (or on behalf of) a qualified governmental unit.

24. The Issuer shall file Form 8038-G or 8038-GC in a timely fashion with the Internal Revenue Service Center, Philadelphia, Pennsylvania, 19255.

25. No more than 10% of the proceeds of the Local Bonds will be used (directly or indirectly) in any trade or business carried on by, and less than 5% of the proceeds of Local Bonds have been or will be used to make or finance loans to, any person who is not a governmental unit.

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

27. The Issuer shall use the Local Bond proceeds solely for the Project, and the Project will be operated solely for a public purpose as a local governmental activity of the Issuer.

28. The Issuer shall not permit at any time or times any of the proceeds of the Local 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 Local Bonds from treatment afforded by Section 103(a) of the Code by reason of classification of the Local 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 Local Bonds is excludable from gross income for federal income tax purposes.

29. The Local Bonds, in whole or in part, are not and will not be directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

30. The Issuer is a governmental unit and has general taxing powers; no Bonds are private activity bonds; 95% or more of the net proceeds of the Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and the aggregate face amount of all tax-exempt bonds or obligations (other than private activity bonds) issued by the Issuer during the calendar year 1991, 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)(C) of the Code. For purposes of this paragraph and for purposes of applying such 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 paragraph and Section 148(f)(4)(C) 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)(C) 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.

The Issuer believes that the Authority exclusively lends bond proceeds in a manner that does not result in its bonds being private activity bonds, as defined in the Code, and the Issuer believes that the use of the proceeds by each borrower from the Authority would not result in those proceeds being private activity bonds (if viewed as a separate issue).

31. The Issuer has 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 Local Bonds.

32. The Issuer shall comply with the yield restriction on Local Bond proceeds as set forth in the Code.

33. The Issuer has either (a) funded the Series 1991 A Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Local Bonds in the then current or any succeeding year with the proceeds of the Local Bonds, or (b) created the Series 1991 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10 year period until such Series 1991 A Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Local Bonds in the then current or any succeeding year. Moneys in the Series 1991 A Bonds Reserve Account and the Series 1991 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 Local Bonds and will not be available to pay costs of the Project.

34. The Issuer shall submit to the Authority and the Purchaser within 20 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. 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 and any interest thereon.

35. The Issuer has retained the right to amend its authorizing documents if such amendment is 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 from gross income for federal income tax purposes of interest on the Bonds.

36. 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.

37. 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.

38. The Issuer will rebate to the United States the amount required by the Code and to 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 Local Bonds.

39. The Issuer expects that no part of the Project financed by the Local Bonds will be sold or otherwise disposed of prior to the last maturity date of the Local Bonds.

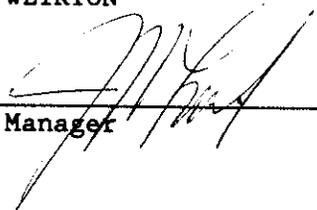
40. The Issuer covenants and agrees to comply with the rebate requirements of the Code if not exempted therefrom, and with all other requirements of the Code necessary, proper or desirable to maintain the tax-exempt status of the Local Bonds.

41. Steptoe & Johnson is entitled to rely upon the representations, expectations, covenants, certifications and statements contained herein in rendering its opinions regarding the tax-exempt status of interest on the Local Bonds.

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

1991. IN WITNESS WHEREOF, I have set my hand this 23rd day of May,

CITY OF WEIRTON

By  _____
City Manager

05/21/91
WEIRJ.N2
94975/91001

CITY OF WEIRTON

Water Revenue Bonds,
Series 1991 A and Series 1991 B

ENGINEER'S CERTIFICATE

I, JAMES R GILLS, Registered Professional Engineer, West Virginia License No. 8503, of Gills, Guard and Johnson, Inc., consulting engineers, of Sharon, Pennsylvania, hereby certify as follows:

1. My firm is engineer for the construction and acquisition of certain additions, betterments and improvements (the "Project") for the existing municipal waterworks system of the City of Weirton in Brooke and Hancock Counties, West Virginia (the "Issuer"). Certain costs of such construction and acquisition are being financed by proceeds of the above-captioned bonds (the "Bonds") anticipated to be purchased by the West Virginia Water Development Authority (the "Authority"), and certain grant proceeds.

2. I hereby certify that (i) the Project will be constructed in accordance with the approved plans, specifications and designs prepared by my firm, or amendments thereto, and as described in the Application submitted to the Authority and approved by all necessary governmental bodies and is situate wholly or chiefly within the boundaries of the City of Weirton; (ii) the Project is adequate for the purpose for which it was designed and all necessary governmental approvals for the construction thereof have been obtained; (iii) I have examined and reviewed all plans, specifications, bid documents and construction contracts relating to the Project and all bids for construction of the Project have been received in an amount and are otherwise compatible with the plan of financing described in said Application and I will ascertain that all contractors have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds will be verified for accuracy and completeness prior to commencement of construction of the Project; (iv) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States of America necessary for construction of the Project and, to the extent presently obtainable, operation of the System; (v) the construction and funding for the Project should proceed to a successful conclusion within the time schedules proposed; (vi) the useful life of the facilities constituting the Project is not less than 25 years; (vii) the rates

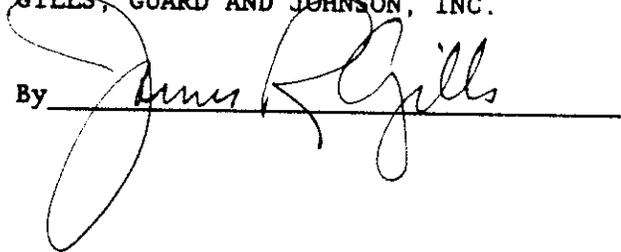
and charges for the waterworks system of the Issuer comply with the applicable provisions of the Loan Agreement and Supplemental Loan Agreement by and between the Authority and the Issuer; (viii) the net proceeds of the Bonds, together with the proceeds of grants and other moneys of the City of Weirton on deposit or to be simultaneously deposited and irrevocably committed therefor, will be sufficient to pay the costs of acquisition and construction of the Project as set forth in the application submitted to the Authority as of the date of the Loan Agreement; and (ix) 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 23rd day of May, 1991.

GILLS, GUARD AND JOHNSON, INC.

(SEAL)

By

A handwritten signature in cursive script, appearing to read "James R. Gills", is written over a solid horizontal line. The signature is positioned to the right of the word "By".

05/13/91
WEIRJ.U1
94975/91001

EXHIBIT A

DATE: 5/23/91

AMENDED SCHEDULE A

NAME OF GOVERNMENTAL AGENCY: City of Weirton
 TOTAL COST OF PROJECT, SOURCES OF FUNDS AND COST OF FINANCING

A. Cost of Project

1. Construction	\$	<u>4,275,018</u>	
2. Technical Services	\$	<u>368,386</u>	
3. Legal and Fiscal	\$		
4. Administrative	\$	<u>15,000</u>	
5. Site and Other Lands	\$	<u>5,000</u>	
6. Step I and/or Step II (Design) or Other Loan Repayment (Specify Type: <u>General Fund</u>)	\$	<u>282,000</u>	
7. Interim Financing Costs	\$	<u>---</u>	
8. Contingency	\$	<u>229,747</u>	
9. Total of Lines 1 through 8			\$ <u>5,175,151</u>

B. Sources of Funds

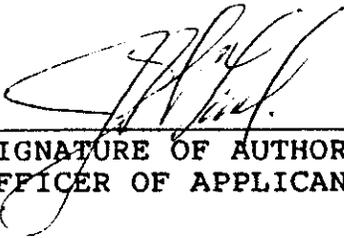
10. Federal Grants: ¹ (Specify Source)		\$	<u>500,000</u>	
11. State Grants: ¹ (Specify Source)		\$		
		\$		
		\$		
		\$		
		\$		
Other Grants: ¹ (Specify Source)		\$		
13. Any Other Source ² (Specify) <u>Investment Interest</u> <u>on Bond Account</u>		\$	<u>184,426</u>	
14. Total of Lines 10 through 13				\$ <u>684,426</u>
15. Net Proceeds Required from Bond Issue (Line 9 less Line 14)				\$ <u>4,490,725</u>

C. Cost of Financing

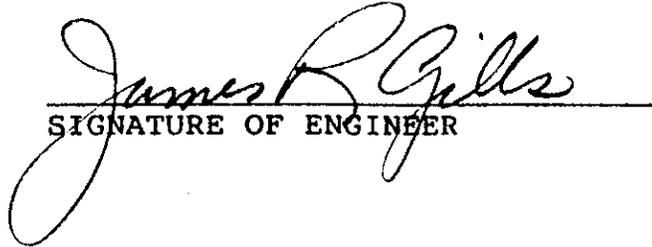
16. Capitalized Interest (Construction period plus six months)	\$	<u>484,275</u>	
17. Funded Reserve Account ³	\$		
18. Other Costs ⁴	\$	<u>25,000</u>	
19. Total Cost of Financing (Lines 16 through 18)			\$ <u>509,275</u>
20. Size of Bond Issue (Line 15 plus Line 19)			\$ <u>5,000,000</u>

- 1 Attach supporting documentation not previously submitted. If not yet available, state such and expectations as to availability.
- 2 For example, interest earnings during construction, if applicable Include the proceeds of any parity or subordinate bond issue to be used for such purpose and attach supporting documentation if available (if not yet available, state such and expectations as to availability).
- 3 Consult with bond counsel and the Authority before assuming a funded reserve.
- 4 For example, fees of bond counsel for the Governmental Agency.

Additional or explanatory material may be provided on additional sheets attached to Amended Schedule A.



SIGNATURE OF AUTHORIZED
OFFICER OF APPLICANT



SIGNATURE OF ENGINEER

AMENDED SCHEDULE B

CASH FLOW ANALYSIS

WEIRTON FLOW SCHEDULE

INVESTMENT INTEREST RATE = 6.00%
 INTEREST RATE = 7.75%

- NOTES
 (1) LOAN PAYMENT TO GENERAL FUND
 (2) BOND COUNCIL
 (3) PROJECT COMPLETE
 (4) 1ST FULL BOND PAYMENT

DATE	LOAN AMOUNT (\$)	INVESTMENT INTEREST (\$)	BALANCE (\$)	INTEREST PAYMENT TO WOA (\$)	PAYMENTS TO CONTRACTOR (\$)	NOTES	TOTAL (\$)
/01/91	\$4,999,000	----	\$4,999,000	----	\$232,000	(1)	\$4,717,000
/01/91		\$23,585	\$4,740,585	\$32,285	\$25,000	(2)	\$4,683,300
/01/91		\$23,412	\$4,706,717	\$32,285	\$326,426		\$4,348,006
/01/91		\$21,740	\$4,369,746	\$32,285	\$313,588		\$4,018,873
/01/91		\$20,094	\$4,038,967	\$32,285	\$333,587		\$3,623,095
/01/91		\$18,115	\$3,641,210	\$32,285	\$369,086		\$3,239,839
/01/91		\$16,199	\$3,256,039	\$32,285	\$363,912		\$2,854,341
/01/92		\$14,274	\$2,869,115	\$32,285	\$420,518		\$2,416,312
/01/92		\$12,082	\$2,428,394	\$32,285	\$511,459		\$1,894,650
/01/92		\$9,423	\$1,894,073	\$32,285	\$328,612		\$1,513,176
/01/92		\$7,566	\$1,520,742	\$32,285	\$228,612		\$1,259,845
/01/92		\$6,299	\$1,266,144	\$32,285	\$228,612		\$1,005,247
/01/92		\$5,026	\$1,010,273	\$32,285	\$257,355		\$720,133
/01/92		\$3,601	\$723,734	\$32,285	\$263,954		\$422,495
/01/92		\$2,112	\$424,607	\$32,285	\$212,730	(3)	\$179,592
/01/92		\$898	\$130,490	\$32,285	\$148,205		----
/01/92				FIRST PAYMENT TO WOA		(4)	



Anthony, Bockin and Company

Certified Public Accountants

3600 West Street • Weirton, W. Va. 26062 • Phone 304-748-5550

City of Weirton
Water Revenue Bonds,
Series 1991 A and Series 1991 B

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25065

Gentlemen:

Based upon the rates and charges as set forth in the Final Order of the Public Service Commission of West Virginia entered as the Administrative Law Judge's Recommended Decision on July 23, 1990 (Case No. 90-051-WS-MA) (the "Order"), and projected operation and maintenance expenses and anticipated customer usage as furnished to us by Gills, Guard and Johnson, Inc., consulting engineers, it is our opinion that (i) such rates and charges will be sufficient during the first year following completion of the project to provide revenues which, together with other revenues of the waterworks system of the City of Weirton, 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 Water Revenue Bonds, Series 1991 A and Series 1991 B, to be issued to West Virginia Water Development Authority and all other obligations secured by or payable from the revenues of the System prior to or on a parity with such Bonds, including, but not limited to, the Series 1964 Bonds Outstanding; (ii) the City will have sufficient revenues to make all payments required by the ordinance authorizing issuance of the Water Revenue Bonds, Series 1991 A and Series 1991 B; and (iii) the requirements for issuance of bonds junior and subordinate to the Series 1964 Bonds set forth in the ordinance authorizing the 1964 Bonds have been met.

Anthony, Bockin and Company

Weirton, West Virginia,
May 23, 1991.

WEIRTON CITY CHARTER

EDITOR'S NOTE: The Weirton Charter was adopted at the election held on April 25, 1950.

Council, pursuant to the authority granted by West Virginia Code 8-1-6, by Ordinance 228, passed May 25, 1970, provided that all provisions of the Charter which are sufficiently different from - though not in direct conflict with - pertinent provisions of West Virginia Code Chapter Eight as to indicate that both should not be applicable, are to remain in full force and effect thereby superseding such statutory provisions.

Dates appearing in parentheses following a section heading indicate those provisions were subsequently amended or enacted on the date given.

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CHARTER OF THE CITY
OF
WEIRTON

ARTICLE I
GENERAL PROVISIONS

SECTION 1. INCORPORATION; NAME.

The inhabitants of the City of Weirton, in the Counties of Hancock and Brooke, within the corporate limits of such City as now or hereafter established, shall be and continue to be a Municipal body, politic and corporate in perpetuity, under the name and style of "City of Weirton."

SECTION 2. GOVERNING BODY.

The governing body of the City shall consist of:

(A) A City Council (hereinafter referred to as "Council") of seven members who shall be elected by wards, in the manner hereinafter provided, by the voters of the City; and

(B) A Mayor who shall be elected by the voters of the City.

Other officers and employees shall be appointed in the manner hereinafter provided.

In this Charter, the terms "governing body" and "Council" are used interchangeably, with reference to ordinances, resolutions and other acts of the City.

SECTION 3. POWERS GENERALLY.

The City shall have all the powers now or hereafter granted to municipal corporations and to cities by the Constitution and general law of the State of West Virginia, together with all such implied powers as may be necessary to perform its Municipal purposes and its granted powers, including, but without limiting the generality of this section, the power to acquire, hold, manage, control, mortgage, lease and dispose of real and personal property or any interest therein, to accept gifts, bequests and devises, to sue and be sued in its corporate name, to make and perform contracts, to levy taxes, fees and special assessments, to issue bonds, notes and other obligations, to exercise the powers of eminent domain and condemnation and, in general, to exercise all Municipal powers, functions, rights, privileges and immunities of whatsoever name and nature. The enumeration of particular powers, functions, rights, privileges and immunities in this Charter shall not be deemed to be exclusive but on the contrary it is intended that the City shall have and may, for proper Municipal purposes, exercise all such powers, functions, rights, privileges and immunities which, under the Constitution and general laws of the State, it would be proper to set forth in this Charter, including all powers, rights, privileges and immunities which the City now has under its existing legislative Charter.

ARTICLE II
WARDS AND BOUNDARIES

SECTION 1. CORPORATE BOUNDARIES.

Until changed in the manner provided by law, the boundaries of the City shall be as follows:

Beginning at the intersection of the Hancock and Brooke County line with the West Virginia-Pennsylvania State line; thence in a southerly direction, south $89^{\circ} 13'$ west along the West Virginia-Pennsylvania State line to the center of Harmon Creek where said Creek intersects the West Va.-Penn. State line; thence meandering along Harmon Creek in a northwesterly direction to a point where the meridian line $80^{\circ} 35'$ of the Steubenville Quadrangle intersects Harmon Creek; thence continuing along said Harmon Creek in a southwesterly direction and sinuous to it to the low water line on the west shore of the Ohio River, same being the Ohio-West Virginia State boundary line; thence in a northwesterly direction with the said low water line to a point at the mouth of Kings Creek, said point being extended to its intersection with the said low water line of the Ohio River, same being the Ohio-West Virginia State boundary line to the place of beginning and point of intersection of the east bank of said Ohio River and mouth of Kings Creek; thence with the sinuosities and in an easterly direction along the center line of said Kings Creek to the West Virginia-Pennsylvania State boundary line to the place of beginning and point of intersection of the Hancock and Brooke County line with the West Virginia-Pennsylvania State line.

The foregoing description of the boundaries of the City shall not be construed as limiting any powers which the City may have under the general law of the State or this Charter with respect to matters or transactions beyond the limits of such boundaries.

SECTION 2. WARDS.

The Council shall have the power and authority to make ward boundary changes when it is deemed necessary to make the wards as equal as possible in population and area. Until so changed the City shall be divided into seven wards:

BOUNDARIES

EDITOR'S NOTE: The boundaries originally established by the Charter have been amended by a later ordinance pursuant to the authority granted by this section. Consult Article 105 for the current ward boundaries.

WARD 1.

Beginning at a point which is the intersection of Main Street and Pennsylvania Avenue, and continuing westwardly on a line which is an extension of the center line of Pennsylvania Avenue to its intersection with the west bank of the Ohio River; thence northwardly along the west bank of the Ohio River to a point opposite the intersection of Kings Creek; thence eastwardly across the Ohio River and thence southwardly along the center line of the meander of Kings Creek to a point which is the intersection of a line extended northwardly on Pershing Avenue and Kings Creek; thence southwardly to a point which is the intersection of the northwest corner of the Owings Plan at June Street; thence southwestwardly and

southwardly along the former Weirton Heights city line to the intersection with Pennsylvania Avenue; thence westwardly along the center line of Pennsylvania Avenue to the point of the beginning being the intersection of Main Street and Pennsylvania Avenue. The above comprises Ward No. 1.

WARD 2.

Beginning at a point which is the intersection of Main Street and Pennsylvania Avenue and continuing along a line westwardly which is an extension of the center line of Pennsylvania Avenue to its intersection with the west bank of the Ohio River; thence southwardly along the west bank of the Ohio River to a point which is across from the intersection of the former Marland Heights corporate line and the Ohio River; thence eastwardly across the Ohio River to the former Marland Heights corporate line to its point of intersection with a westwardly line extended on the center line of Lee Avenue; thence eastwardly along the center line of this extended line to the intersection of Lee and Weir Avenues; thence, northwardly along the center line of Weir Avenue to its intersection with South Eleventh Street; thence northeastwardly along the center line of South Eleventh Street to its point of intersection with the former Weirton Heights city line; thence westwardly along the former Weirton Heights city line and northwardly along the same line to its point of intersection with the center line of Pennsylvania Avenue; thence westwardly along the center line of Pennsylvania Avenue to the point of beginning being the intersection of Main Street and Pennsylvania Avenue. The above comprises Ward No. 2.

WARD 3.

Beginning at a point which is the intersection of Weir and Lee Avenues and continuing westwardly along a line which is an extension of the center line of Lee Avenue to its intersection with the former Marland Heights corporate line; thence southeastwardly and southwardly along the former Marland Heights corporate line to its intersection with Marland Heights Road; thence eastwardly along the center line of Marland Heights Road and on a line which is the eastward extension of Marland Heights Road to its intersection with Harmon Creek; thence eastwardly along the center line of the meander of the Harmon Creek to its intersection with the Pennsylvania State line; thence northwardly along the Pennsylvania State line to its intersection with the Brooke and Hancock County line; thence westwardly along the Brooke and Hancock County line to a point which is the intersection of the southwardly extension of the Three Springs Cemetery Road and the Brooke and Hancock County line in the vicinity of the Weirton Airport; thence northwardly on the extended line of the Three Springs Cemetery Road and along the center line of the Three Springs Cemetery Road to its intersection with the Cove Road; thence westwardly along the center line of the Cove Road to its intersection with Greenbrier Road; thence northwardly along the center line of the Greenbrier Road to a point which is the intersection of an eastwardly extended line of the south boundary of the Haggerty subdivision with the Greenbrier Road; thence westwardly along this extended line and along the south line of the Haggerty subdivision to its point of intersection with the center line of South Eleventh Street; thence southwardly along the center line of South Eleventh Street to its intersection with the center line of Weir Avenue; thence southwardly along the center line of Weir Avenue to the point of beginning being the intersection of Weir and Lee Avenues. The above comprises Ward No. 3.

WARD 4.

Beginning at a point which is the intersection of the former Hollidays Cove corporate line and Marland Heights Road and extending southwardly along the former Hollidays Cove corporate line to its intersection with Bank Street, thence northwestwardly along a line which is a southwardly extension of Beaumont Drive; thence northwestwardly along the center line of Beaumont Drive to the intersection of Beaumont Drive and the former Marland Heights city line; thence southwestwardly along the former Marland Heights city line and an extension of the former Marland Heights city line to its intersection with the west bank of the Ohio River; thence southeastwardly along the west bank of the Ohio River to a point across from the intersection of Harmon Creek and the Ohio River; thence northeastwardly across the Ohio River to Harmon Creek; thence northeastwardly along the center line of the meander of Harmon Creek to a point which is the intersection of an extended line of Marland Heights Road with Harmon Creek; thence northwestwardly along this extended line and along the center line of Marland Heights Road to the point of beginning which is the intersection of Marland Heights Road and the former Hollidays Cove corporate line. The above comprises Ward No. 4.

WARD 5.

Beginning at a point which is the intersection of the Marland Heights Road and the former Hollidays Cove corporate line and extending northwestwardly along the Marland Heights Road to a point which is the intersection of an extended line of the former Marland Heights line and Marland Heights Road; thence northwardly along this extended line to the former Marland Heights city line and along the northern boundary of the former Marland Heights city line to the intersection of the extension of the former Marland Heights city line and the west bank of the Ohio River; thence southwardly along the meanders of the west bank of the Ohio River to a point which is the intersection of an extended line of the former Marland Heights city southeast line and the west bank of the Ohio River; thence northeastwardly along this extended line of the former Marland Heights city line and along the former Marland Heights city line to its intersection with Beaumont Drive; thence southeastwardly along the center line of Beaumont Drive and an extension of this line to the intersection of the former Hollidays Cove corporate line at Bank Street; thence northeastwardly along the former Hollidays Cove corporate line to the point of beginning which is the intersection of the Hollidays Cove corporate line and Marland Heights Road. The above comprises Ward No. 5.

WARD 6.

Beginning at a point which is the intersection of North Twentieth Street and Pennsylvania Avenue and extending northwardly along the center line of North Twentieth Street to its intersection with the north boundary of the Truax Addition; thence northwardly along an extended line from this intersection to a point which is the intersection of North 12th Street and Kings Creek; thence northwardly and westwardly along the center line of the meander of Kings Creek to a point which is the intersection of the northwardly extension of the center line of Pershing Avenue and Kings Creek; thence on an extended line southeastwardly to a point which is the northwest boundary of the Owings Addition at June

Street, thence southwestwardly and southwardly along the Weirton Steel line to the southern boundary of the Weirmont Plan; thence eastwardly along the southern boundaries of the Weirmont Plan to the intersection of South Eleventh Street; thence southwardly along the center line of South Eleventh Street to its intersection with the southern boundary of the Haggerty Addition; thence eastwardly along the southern boundary of the Haggerty Addition and on an extended line of this boundary to its intersection with Greenbrier Road; thence northeastwardly along the center line of Greenbrier Road to a point which is the intersection of an extended line of the center line of Greenbrier Road with Pennsylvania Avenue in the vicinity of the northwest corner of the Belleview Plan of lots; thence northwestwardly along the center line of Pennsylvania Avenue to the point of beginning which is the intersection of North 20th Street and Pennsylvania Avenue. The above comprises Ward No. 6.

WARD 7.

Beginning at a point which is the intersection of Pennsylvania Avenue and North Twentieth Street and extending northwardly along the center line of North Twentieth Street to its intersection with the northern boundary of the Truax Addition; thence northwardly along an extended line of this intersection to the intersection of North 12th Street and Kings Creek; thence southeastwardly along the center line of the meander of Kings Creek to the Pennsylvania State line; thence southwardly along the Pennsylvania State line to its intersection with the Brooke and Hancock County line; thence westwardly along the Brooke and Hancock County line to a point which is the southwardly extension of the center line of the Three Springs Cemetery Road in the vicinity of the Weirton Airport; thence northwardly along the extended line which is the center line of the Three Springs Cemetery Road and along the center line of the Three Springs Cemetery Road to its intersection with the Cove Road; thence westwardly along the center line of the Cove Road to its intersection with the Greenbrier Road; thence northwardly along the center line of the Greenbrier Road and an extension of the Greenbrier Road to its intersection with Pennsylvania Avenue; thence northwestwardly along the center line of Pennsylvania Avenue to the point of beginning which is the intersection of Pennsylvania Avenue and North 20th Street. The above comprises Ward No. 7.

SECTION 3. PURPOSES OF WARD DIVISION.

The foregoing division of the City into seven wards shall be for purposes of election and Council representation only, and shall not be construed as limiting or restricting the power of the governing body of the City to create other and different districts and divisions for purpose of zoning ordinances, building restrictions, fire and police protection, and other ordinances or regulations with respect to safety, recreation, traffic control, parking of vehicles, transportation, health, general welfare or other matters which are the proper subjects of Municipal action.

ARTICLE III
ADMINISTRATIVE AUTHORITIES AND OFFICES

SECTION 1. MUNICIPAL AUTHORITIES.

The Municipal authorities of the City of Weirton shall consist of a Mayor, to be elected at large from the City, and seven Councilmen, to be elected as hereinafter provided.

SECTION 2. ADMINISTRATIVE OFFICES.

(A) Offices. In addition to the Municipal authorities mentioned in the section above, the City shall have and there are created, the following Municipal offices:

- (a) City Manager
- (b) City Clerk
- (c) Police Court Judge
- (d) City Attorney
- (e) City Treasurer and Auditor
- (f) City Engineer
- (g) City Physician and Health Officer
- (h) Chief of Police
- (i) Chief of Fire Department
- (j) Recreation Director
- (k) Building Inspector

and such other departments, commissions and boards as the governing body of the City may create by ordinance.

The City Council shall have the power to create additional administrative offices and to abolish any of the offices by it created.

(B) Appointment. The City Manager shall be appointed by the Mayor with the consent and approval of the Council; all other offices mentioned in Section 2-A of this section shall be filled and appointed by the Mayor upon the recommendation of the City Manager with the consent and approval of the Council. All appointments shall be for the duration of the term of the Council or unless sooner removed as hereinafter set forth. Whenever the Mayor shall fail to make any and all appointments under him, as are required to be made by him, for a period of thirty days from the time such appointment shall have been made, after having been requested by Council by resolution so to do, such appointment may be made by the Council. All appointed officers, other than the City Manager, must be residents of the City of Weirton for at least one year prior to their appointment and must continue to reside in the City for the duration of their term.

(C) Removal. All appointed officers may be removed from office by the Mayor, but in the event of such removal, the discharged officer may appeal to the Council, and if such an appeal is taken, Council shall hold a public hearing and the removal shall not be effective unless approved by two-thirds majority vote of the Council after such public hearing.

(D) Compensation. The City Manager and other administration officers holding offices created by Article III, Section 2 of this Charter, or which shall be hereafter created by the City Council, shall receive such salary, compensation and wages as the City Council shall from time to time by ordinance or resolution fix and prescribe.

SECTION 3. QUALIFICATIONS AND REQUIREMENTS.

Each candidate for Mayor or Councilman or to remain a Mayor or member of the City Council, shall

- (A) Be a resident of the City of Weirton for at least five years prior to the election.
- (B) Be a registered elector.
- (C) Be a citizen of the United States for at least ten years.
- (D) Be assessed and must have paid taxes on at least five hundred dollarsworth of real or personal property for the year preceding his election to office.
- (E) Not have been convicted under the laws of the State of West Virginia, or of the United States, of any offense involving malfeasance in public office, or a violation of the registration or election laws.
- (F) Not hold any other appointed or elected office in the City or County except as is hereafter set forth in this Charter.
- (G) Not hold office as Councilman if he fails to attend Council meetings for a period of six months, or whose residence is changed to a point outside the ward for which he has been elected.
- (H) Any officer of the City who shall become or be directly or indirectly interested in any contract or in the profits to be derived therefrom with the Municipality shall forthwith forfeit his office; and in addition thereto, any such contract shall be void and unenforceable against the City; and the acceptance by any officer of any interest in such contract or of any gift or gratuity from any person, firm or corporation dealing with the City which might influence the officer in the discharge of any duty, shall disqualify the person forever from holding any office or employment in the government of the City of Weirton; and in addition, such person shall be subject to criminal prosecution under any ordinances of the City or laws of the State of West Virginia.

**ARTICLE IV
MAYOR AND COUNCIL GENERALLY**

SECTION 1. ELECTION AND TERM OF MAYOR; POWERS AND DUTIES.

The Mayor of the City shall be elected at large from the City, at the first regular Municipal election following the effective date of the adoption of this revised Charter of the City. The Mayor's term of office shall begin with the first day of the fiscal year immediately following such election, and shall continue for a period of four years. If a vacancy shall occur in the office of Mayor during such term, because of death, resignation, incapacity or other cause or condition, the Council shall, by a majority vote of all its members, select one of its members to complete the unexpired term of the Mayor, and the vacancy in Council caused by such election, shall be filled in the same manner as any other vacancy in Council.

The Mayor shall be a member of the governing body of the City, shall preside at all meetings of the Council, and shall have a vote, in case of tie, in all such meetings with respect to all ordinances, resolutions and other matters being considered thereat. He shall be recognized as the chief executive of the City for all civil and ceremonial purposes, for all legal proceedings involving the City, including the service of process, and for acts

or transactions involving the preservation of law and order, and the application to the City of military law. In addition, he shall have and may exercise all such rights, powers and immunities as may be provided by the Charter, the general law of the State and the ordinances of the governing body, as well as such other rights, powers and immunities as may be reasonably appropriate to the performance of his duties as Mayor under the Charter or the general law of the State. He shall immediately, upon assuming office, at the first meeting of Council, or as soon thereafter as possible, appoint all officers with the consent and approval of the Council.

SECTION 2. ELECTION AND TERM OF COUNCIL.

The members of Council shall be elected from the several wards of the City, in the manner hereinafter provided, at the first regular Municipal election following the effective date of this revised Charter. Their term of office shall begin with the first day of the fiscal year immediately following such election, and shall continue for a period of four years. If a vacancy shall occur in Council during any such term, because of death, resignation, incapacity or other cause or condition, including the election of a member of Council to fill a vacancy in the office of Mayor, the remaining members of Council, by a majority vote, shall elect a qualified person from the proper ward to fill the vacancy. If such vacancy is not filled within a period of six weeks after the occurrence of the vacancy, Council shall cause a special election to be held in the ward within ninety days after the expiration of such six weeks period unless a regular election is scheduled to be held within one hundred twenty days after the expiration of such period, in which event, the vacancy shall be filled at such regular election. Any such election to fill a vacancy shall be held in the same manner and under the same procedure as any regular Municipal election, except that the successor elected shall take office immediately and hold office for the unexpired term of his predecessor.

SECTION 3. COMPENSATION.

The Mayor of the City shall receive a salary of five hundred dollars per year, and each member of the City Council shall receive a salary of one hundred dollars per year.

ARTICLE V THE COUNCIL

SECTION 1. POWERS.

The Council shall have plenary power and authority therein by ordinance or resolution, as the case may require, so far as such power or authority is not in conflict with the Constitution and laws of the State or the United States, and, in addition, they shall exercise the following powers:

1. Survey. To have the City surveyed.
2. Streets, sidewalks, sewers, generally. To open, vacate, broaden, change grade of, grade and pave streets, sidewalks and gutters for public use, and to alter, improve, embellish and ornament and light the same, and to construct and maintain public sewers, laterals and sewerage disposal systems, and shall, in all cases, have power and authority to assess upon and collect from the property benefited thereby, all, or such part of the expenses thereof as shall be fixed by ordinance, except as hereinafter provided.

3. Regulation of use of streets, etc., generally; obstructions, pollution, litter. To have control of all streets, avenues, roads, alleys and grounds for public use in the City, and to regulate the use thereof and driving thereon, and to have the same kept in good order and free from obstruction, pollution or litter on or over them.
4. Bridges generally. To have the right to control all bridges within the City and the traffic passing thereover.
5. Street names; renumbering of houses. To change the name of any street, avenue or road within the City, and to cause the renumbering of houses on any street, avenue or road therein.
6. Width of streets, etc. To regulate and determine the width of streets, sidewalks, roads and alleys.
7. Curbing and paving of sidewalks and footways. To order and direct the curbing and paving of sidewalks and footways for public use in the City to be done and kept clean and in good order by the owners of adjacent property.
8. Abuse of animals. To prohibit and punish the abuse of animals.
9. Vagrants, beggars, prostitutes, etc. To restrain and punish vagrants, mendicants, beggars, tramps, prostitutes, drunken or disorderly persons within the City, and to provide for their arrest and manner of punishment.
10. Bringing person or animal afflicted with contagious disease into the City. To prohibit by ordinance the bringing into the City of any person or animal afflicted with contagious or infectious disease, and to punish any violator of said ordinance who knows or has reason to believe such person or animal to be so afflicted.
11. Houses of ill fame, etc.; gaming houses; gaming. To suppress disorderly houses of prostitution or ill fame, houses of assignation, and gaming houses or any part thereof, and to punish gaming.
12. Slaughterhouses, etc., generally. To prohibit within the City or within three miles thereof, slaughterhouses, soap or glue factories and houses of like kind.
13. Construction and repair of houses, etc., generally. To control the construction and repair of all houses, basements, walls, bridges, culverts and sewers, and to prescribe and enforce all reasonable regulations affecting the construction of the same, and to require permits to be obtained for such buildings and structures, and plans and specifications thereof to be first submitted to the Building Inspector.
14. Construction, maintenance, etc., of ditches, drains, etc. To control the opening and construction of ditches, drains, sewers, cesspools and gutters, and to deepen, widen and clear the same of stagnant water or filth, and to prevent obstructions therein, and to determine at whose expense the same shall be done.
15. Public grounds, squares and parks generally. To acquire, lay off, appropriate and control public grounds, squares and parks, either within or without the City limits as herein defined.
16. Purchase, sale, etc., of public buildings and real estate. To purchase, sell, lease, build or contract for, take care and regulate the management of all public buildings, structures and real estate, including libraries and hospitals, deemed proper for use of the City.
17. Removal of unsafe walls or buildings; excavations. To cause the removal of unsafe walls or buildings and the filling of excavations for the protection of the public.

18. Prevention of injury, etc., to business, etc., from anything dangerous, etc. To prevent injury or annoyance to the business of individuals from anything dangerous, offensive or unwholesome.
19. Intoxicating liquors. To prohibit the manufacture, transportation, possession, sale and keeping for sale of intoxicating liquors, except as the same may be authorized or permitted under the general laws of the State.
20. Abatement, etc., of things detrimental to health, morals, etc., of inhabitants of City. To define, prohibit, abate, suppress and prevent all things detrimental to the health, morals, comfort, safety, convenience and welfare of the inhabitants of the City and all nuisances and causes thereof, and to that end and thereabout to summon witnesses and hear testimony.
21. Quarantine. To declare and enforce quarantine against the introduction of any contagious or infectious disease prevailing in any other state, county or place, and of any and all persons and things likely to spread such contagion or infection.
22. Gunpowder, combustibles and dangerous articles. To regulate the keeping of gunpowder and other combustible or dangerous articles.
23. Explosives, firecrackers, fireworks; dangerous or annoying noises or performances. To regulate, restrain or prohibit the use of firecrackers or other explosives or fireworks, and all noises or performances which may be dangerous, annoying to persons, or tend to frighten horses or other animals.
24. Cemeteries and burial. To provide and maintain proper places for the burial of the dead and to regulate interments therein upon such terms and conditions as to price and otherwise as may be determined.
25. Trees. To provide for shade and ornamental trees and the protection of the same.
26. Division fences. To provide for the making of division fences.
27. Protection against fires. To make proper regulations for guarding against danger or damage from fires.
28. Maintenance of the poor. To provide for the poor of the City, and to that end, may contract with the proper authorities of Hancock County to keep and maintain the poor, or any number thereof, upon terms to be agreed upon.
29. Taxis, busses, streetcars, and railroad engines and cars. To make suitable and proper regulations in regard to the use of the streets and alleys for taxis, busses, streetcars, railroad engines and cars, and to regulate the running and operation of the same so as to prevent injury, inconvenience or annoyance to the public.
30. Prize fighting; cock and dog fighting. To prohibit prize fighting, cock and dog fighting.
31. Theatres, circuses, shows, etc. To license, tax, regulate or prohibit theatres, circuses, the exhibition of showmen and shows of any kind and the exhibition of natural or artificial curiosities, caravans, menageries, pictures, motion pictures and musical exhibitions and performances.
32. Further provisions as to construction, etc., of buildings. To regulate the construction, height and material used in all buildings and the maintenance and occupancy thereof.
33. Further provisions as to use of streets, etc. To regulate and control the use for whatever purpose of the streets and other public places.
34. Employment; compensation of employees. To create, establish, abolish and organize employments and fix the compensation of all employees of the City.

35. Fire companies and apparatus, etc. To organize and maintain fire companies and to provide necessary apparatus, engines and implements for the same.
36. Plumbing and electric wiring. To regulate and control the kind and manner of plumbing and electric wiring for the protection of the health and safety of the City.
37. Licensing, etc., of dogs and other animals. To license and tax dogs and other animals and regulate, restrain and prohibit them and all other animals and fowls from running at large.
38. Taxes for general and special purposes. To assess, levy and collect taxes for general and special purposes upon all the subjects or objects which the City may lawfully tax.
39. Assessments for local improvements. To levy and collect assessments for local improvements.
40. Bond issues. To borrow money on the faith and credit of the City by the issue and sale of bonds in the manner prescribed by law.
41. Appropriation of City money. To appropriate the money of the City for all lawful purposes.
42. Public works and improvements generally. To create, provide for, and regulate and maintain all things in the nature of public works and improvements.
43. Rules for transaction of business, etc. To adopt rules for the transaction of business and for its own regulation and government.
44. Promotion of general welfare and protection of persons and property. To promote the general welfare of the City and to protect the persons and property of citizens therein.
45. Weighing of produce, etc.; transportation of articles through streets. To regulate and provide for the weighing and inspection of produce and other articles sold in the City, and to regulate the transportation thereof, and other things, through the streets.
46. Licensing of business licensed by State. To have the sole and exclusive right to grant, refuse or revoke any and all licenses for the carrying on of any business within the City on which the State exacts a license tax.
47. Markets. To establish and regulate City markets and to prescribe the time for holding the same, and what shall be sold in such market, and to acquire and hold property for market purposes.
48. Placing of signs, etc., in or over streets or public grounds. To regulate or prohibit the placing of signs, billboards, posters and advertisements, in, on, or over the streets, alleys, sidewalks and public grounds of the City.
49. Preservation of peace, etc.; sale and use of certain drugs. To preserve and protect the peace, order and safety and health of the City and its inhabitants, including the right to regulate the sale and use of cocaine, morphine, opium and poisonous drugs.
50. Police, etc., regulations; exercise of police power. To make, enforce and provide local police, sanitary and other regulations, and fully exercise all lawful police powers.
51. City elections. To appoint and fix the place of holding City elections.
52. Gasworks, telephone plant and electric light works. To erect, own, lease, authorize or prohibit the erection of gasworks, telephone plant or electric light works in or near the City, and to operate the same and sell the products or services thereof, and to do any and all things necessary and incidental to the conduct of such business.

53. Purity of milk, meats and provisions. To provide for the purity of milk, meats and provisions offered for sale in the City, and to that end, provide for a system of inspecting the same and making and enforcing rules for the regulation of their sale, and to prohibit the sale of any unwholesome or tainted milk, meats, fish, fruit, vegetables, or the sale of milk containing water or other things not constituting a part of pure milk.
54. Inspection of dairies and slaughterhouses. To provide for inspecting dairies and slaughterhouses whether in or outside of the City, where the milk and meat therefrom are offered for sale within the City.
55. Ordinances and rules for protection of health, property, places of divine worship, etc. To prescribe and enforce ordinances and rules for the purposes of protecting the health, property, lives, decency, morality and good order of the City and its inhabitants, and to protect places of divine worship in and about the premises where held, and to punish violations of such ordinances even if the offense under and against the same shall constitute offense under the law of the State of West Virginia or the common law.
56. Working prisoners. To provide for the employment and safekeeping of persons who may be committed in default of the payment of fines, penalties or costs under this Charter, who are otherwise unable or fail to discharge the same, by putting them to work for the benefit of the City upon the streets or other places provided by the City, and to use such means to prevent their escape while at work as the Council may deem expedient; and the Council may fix a reasonable rate per day as wages to be allowed such person until the fine and costs against him are thereby discharged.
57. Compelling attendance of members at Council meetings. To compel the attendance at public meetings of the members of the Council.
58. Pollution of water supply. To prevent any person, association or corporation from polluting, in any manner, any pond, lake, basin, reservoir, stream, spring, creek or other body of water from which the City shall take water to be used for domestic purposes by the inhabitants thereof, or from casting into any such body of water, or on the bank thereof or in such proximity thereto that the same may enter therein any filthy, unwholesome or obnoxious substances, object or liquid, or anything whatsoever injurious to the health of the people of the City.
59. Other powers granted to municipalities by State Constitution or laws; how powers to be exercised. To exercise all other powers that now are or hereafter may be granted to the City of Weirton or to municipalities by the Constitution or the laws of the State of West Virginia; and all such powers, whether expressed or implied, shall be exercised and enforced in the manner prescribed by this Charter, or when not prescribed herein, in such manner as shall be provided by the ordinance or resolution of the Council.

The enumeration of particular powers of this Charter shall not be held or deemed to be exclusive, but, in addition to the powers enumerated herein, impliedly thereby, or appropriate to the exercise thereof, the Council shall have and exercise all other powers, which under the Constitution and laws of the State of West Virginia, it would be competent for this Charter specifically to enumerate.

SECTION 2. JURISDICTION; ENFORCEMENT OF ORDINANCES.

For all such purposes, the jurisdiction of the City shall, when necessary, extend for five miles beyond the corporate limits of the City, excepting any other municipal corporation, or part thereof, within said five mile limit; however, in the erection and extension of waterworks, water mains, sewerage works and sewers, such powers may, without regard to whether or not such extension of powers is necessary to the reasonably efficient exercise of such powers within the corporate limits, be extended fifteen miles beyond the corporate limits and within the corporate limits of another municipal corporation if the latter, by ordinance, requests such extension; to exercise all other powers that now are or hereafter may be granted to the City of Weirton or to municipalities by the Constitution or the laws of the State of West Virginia; and all such powers, whether expressed or implied, shall be exercised and enforced in the manner prescribed by this Charter, or when not prescribed herein, in such manner as shall be provided by the ordinances or resolutions of the Council. The jurisdiction of all police officers shall extend to all parts of the City of Weirton, and to such other parts of Brooke and Hancock Counties, West Virginia as do not exceed five miles in distance from said City.

The Council shall provide for the enforcement of all ordinances by reasonable and proper penalties, consisting of fines or imprisonment or fines and imprisonment, with suitable rules and regulations for the enforcement of such penalties; provided, however, that in no event, except as hereinafter provided, shall imprisonment for a longer period than sixty days or a greater fine than five hundred dollars or both, be imposed for any one offense. Nothing herein shall limit or prevent the Council from providing penalties for violations of traffic laws equal to the penalties provided by the general laws of the State for like offenses constituting misdemeanors.

SECTION 3. ADDITIONAL POWERS.

The City also shall have all powers conferred upon it and granted by Chapter 8 of the Official Code; and Article 4, Chapter 8-A; and Sections 2 and 8, Article 5, Chapter 8-A of the Official Code; provided, however, that the enumeration of the powers therein mentioned shall not operate to exclude the exercises of other powers fairly incidental thereto or reasonably implied and within the purposes of the Official Code; and the provisions of said sections shall be given full effect without regard to the common law rule of strict construction.

**ARTICLE VI
COUNCIL MEETINGS; ORDINANCES AND RESOLUTIONS****SECTION 1. ORGANIZATION AND REGULAR MEETINGS.**

Council shall hold an organization meeting on the first Monday following the commencement of their terms of office and shall thereafter meet in regular session of the first Monday following the first Tuesday of each month at a time and place to be specified by ordinance or resolution of the governing body.

SECTION 2. SPECIAL MEETINGS.

Council may hold special meetings at the place selected for their regular meetings commencing at such hour as they determine. The special meetings shall be called by the City Clerk upon the written request of the Mayor or of three members of Council. At least two days' written notice of the time, place and purposes of the special meetings shall be given to each member of Council and the Mayor by mail or manual delivery to the person or the person's residence, and the meeting may not consider or act upon any subject not specifically mentioned in such notice.

SECTION 3. RULES OF ORDER AND PROCEDURE.

Council shall determine its own rules of order and procedure, shall keep and preserve minutes of its meetings and other acts, and shall act only by ordinance and resolution. Ordinances shall be required in any matter as which there is a specific provision of the general law of the State to such effect.

SECTION 4. ORDINANCES AND RESOLUTIONS GENERALLY.

No ordinance shall be enacted except upon two readings thereof at separate regular or special meetings (which need not be consecutive) with at least one week intervening between the meetings; provided, however, that at any regular or special meeting of Council, with all members present, an emergency ordinance may be passed at one reading by a unanimous vote of the members of Council declaring the same to be an emergency ordinance. In all cases where it is required by the general law of the State, a proposed ordinance shall be published, as required by law, at least ten days before final passage, and any interested party shall have the right to appear and be heard with respect to the proposed ordinance at a meeting of Council before such final passage. No material amendment may be made in a proposed ordinance after its publication. In addition, Council may also determine, by a majority vote of all the members then in office that ordinances and resolutions with respect to particular subjects (other than those as to which publication is required by law) shall be advertised and that resolutions with respect to particular subject shall not be adopted without a second reading; any resolution containing such a determination shall not be rescinded except by the majority vote of all the members of Council then in office.

SECTION 5. QUORUM; CONFLICT OF INTEREST.

A majority of the members of Council then in office shall constitute a quorum, but a less number may adjourn any meeting from day to day until a quorum has been secured and may take action to insure the attendance of a quorum. Unless a larger vote is required by this Charter or the general law of the State, Council shall act by a majority of those present, if there is a quorum, but a motion to adjourn or to compel the attendance of absent members may be adopted by a majority of those present at any lawful meeting, despite the absence of a quorum. If a member of Council is personally interested in any matter being considered by Council, he may not vote or participate in the meeting, but he may be counted in determining whether or not there is a quorum present at the meeting.

SECTION 6. MEETINGS OPEN TO PUBLIC.

Regular meetings of Council shall be open to the public and the minutes of any meeting, regular or special, shall be open to inspection by the public.

SECTION 7. INTRODUCTION OF ORDINANCES AND RESOLUTIONS.

Ordinances and resolutions shall be introduced into Council only in written or printed form. All ordinances, except ordinances making appropriations and ordinances codifying or rearranging existing ordinances or enacting a code of ordinances, shall be confined to one subject, and the subject or subjects of all ordinances shall be clearly expressed in the title. Ordinances making appropriations shall be confined to the subject of appropriations.

SECTION 8. EFFECTIVE DATE OF ORDINANCES AND RESOLUTIONS.

Ordinances making the annual tax levy, appropriation ordinances, ordinances and resolutions pertaining to local improvements and assessments, ordinances and resolutions providing for or directing any investigation of City affairs, resolutions requesting information from administrative officers or directing emergency measures, shall take effect at the time indicated therein. Except as otherwise prescribed in this Charter or the general law of the State, all other ordinances and resolutions shall take effect at the time indicated therein, but not less than thirty days from the date of their passage.

**ARTICLE VII
OFFICERS AND EMPLOYEES****SECTION 1. CITY MANAGER.**

The administration of the business and financial affairs of the City shall be under the supervision and control of a City Manager.

1. **Appointment.** He shall be appointed by the Mayor with the consent and approval of the Council at the first meeting of the Council or as soon thereafter as possible.
2. **Qualifications.** The City Manager need not be a resident of the City or the State of West Virginia, but he must be a citizen of the United States, and he must have had at least two years of experience in municipal administration or two years of education in municipal administration or its equivalent in a college or other institute of higher learning.
3. **Powers and duties.** The powers and duties of the City Manager are, as follows:
 - (a) He shall supervise, control and direct the affairs and business of all of the administrative offices created in Article III, Section 2 of this Charter or which shall hereafter be created by Council under the authority therein contained.
 - (b) He shall employ and discharge, at will, all other employees of the City except administrative officers and employees in the Police Department and Fire Department.
 - (c) He shall attend all meetings of Council, and shall recommend to Council, for adoption, such measures and resolutions as he may deem expedient.
 - (d) He shall employ competent experts to advise with him in planning the improvements of public works, streets, sewers, etc.
 - (e) He shall supervise, improve, protect and maintain City property and equipment; purchase, lease and dispose of City properties, supplies and equipment; supervise the operation of the various heads of the City; and make rules and regulations for the efficient and economical operation thereof.

- (f) He shall act as purchasing agent and purchase supplies and materials, etc., but, however, he shall not make any contract or purchase involving an expenditure in excess of five hundred dollars without first obtaining the consent of Council so to do. All supplies and materials purchased by the City in excess of one thousand dollars shall be purchased on competitive bids. All proposals for such shall be upon precise specifications and notice of the requirements of the City shall be given to dealers in supplies and materials of the kind required, who, by reason of location, are best able to furnish the same at the lowest price. All purchases shall be ordered by the City Manager and only on approval of the Council shall payment be made.
- (g) He shall make and execute, on behalf of the City, all writings, contracts, deeds and agreements, the making of which shall be authorized by the Council or by any ordinance, resolution or statute, and, in general, exercise all the powers of the City which are not specifically conferred upon any other officer or the governing body of the City by this Charter or the general law of the State.
- (h) He shall prepare and submit to the Council the proposed annual budget, and prepare and make recommendation, by a monthly budget report, to the Mayor and Council with respect to financial and fiscal policies.

SECTION 2. CITY CLERK.

The City Clerk shall devote full time to his office and shall not engage in any other occupation or hold any other office, and, in addition, he shall exercise the following powers:

- (A) He shall attend all meetings of the Council and keep in a proper minute book a record of its proceedings, and sign the record of each said proceeding.
- (B) He shall keep a complete record of all ordinances, resolutions and acts of the City Council. He shall enter in a separate volume all ordinances of a general nature, a violation of which shall subject any person to any penalty and carefully index the same. All ordinances providing for the issuing of bonds, the creation of a debt, the construction of any public improvement, or of any local or temporary nature shall be entered in a separate volume by the City Clerk and carefully indexed. He shall keep complete books of account showing all financial transactions of the City and of each department, all receipts, expenditures made by the City, the sources of all income and the purposes of all expenditures. He shall enter in the Municipal assessment docket all special assessments made for public improvements, showing the name of the owner of the property, the particular property on which the assessment is levied, the date of the entry, and the minute book and page showing the entry of the ordinance or resolution creating the assessment, and the maturing time of the assessment. When and as the installments upon principal and interest on each assessment shall be paid, he shall enter such payments showing the amount paid upon principal, the amount of interest, under the heading and in the account of such special assessment. When the special assessment, principal and interest shall have been paid in full, he shall make an entry in red ink on the face of the account showing that the special assessment is fully satisfied and paid. He shall make out all vouchers and pay rolls of the City, and shall do and perform all other duties which may be required of him by the Council by any ordinance or resolution.

- (C) He shall prepare and cause to be served all notices required to be given to any person, firm or corporation, and after proper service and return thereof of any notice, he shall file and preserve the same.
- (D) He shall file in convenient form so as to be readily accessible all correspondence carried on by the City or by any department thereof, and, as custodian of all the books, records and proceedings of the Council, he shall make and certify copies thereof whenever required and affix the Corporate Seal of the City to any paper required to be sealed and to any certified copy of any paper, order or proceeding which he may make.

A copy of any record, paper, entry, order, ordinance, resolution or proceeding made by the Council, or by the Police Court Judge when properly certified under the Seal of the City, shall be admissible as evidence in any court in the State in any proceeding in which the original paper or record, if present, would be admissible.

Unless otherwise provided by Council, the office of the City Clerk shall be kept open by the City Clerk or by some deputy or assistant, on each secular day from nine a. m. until five p. m. for the transaction of the public business.

SECTION 3. POLICE COURT; POLICE COURT JUDGE.

There shall be a Police Court which shall be presided over by a Police Court Judge.

- (A) He shall have charge of and preside over the Municipal Court of the City. He shall have power to summon witnesses for the trial of any case before him; to compel the attendance of police officers of the City; to require of said police officers the enforcement of any order or judgment entered or rendered by him under the powers herein given said Police Court Judge; and to issue executions for all fines, penalties and cost imposed by him. In the discharge of his duties and in the trial of cases, the Police Court Judge shall, insofar as practicable, follow the rules or proceedings of the courts of the State of West Virginia which exercise jurisdiction in criminal cases. All cases for alleged ordinance violations shall be tried by the Police Court Judge without a jury. He shall be ex officio a justice and a conservator of the peace with authority to issue process for all offences committed within the police jurisdiction of the City of Weirton.
- (B) He shall issue warrants upon complaint under oath of any person or officer for the arrest of anyone charged with the violation of any ordinance of the City, or on a State warrant as ex officio justice of the peace.
- (C) He shall keep a record of all warrants issued by him, of all persons arrested and brought before him and of all trials, fines or sentences imposed or judgments entered by him in a wellbound book to be known as the Police Court Docket. A record of the entries made each day in said Docket shall be signed by the Police Court Clerk or the Police Court Judge at the close of the day. An appeal shall lie to the circuit court or to the criminal court of Hancock or Brooke County from all judgments of the Police Court Judge wherein and in the manner an appeal from the judgment of a Mayor of a City is allowed by law.
- (D) He shall exercise the power to punish within the limits prescribed by the ordinances of the City or by the laws of the State of West Virginia applicable to the City and not in conflict with this Charter.

In the absence or the disability of the Police Court Judge, his powers, functions and duties may be assigned, by the City Manager, to the City Attorney, to act as Police Court

Judge, but any such assignment shall not be for a period of more than thirty days.

SECTION 4. CITY ATTORNEY.

The City Attorney shall be a resident of the City of Weirton and a member of the Bar of Hancock or Brooke County in good standing, and shall perform and discharge all duties and exercise all powers which shall be conferred upon him by any ordinance or resolution of the City Council, and, in addition, he shall exercise the following powers:

- (A) Be the legal adviser of the Attorney and Council for the City and for all of the administrative officers thereof, in respect to their official duties.
- (B) Prosecute and defend all suits for or against the City, and prepare all contracts, bonds or other writings in which the City is concerned, and endorse on each, his approval of the form and correctness thereof.
- (C) Be prosecuting attorney of the Police Court and prosecute all cases brought before such court, and perform the same duties so far as they are applicable thereto as are required of the prosecuting attorney of the County.
- (D) The City Council and all administrative officers of the City may require the opinion of the City Attorney upon any question of law involving their respective powers and duties, and he shall furnish the same in writing.
- (E) Apply in the name of the City to a court of competent jurisdiction for an order of injunction restraining the misapplication of funds of the City or the abuse of its corporate powers, or the execution or performance of any contract made on behalf of the City in contravention of law, or which was procured by fraud or corruption.
- (F) When an obligation or contract made on behalf of the City granting a right or easement, or creating a public duty, is evaded or violated, the City Attorney shall require the specific performance of the duty by any administrative officer by application for a writ of mandamus to a court of competent jurisdiction.

The City Manager or City Council, whenever the exigencies of the business of the City require such action shall have the right to employ special counsel to assist the City Attorney.

SECTION 5. CITY TREASURER AND AUDITOR.

The City Treasurer and Auditor shall have the powers and duties herein set forth:

- (A) Establish and maintain all accounts and accounting records of the City government, including the accounting records of other departments.
- (B) Supervise and record the collection of revenues.
- (C) Verify and approve disbursements.
- (D) Prepare and submit to the Mayor, City Manager and Council such financial and fiscal reports as may be required.
- (E) Prepare and submit to the City Manager such information as he may require for the preparation of the proposed annual budget.

SECTION 6. CITY ENGINEER.

The City Engineer shall be a competent civil or mechanical engineer and currently registered in the State as a professional engineer, and shall discharge all duties and exercise all powers which shall be conferred upon him by an ordinance or resolution of the City Council and, in addition, he shall exercise the following powers:

- (A) Design, construct, maintain and repair City buildings, streets, roads, sidewalks, sewerage systems, lighting systems, water-supply systems, sanitary facilities, fire and police alarms, garbage-disposal facilities, bridges, culverts, tunnels and all Municipal improvements, equipment and facilities.
- (B) Provide and maintain inspection services for the enforcement of City ordinances relating to zoning, and the construction and repair of buildings.
- (C) Advise and assist the City Planning Commission and any zoning commission or zoning board of adjustments which may be created by the City.
- (D) Establish and maintain records relating to the construction and maintenance of public buildings and facilities and public planning. The City Manager or City Council whenever the exigencies of the business of the City require such action shall have the right to employ engineers to assist the City Engineer.

SECTION 7. CITY PHYSICIAN.

The City Physician shall be a member of the medical profession in good standing, and shall discharge all duties and exercise all powers which shall be conferred upon him by any ordinance or resolution of the City Council or by State law, and, in addition, he shall exercise the following powers:

- (A) Establish and maintain a health center.
- (B) Establish regulations and procedures for quarantines, the control of disease carriers, and the prevention of infectious and contagious diseases.
- (C) Provide for public nursing services.
- (D) Provide and maintain services for the inspection of food products, beverages and drugs, and of places in which food products, beverages and drugs are produced, processed, stored, handled, distributed or sold.
- (E) Maintain records of diseases and other matters relating to the public health.

The office and department herein provided for may be eliminated if the Council determines that reasonably satisfactory public health and nursing services can be obtained from the State county health authorities, or if a joint City and County public health department is established.

SECTION 8. CHIEF OF POLICE.

The Chief of Police shall discharge such duties as may be required of him by ordinance or resolution of Council or by State law, and, in addition, he shall exercise the following powers:

- (A) See to the preservation of peace and order throughout the City, and the protection of property in and throughout the City, and, to that end cause all violators of City ordinances to be apprehended.
- (B) Supervise and control the Police Department, and require of all members of the police force, the proper discharge of their respective duties.
- (C) Maintain proper records of criminal acts, criminals and arrests.
- (D) Cause to be served and executed any criminal process issued by any court of competent jurisdiction in the City.

SECTION 8-A. POLICE OFFICERS.

The City shall have such number of police officers as the City Manager may deem sufficient, within the limits of the appropriation for Police Department salaries, who shall receive such salaries as may be fixed by law and appropriation. The appointment, promotion, demotion, tenure of office and removal of all such officers shall be governed by the civil service system, now in effect.

SECTION 9. FIRE CHIEF.

The Chief of the Fire Department shall have general supervisions and control of the property and appliances of the City to be used for the prevention and extinguishing of fires, and, in addition, he shall exercise the following powers:

- (A) Combat fires within the City limits.
- (B) Inspect and abate fire hazards.
- (C) Prevent the occurrence of fires.
- (D) Maintain records of fires and related matter.
- (E) Discharge of all of the duties which may be imposed upon him by any ordinance or resolution adopted or passed by the City Council or by State law.

SECTION 9-A. FIRE DEPARTMENT; VOLUNTEER FIRE DEPARTMENT SYSTEM.

The Fire Department shall be divided into as many companies as the Council may deem necessary, each of which shall have a battalion chief and a captain, to be selected in accordance with the rules and regulations of the particular company. The Fire Department shall also have such paid drivers and employees within the limits of the appropriation for the Fire Department as the City Manager may determine to be necessary for the efficient operation of the department, the maintenance of the alarm system and other equipment, and the inspection of fire hazards, etc., who shall receive such salaries as may be fixed by law and the appropriation. The appointment, promotion, demotion, tenure of office and removal of all such officers shall be governed by the civil service system, now in effect.

The City may utilize a volunteer fire department system to supplement the paid Fire Department members.

SECTION 10. BUILDING INSPECTOR.

The Building Inspector shall be a competent person for the duties of his office. He shall not, during his term of office, be engaged in or interested in the building business in any pecuniary way or manner, and, in addition, he shall exercise the following powers:

- (A) He shall see that the ordinances of the City and the laws of the State, concerning buildings, are enforced.
- (B) He shall issue permits on applications for new construction, remodeling or alterations when authorized to do so by the City Manager.
- (C) He shall perform such other duties as the Council may from time to time direct by ordinance or resolution.

SECTION 11. CITY RECREATION DIRECTOR.

The City Recreation Director shall have the powers and duties herein set forth:

- (A) Supervise, manage and control all Municipal public parks, parkways, playgrounds, athletic fields, stadiums, swimming pools, skating rinks, and other recreation

facilities of all kinds, used as a part of the recreation system, or as a means of maintaining places of beauty, education and recreation, promoting the health, property and lives of the general public, particularly the inhabitants of the City of Weirton, West Virginia.

- (B) To keep in good order and repair the land, buildings, and other recreational facilities.
- (C) To do any and all acts which in any way may be necessary to the use and enjoyment of the recreation facilities by the general public as a place for entertainment or recreation.
- (D) He shall perform such other duties as the Council may from time to time direct by ordinance or resolution.

SECTION 12. DEPARTMENTS, COMMISSIONS AND BOARDS.

The powers, functions, rights, privileges and immunities of the departments described in Article III, Section 2, and of any other departments, commissions and boards created by ordinance pursuant to Article III, Section 2, or otherwise, shall be defined by the governing body of the City within the limits of this Charter and the general laws of the State. Supplies and personnel for the various departments, commissions and boards shall be provided by the City Manager within the limits of the appropriations therefor. Except as expressly provided in this Charter or in the general law of the State, no full-time officer or employee of the City may hold any other office or position (except an honorary one) with the City, the State or the United States, or any department, commission, board or instrumentality of any thereof; provided, however, that (a) the City Clerk may also act as Chief Clerk of the Accounting and Treasury Department; (b) the City Manager may assign any City employee to perform services for two or more City departments, commissions and bureaus; (c) any City official or employee may also act as a volunteer fireman; and (d) if and so long as the governing body of the City so directs, the City Manager shall perform the functions and have the powers, duties and immunities of the head of the Health Department, the Public Works Department and any other department, board or commission created by ordinance pursuant to Article III, Section 2.

SECTION 13. OATH OF OFFICE.

All officers elected and appointed shall, before assuming his duties to which he has been elected or appointed, take and subscribe an oath or affirmation to support the Constitution of the United States and the State of West Virginia, and to perform faithfully, honestly and impartially the duties of his office to the best of his skill and judgment, which oath shall be filed with the City Clerk.

SECTION 14. BONDS.

The Council may require bond from any officer or employee which shall be approved as to form by the City Attorney. No officer or employee of the City of whom a bond is required shall enter into the discharge of his official duties or of the duties which he is employed to discharge until his bond has been duly filed and approved. Such bond shall be in the penalties sufficient in the opinion of the City Council to secure the City against any loss and shall be made payable to the City of Weirton.

ARTICLE VIII
NOMINATIONS AND ELECTIONS

SECTION 1. ELECTION REQUIREMENTS.

All elections for members of Council and the Mayor shall be conducted by the election authorities prescribed by the general election laws of the State, and the provisions of such general election laws shall apply to all such elections except as may be otherwise provided in this Charter. The duties imposed by such general election laws upon county clerks and circuit clerks shall devolve upon the City Clerk, and the duties imposed by such laws upon the county courts shall devolve upon the governing body of the City, which shall also have the power, by ordinance, to make such rules and regulations, not inconsistent with such laws or with this Charter, as may be deemed necessary or appropriate to provide for the regular and orderly conduct of such elections and the correct determination of the results thereof and for the prevention of fraud. Commissioners of election and poll clerks shall be appointed without regard to political party affiliation.

The registration of voters for City elections shall be done in the manner provided by the general laws of the State pertaining to the registration of voters for Municipal elections; provided, however, that the registration lists for Municipal elections shall not make any reference to the political party affiliations of the registered voters.

Regular Municipal elections shall be held on the first Tuesday in June in the year one thousand nine hundred and fifty-one, and on the first Tuesday in June in each succeeding fourth year. Persons elected at such elections shall hold office for terms of four years beginning on the first day of the fiscal year of the City following the election.

SECTION 2. NOMINATIONS.

Candidates for the offices of member of Council and Mayor shall be nominated at a primary election to be held on the first Tuesday in May preceding the regular election. Any person desiring his name to appear on the ballot as a candidate for any such offices at such primary election shall file, with the Clerk Clerk, on or before March 31 preceding such primary election date, a statement of his candidacy in substantially the following form:

STATE OF WEST VIRGINIA,
COUNTY OF HANCOCK (OR BROOKE), to-wit:

I,, being first duly sworn, according to law, do hereby declare that I reside at, Weirton, West Virginia; that I am a candidate for nomination to the office of (Mayor, or member of council for the Ward of the City of Weirton) at the primary election to be held on May, 19.....; that I desire my name to be included on the printed ballot for such election and that I will be able to fulfill all of the requirements for eligibility to the foregoing office, if elected.

.....
Signature

Sworn to and signed before me this day of 19.....

.....
Notary Public

At the time of filing such statement, the candidate shall pay to the City Clerk, a filing fee of one hundred dollars (\$100.00) if the office he is seeking is that of Mayor, or a

Original Charter states 10 days prior

filing fee of fifty dollars (\$50.00) if the office he is seeking is that of Councilman. These fees shall be used to defray the cost of printing the ballots and of other election expenditures.

As soon as the time for filing statements of candidacy shall have terminated, the City Clerk shall examine the same and prepare the ballots for the several wards (which shall be printed and bear the facsimile signature of the City Clerk) containing the names of those candidates whose statements of candidacy are in proper form. Such ballots shall be in substantially the following form, with an appropriate designation of the particular ward:

CITY NOMINATING ELECTION

May..... 19.....

Ballot for the nomination of candidates for the offices of mayor and members of council of the city of Weirton.

Place a cross (x) in the squares opposite the names of the persons for whom you wish to vote. If you wish to vote for any other qualified person or persons, you may write in their names in the blank spaces. Do not vote for more than the number indicated. If you vote for more than the number indicated or if you place any mark or writing on your ballot other than crosses (x's) or the names of qualified persons not named on the ballot for whom you desire to vote, your ballot will be void. If you spoil this ballot, tear it across once and return it to the election officer, who will issue a new ballot to you.

FOR THE OFFICE OF MAYOR

(Vote for Two)

Names of Candidates	Vote by X
.....	()
.....	()

FOR MEMBER OF COUNCIL FROM THE WARD

(Vote for Two)

Names of Candidates	Vote by X
.....	()
.....	()

No political party designations or other identifying marks shall appear on the ballot. Names of candidates shall be arranged in the alphabetical order of their surnames. If there shall be only one candidate for any particular office, only his name shall appear on the ballot, but in all cases, the ballot shall provide, as to each office to be filled, appropriate spaces in which the voter may write in the names of qualified persons for whom he desires to vote.

As soon as the polls at the primary elections shall have closed, the election boards in each precinct shall count the ballots and tabulate the results. The ballots and returns of the election boards shall be filed with the City Clerk before noon, Eastern Standard Time, on the day following the day of the primary election. As soon as all of such returns shall have been filed, the Council shall canvass the same, at a public meeting, and make a written certificate of the results, which certificate shall be signed by all of the members of Council present at the meeting and shall be attested by the City Clerk. The Council shall also cause such certificate to be published in a daily newspaper of general circulation on the second day following the day of the primary election.

The two candidates receiving the highest number of votes for nomination to the office of Mayor, and the two candidates receiving the highest number of votes for nomination to the office of member of Council for each ward shall be declared to be the nominees for the particular offices, and their names shall appear as such nominees on the ballots for the succeeding general election; if any nominee so selected shall die, withdraw or become ineligible before the general election, the person receiving the next highest number of votes shall be declared the nominee. Ties shall be determined by lot at a public meeting of Council, at which the tying candidates shall be entitled to be present. If only one candidate is nominated for any office, only his name shall appear upon the ballot for the general election. (Ord. 251. Passed 3-29-71; Ord. 244. Approved by voters 5-7-71; Ord. 836. Passed 6-26-87.)

SECTION 3. BALLOTS.

In the general election, the Mayor shall be elected at large from the nominees for such office, and the members of Council shall be elected by qualified voters in each ward from the nominees for such office in the particular ward. The City Clerk shall prepare the ballots for the several wards (which shall be printed and bear the facsimile signature of the City Clerk) containing the names of the appropriate nominees, which ballots shall be in substantially the following form, with an appropriate designation for the particular ward:

REGULAR CITY ELECTION

June....., 19.....

Official ballot for the election of candidates for the offices of mayor and members of council of the City of Weirton

Place a cross (x) in the squares opposite the names of the persons for whom you intend to vote. If you wish to vote for any other qualified person or persons you may write in their names in the blank spaces. Do not vote for more than one person for each office. If you vote for more than one person for each office or if you place any mark or writing on your ballot other than crosses (x's) or the names of qualified persons not named on the ballot for whom you desire to vote, your ballot will be void. If you spoil this ballot, tear it across once and return it to the election officer, who will issue a new ballot to you.

FOR THE OFFICE OF MAYOR

Vote For One	Vote by X
.....	()
.....	()
.....	()

FOR MEMBER OF COUNCIL FROM THE WARD

Vote For One	Vote by X
.....	()
.....	()
.....	()

No political party designations or other identifying marks shall appear on the ballot. Names of candidates shall be arranged in the alphabetical order of their surnames. In all cases, the ballot shall provide, as to each office to be filled, an appropriate space in which the voter may write in the name of a qualified person for whom he desires to vote.

As soon as the polls at the regular election shall have closed, the election boards in each precinct shall count the ballots and tabulate the results. The ballots and the returns of the election boards shall be filed with the City Clerk before noon, Eastern Standard Time, on the second day following the regular election. As soon as all of such returns

have been filed, the Council shall canvass the same, at a public meeting, at which all candidates shall be entitled to be present and be represented by their attorneys and agents, and make a written certificate of the results, which certificates shall be signed by all the members of Council present at the meeting and shall be attested by the City Clerk. The Council shall also cause such certificate to be published in a daily newspaper of general circulation on third day following the day of the regular election.

The candidates receiving the highest number of votes for each office to be filled shall be declared elected to such offices. Ties shall be determined by lot at a public meeting of Council, at which the tying candidates shall be entitled to be present.

SECTION 4. POLLING PLACES; ELECTION BOARDS.

At each City election, there shall be three precincts, or more, if Council deems necessary, in each ward, and each precinct shall have a polling place, selected by Council, which shall be as centrally located as possible and of sufficient size to accommodate the registered voters in the precinct. There shall be a five (5) member election board for each precinct, who shall be appointed by Council, and each of whom shall receive a fee of thirty five dollars (\$35.00) for each election, to be paid by the City. In addition, at any City election, any three candidates for Council and any candidate for Mayor, who shall file a written designation with the City Clerk at least ten days before the election date, shall be entitled to designate one person for each polling place to act as watcher or challenger. Any person so designated may be compensated by the candidate or candidates designating him at a rate not to exceed twenty-five dollars (\$25.00) and shall have all the rights, powers and privileges provided for watchers and challengers by the general law of the State, and shall be entitled to remain in the polling place until the ballots have been counted and the ballot boxes have been sealed and taken into custody by the election board. After the ballots shall have been counted, the election board shall place them in the ballot box, which shall be sealed and delivered to the City Clerk. The ballots for a primary election shall be preserved by the City Clerk until the next succeeding primary election, and ballots for a regular election shall be preserved by him until the next succeeding regular election.
(Ord. 829. Passed 4-21-87.)

ARTICLE IX EFFECTIVE DATE

SECTION 1. EXCEPTIONS; CONTINUATION OF OFFICES.

All the provisions of this revised Charter shall become in force and effect upon the adoption of the Charter by majority vote of the people of the City of Weirton at an election called for said purpose by ordinance and resolution of the Council. Excepting, that those provisions in this revised Charter pertaining to the changing of the Wards, from five to seven and the number of Councilmen to be increased from five to seven shall not become into force and effect until the first day of April, 1951, so that the necessary Councilmen can legally be nominated and elected for the designated seven wards.

All officers elected under the present Charter shall continue in office until July 1, 1951, or until their successors are legally elected and qualified, and they shall exercise all the powers conferred upon them by the Charter and general law.

(EDITOR'S NOTE: "Present Charter" as used in the above section refers to the 1925 Charter of the City of Holliday's Cove, as amended.)

OATH OF OFFICE

STATE OF WEST VIRGINIA
COUNTY OF HANCOCK

This day personally appeared before the undersigned authority,
Edwin J. Bowman, who being by me first duly
sworn, according to law, deposes and says:

"My name is Edwin J. Bowman,
and I have been duly, regularly and properly elected to the office
of Mayor, of the City of Weirton,
West Virginia.

I possess, respectively, the qualifications prescribed by the
Charter of the City of Weirton to hold such office and am not subject
to any of the disqualifications prescribed in such Charter, aforesaid.

I will support the Constitution of the United States, the
Constitution of the State of West Virginia, the Ordinances of the
City of Weirton, and I will honestly discharge the duties of the said
office to which I was elected to the best of my skill and judgement,
so help me God."

And further affiant saith not.

Edwin J. Bowman
AFFIANT

Taken, subscribed and sworn to before me this 30th day
of June, 19 87.

Edwin J. Bowman
JUDGE OF FIRST JUDICIAL CIRCUIT
OF WEST VIRGINIA

OATH OF OFFICE

STATE OF WEST VIRGINIA
COUNTY OF HANCOCK

This day personally appeared before the undersigned authority,
Tim McCune, who being by me first duly
sworn, according to law, deposes and says:

"My name is Tim McCune,
and I have been duly, regularly and properly elected to the office
of Councilperson, of the City of Weirton,
West Virginia.

I possess, respectively, the qualifications prescribed by the
Charter of the City of Weirton to hold such office and am not subject
to any of the disqualifications prescribed in such Charter, aforesaid.

I will support the Constitution of the United States, the
Constitution of the State of West Virginia, the Ordinances of the
City of Weirton, and I will honestly discharge the duties of the said
office to which I was elected to the best of my skill and judgement,
so help me God."

And further affiant saith not.

Tim McCune
AFFIANT

Taken, subscribed and sworn to before me this 30th day
of June, 19 87.

Paul Davis
JUDGE OF FIRST JUDICIAL CIRCUIT
OF WEST VIRGINIA

OATH OF OFFICE

STATE OF WEST VIRGINIA
COUNTY OF HANCOCK

This day personally appeared before the undersigned authority,
Wanda J. Granato, who being by me first duly
sworn, according to law, deposes and says:

"My name is Wanda J. Granato,
and I have been duly, regularly and properly elected to the office
of Councilperson, of the City of Weirton,
West Virginia.

I possess, respectively, the qualifications prescribed by the
Charter of the City of Weirton to hold such office and am not subject
to any of the disqualifications prescribed in such Charter, aforesaid.

I will support the Constitution of the United States, the
Constitution of the State of West Virginia, the Ordinances of the
City of Weirton, and I will honestly discharge the duties of the said
office to which I was elected to the best of my skill and judgement,
so help me God."

And further affiant saith not.

Wanda J. Granato
AFFIANT

Taken, subscribed and sworn to before me this 30th day
of June, 19 87.

Ronald W. [Signature]
JUDGE OF FIRST JUDICIAL CIRCUIT
OF WEST VIRGINIA

OATH OF OFFICE

STATE OF WEST VIRGINIA
COUNTY OF HANCOCK

This day personally appeared before the undersigned authority,
Kenneth J. Weintraub, who being by me first duly
sworn, according to law, deposes and says:

"My name is Kenneth J. Weintraub,
and I have been duly, regularly and properly elected to the office
of Councilperson, of the City of Weirton,
West Virginia.

I possess, respectively, the qualifications prescribed by the
Charter of the City of Weirton to hold such office and am not subject
to any of the disqualifications prescribed in such Charter, aforesaid.

I will support the Constitution of the United States, the
Constitution of the State of West Virginia, the Ordinances of the
City of Weirton, and I will honestly discharge the duties of the said
office to which I was elected to the best of my skill and judgement,
so help me God."

And further affiant saith not.

Kenneth J. Weintraub
AFFIANT

Taken, subscribed and sworn to before me this 30th day
of June, 19 87.

Paul W. [Signature]
JUDGE OF FIRST JUDICIAL CIRCUIT
OF WEST VIRGINIA

OATH OF OFFICE

STATE OF WEST VIRGINIA
COUNTY OF HANCOCK

This day personally appeared before the undersigned authority,
Mario T. Pipinos, who being by me first duly
sworn, according to law, deposes and says:

"My name is Mario T. Pipinos,
and I have been duly, regularly and properly elected to the office
of Councilperson, of the City of Weirton,
West Virginia.

I possess, respectively, the qualifications prescribed by the
Charter of the City of Weirton to hold such office and am not subject
to any of the disqualifications prescribed in such Charter, aforesaid.

I will support the Constitution of the United States, the
Constitution of the State of West Virginia, the Ordinances of the
City of Weirton, and I will honestly discharge the duties of the said
office to which I was elected to the best of my skill and judgement,
so help me God."

And further affiant saith not.


AFFIANT

Taken, subscribed and sworn to before me this 30th day
of June, 19 87.


JUDGE OF FIRST JUDICIAL CIRCUIT
OF WEST VIRGINIA

OATH OF OFFICE

STATE OF WEST VIRGINIA
COUNTY OF HANCOCK

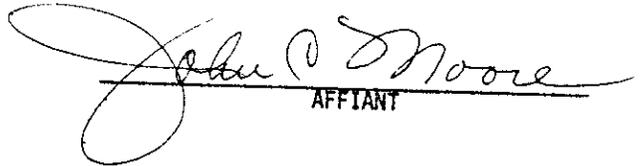
This day personally appeared before the undersigned authority,
John C. Moore, who being by me first duly
sworn, according to law, deposes and says:

"My name is John C. Moore,
and I have been duly, regularly and properly elected to the office
of Councilperson, of the City of Weirton,
West Virginia.

I possess, respectively, the qualifications prescribed by the
Charter of the City of Weirton to hold such office and am not subject
to any of the disqualifications prescribed in such Charter, aforesaid.

I will support the Constitution of the United States, the
Constitution of the State of West Virginia, the Ordinances of the
City of Weirton, and I will honestly discharge the duties of the said
office to which I was elected to the best of my skill and judgement,
so help me God."

And further affiant saith not.


AFFIANT

Taken, subscribed and sworn to before me this 30th day
of June, 19 87.


JUDGE OF FIRST JUDICIAL CIRCUIT
OF WEST VIRGINIA

OATH OF OFFICE

STATE OF WEST VIRGINIA
COUNTY OF HANCOCK

This day personally appeared before the undersigned authority,
O. Lynn Littleton, who being by me first duly
sworn, according to law, deposes and says:

"My name is O. Lynn Littleton,
and I have been duly, regularly and properly elected to the office
of Councilperson, of the City of Weirton,
West Virginia.

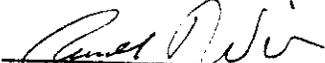
I possess, respectively, the qualifications prescribed by the
Charter of the City of Weirton to hold such office and am not subject
to any of the disqualifications prescribed in such Charter, aforesaid.

I will support the Constitution of the United States, the
Constitution of the State of West Virginia, the Ordinances of the
City of Weirton, and I will honestly discharge the duties of the said
office to which I was elected to the best of my skill and judgement,
so help me God."

And further affiant saith not.


AFFIANT

Taken, subscribed and sworn to before me this 30th day
of June, 19 87.


JUDGE OF FIRST JUDICIAL CIRCUIT
OF WEST VIRGINIA

OATH OF OFFICE

STATE OF WEST VIRGINIA
COUNTY OF HANCOCK

This day personally appeared before the undersigned authority,
Earl R. Brown, who being by me first duly
sworn, according to law, deposes and says:

"My name is Earl R. Brown,
and I have been duly, regularly and properly elected to the office
of Councilperson, of the City of Weirton,
West Virginia.

I possess, respectively, the qualifications prescribed by the
Charter of the City of Weirton to hold such office and am not subject
to any of the disqualifications prescribed in such Charter, aforesaid.

I will support the Constitution of the United States, the
Constitution of the State of West Virginia, the Ordinances of the
City of Weirton, and I will honestly discharge the duties of the said
office to which I was elected to the best of my skill and judgement,
so help me God."

And further affiant saith not.


AFFIANT

Taken, subscribed and sworn to before me this 30th day
of June, 19 87.


JUDGE OF FIRST JUDICIAL CIRCUIT
OF WEST VIRGINIA

WEIRTON DAILY TIMES
THOMPSON NEWSPAPER, INC.

STATE OF WEST VIRGINIA
COUNTY OF HANCOCK

I, Cindy S. DiAntonio....., for the publisher of the WEIRTON DAILY
TIMES, a newspaper in the city of Weirton, State of West Virginia, hereby
certify that the annexed publication was inserted in said newspaper
on the following dates:

.....
.....
.....
commencing on this 8th day of May 1991
Given under my hand this 21st day of May 1991

Cindy S. DiAntonio

sworn to and subscribed before me this 21..... day of
..... May 1991.....

Aruda J. Pratt
NOTARY PUBLIC

of, in and for HANCOCK COUNTY, WEST VIRGINIA
My Commission expires February 5, 1996.

LEGALS

LEGAL NOTICES

**CITY OF WEIRTON
NOTICE OF PUBLIC HEAR-
ING ON WATER REVENUE
BOND ORDINANCE**

A public hearing will be held on the following entitled Ordinance at the regular meeting of the Council of the City of Weirton to be held on May 13, 1991, at 8:00 p.m. in the Council chambers at the Weirton City Hall, and at such hearing all objections and suggestions shall be heard by the Council and it shall then take such action as it shall deem proper in the premises upon the Ordinance entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS FOR THE EXISTING WATERWORKS SYSTEM OF THE CITY OF WEIRTON AND THE FINANCING OF THE SAME, NOT OTHERWISE PROVIDED, THEREOF THE CITY OF WEIRTON SHALL NOT MORE THAN \$5,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1991 A AND NOT MORE THAN \$1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1991 B, PROVIDING FOR THE RIGHTS AND REMEDIES AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; 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 AUTHORIZING OTHER PROVISIONS RELATING THEREON.

The above Ordinance was adopted by the Council of the City of Weirton on April 29, 1991.

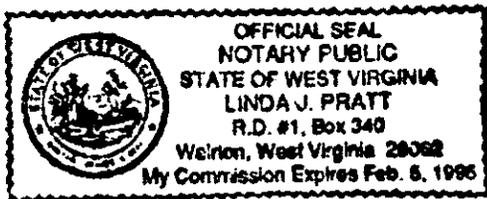
The above Ordinance of the City of Weirton generally describes the contents thereof and the purpose of the bond issue contemplated thereby. The proceeds of the bonds will be used to provide permanent financing of a portion of the costs of acquisition and construction of additions, betterments and improvements for the existing public waterworks facilities of the City of Weirton (the "Project"). The Bonds are payable solely from revenues to be derived from the ownership and operation of the public waterworks system of the City of Weirton. The City of Weirton may at any time be required for the payment of

the Bonds or the interest thereon.

A certified copy of the above-entitled Ordinance is on file at the office of the City Clerk of the City of Weirton for review by interested parties during regular office hours.

Following said public hearing, the City Council intends to enact said Ordinance upon final reading.

Dated: May 1, 1991.
Vincent J. Azzarello
City Clerk
5-1-91; 5-8-91





AN ORDINANCE ESTABLISHING REVISED JUST AND EQUITABLE RATES AND CHARGES FOR THE USE OF AND THE SERVICES RENDERED BY THE MUNICIPAL WATERWORKS SYSTEM OF THE CITY OF WEIRTON, WEST VIRGINIA

WHEREAS, the City of Weirton, West Virginia, presently owns and operates its own municipal waterworks system and in that connection said City presently has outstanding Revenue Bonds, Series 1956, dated March 1, 1956; and Waterworks Revenue Bonds, Series 1964, dated March 1, 1964;

WHEREAS, it is deemed advisable and necessary that the present rates and charges for the use of and the services rendered by the municipal waterworks system of said City be increased and that provision now be made for establishing revised just and equitable rates and charges for the use of the services rendered by said system, such rates and charges to be sufficient to provide for the payments of both principle and interest on all the bonds now outstanding to provide proper funds for a depreciation account and operation and maintenance charges of said system:

NOW, THEREFORE, BE IT ORDAINED BY THE COMMON COUNCIL OF THE CITY OF WEIRTON, THE COUNTIES OF HANCOCK AND BROOKE, AND STATE OF WEST VIRGINIA, AS FOLLOWS:

Section 1. That there are hereby established the following revised rates and charges for the use of and the services rendered by the municipal waterworks system of the City of Weirton, West Virginia:

- First 3,000 gallons or less per quarter - \$9.65.
- All consumption over 3,000 gallons per quarter - \$3.14 per thousand gallons of consumption.

MINIMUM CHARGE

No bill will be rendered for less than the following minimum amount: \$9.65 per quarter.

ANNUAL RATE INCREASE

That on October 1, 1990, each of the rates established hereinabove shall be uniformly increased by a rate of six percent (6%). On each October 1 thereafter beginning on October 1, 1991, the rates then in effect shall be uniformly increased by a rate of six percent (6%).

However, in no event, shall more than three (3) such annual rate increases be imposed pursuant to this Ordinance unless the Common Council of the City of Weirton, Brooke and Hancock Counties, West Virginia, enacts a new Ordinance establishing revised rates and charges for services rendered by the Municipal Waterworks System of the City of Weirton, West Virginia.

MONTHLY OR BI-MONTHLY BILLING

The above rates and charges may be adjusted to a monthly or bi-monthly basis, providing no lower charges.

RECONNECTION CHARGE

All statements shall be rendered quarterly to the party owing same and shall be due as of the date of rendition and shall be payable in cash or its equivalent; and if any statement remains unpaid for thirty (30) days after the date thereof, all water services to the party owing same shall be then disconnected or shut off and shall not be again connected or resumed until the amount shown by the statement and a reconnection charge of \$15.00 are paid in full.

METER SERVICE, CONNECT AND DISCONNECT FEE

A service fee of \$15.00 will be charged for each separate meter connect and disconnect after the original meter installation. However, in the event of a change of residence in which a connection immediately follows a disconnect the customer shall be charged only one service fee of \$15.00.

AFTER HOURS SERVICE FEE

A service fee of \$15.00 will be charged for each separate service call after regular working hours and holidays.

NEW SERVICE CONNECTION CHARGE

The charge for a service connection will be the cost of labor, material, machine hire and overhead. If water connection is installed by an outside contractor, then the amount of the contract is the charge.

Section 2. No free service shall be furnished, and all future connections to the waterworks shall be on a metered basis only.

Section 3. That the foregoing rates and charges shall only be put into effect for water actually furnished at least 45 days following the passage of this ordinance at second reading.

Section 4. That the foregoing schedule of rates and charges shall be subject to change and readjustment from time to time so that the revenues from the municipal waterworks system of said City will be sufficient in each year for the payment of the principal and interest on all revenue bonds hereinbefore issued or as many be hereinafter issued as and when the same become due and for the payment of the operation and maintenance of said system and to provide propr funds for a depreciation account.

Section 5. All ordinances, resolutions and orders, or parts thereof, in conflict with the provisions of this ordinance are, to the extent of such conflict, hereby repealed.

Section 6. That this ordinance having been introduced at a meeting of the Common Council on December 7, 1989, and after having been published once each week for two successive weeks in the Weirton Daily Tims and the Hancock County Courier, two newspapers with general circulation in the City of Weirton, West Virginia, and an opportunity having been afforded any person or persons interested in the matter to appear before said Council at a public hearing held at the City Building in said City of Weirton on December 28, 1989, at 7:30 P.M., shall become effective immediately after final adoption at second reading.

First Reading:	<u>December 7, 1989</u>
Publication Dates:	<u>December 14, 1989</u>
	<u>December 21, 1989</u>
Second Reading:	<u>December 28, 1989</u>

Edwin J. Bowers
Mayor

ATTEST:

Genevieve J. [Signature]
City Clerk

000010

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered by the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA, in the City of Charleston on the 21st day of February, 1991.

CASE NO. 90-051-WS-MA

CITY OF WEIRTON, a municipal corporation, Hancock County.

Investigation and suspension of increase in water and sewer rates and charges as a result of a petition filed in accordance with West Virginia Code §24-2-4b.

CASE NO. 90-296-W-CN

CITY OF WEIRTON, a municipal corporation, Hancock County.

Application for a certificate of convenience and necessity.

The Supreme Court of Appeals of West Virginia has entered an order in the above styled proceedings on the 6th day of February, 1991, which order is spread upon the record in the words and figures as follows:

"STATE OF WEST VIRGINIA

At a Regular Term of the Supreme Court of Appeals continued and held at Charleston, Kanawha County, on the 6th day of February, 1991, the following order was made and entered:

Kathleen A. Iaquinta, Intervenor on behalf of the 3,320 residential and small commercial customers who signed the petitions against the increase, Petitioner

vs.) No. 910027

The Public Service Commission of West Virginia and the City of Weirton, Respondents

Upon an appeal from, suspension and review of the final order of the Public Service Commission of West Virginia made and entered on the 2nd day of December, 1990.

The Court, having maturely considered the petition for appeal; the record consisting of all papers,

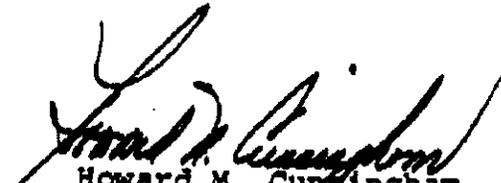
documents and evidence which were before the Public Service Commission at the hearing which resulted in the entry of the final order complained of; the statement of reasons for the entry of its order entered on the 2nd day of December, 1990, filed herein on the 30th day of January, 1991, by the respondent, Public Service Commission of West Virginia; the written response in support of the respondent Public Service Commission filed by the respondent City of Weirton on the 30th day of January, 1991, and the oral argument of counsel on the 6th day of February, 1991, the date fixed by the Court for hearing upon the aforesaid petition; is of opinion that the petitioner has not shown she is entitled to the relief prayed for in her said petition. It is therefore considered and ordered that the prayer of the petition for an appeal from, suspension and review, in this proceeding, be, and the same is hereby denied.

It is further ordered that leave be, and the same is hereby, granted to the Public Service Commission of West Virginia to withdraw from the office of the Clerk of this Court, the record consisting of all papers, documents and evidence originally filed with the Public Service Commission of West Virginia.

A True Copy.

Attest: /s/ Ancil G. Ramey
Clerk, Supreme Court of Appeals"

A True Copy, Teste:


Howard M. Cunningham
Executive Secretary

STATE OF WEST VIRGINIA
COUNTY OF HANCOCK

I, Cindy S. DiAntonio....., for the publisher of the WEIRTON DAILY
TIMES, a newspaper in the city of Weirton, State of West Virginia, hereby
certify that the annexed publication was inserted in said newspaper
on the following dates:

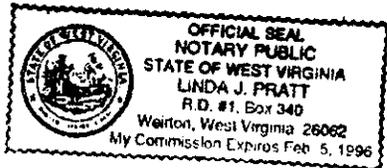
.....
.....
.....
commencing on this 14th day of December 1989
Given under my hand this 21st day of May 1991

Cindy S. DiAntonio

sworn to and subscribed before me this 24..... day of
.....May.....1991.....

Linda J. Pratt
NOTARY PUBLIC

of, in and for HANCOCK COUNTY, WEST VIRGINIA
My Commission expires February 5, 1996.



LEGAL NOTICES

The following Ordinance will be voted upon at second reading by the Common Council of the City of Weirton, Brooke and Hancock Counties, West Virginia, on December 28, 1989 at 2:30 p.m. at the Weirton City Council Chambers, 200 Municipal Plaza, Weirton, West Virginia.

Any resident of Weirton will be permitted an opportunity to offer comments concerning the proposed Ordinance prior to the vote by City Council.

AN ORDINANCE ESTABLISHING REVISED JUST AND EQUITABLE RATES AND CHARGES FOR THE USE OF AND THE SERVICES RENDERED BY THE MUNICIPAL WATERWORKS SYSTEM OF THE CITY OF WEIRTON, WEST VIRGINIA

WHEREAS, the City of Weirton, West Virginia, presently owns and operates its own municipal waterworks system and in that connection said City presently has outstanding Revenue Bonds, Series 1958, dated March 1, 1958; and Waterworks Revenue Bonds, Series 1964, dated March 1, 1964;

WHEREAS, it is deemed advisable and necessary that the present rates and charges for the use of and the services rendered by the municipal waterworks system of said City be increased and that provision now be made for establishing revised just and equitable rates and charges for the use of the services rendered by said system, such rates and charges to be sufficient to provide for the payments of both principal and interest on all the bonds now outstanding to provide proper funds for a depreciation account and operation and maintenance charges of said system;

NOW, THEREFORE, BE IT ORDAINED BY THE COMMON COUNCIL OF THE CITY OF WEIRTON, THE COUNTY OF HANCOCK AND BROOKE, AND STATE OF WEST VIRGINIA, AS FOLLOWS:

Section 1. That there are hereby established the following revised rates and charges for the use of and the services rendered by the municipal waterworks system of the City of Weirton, West Virginia:

First 3,000 gallons or less per quarter - \$3.85
All consumption over 3,000 gallons per quarter - \$3.14 per thousand gallons of consumption

(30) days after the date thereof, all water services to the party owing same shall be then disconnected or shut off and shall not be again connected or resumed until the amount shown by the statement and a reconnection charge of \$15.00 are paid in full.

METER SERVICE, CONNECT AND DISCONNECT FEE

A service fee of \$15.00 will be charged for each separate meter connect and disconnect after the original meter installation. However, in the event of a change of residence in which a connection immediately follows a disconnect the customer shall be charged only one service fee of \$15.00.

AFTER HOURS SERVICE FEE

A service fee of \$15.00 will be charged for each separate service call after regular working hours and holidays.

NEW SERVICE CONNECTION CHARGE

The charge for a service connection will be the cost of labor, material, machine hire and overhead. If water connection is installed by an outside contractor, then the amount of the contract is the charge.

Section 2. No free service shall be furnished, and all future connections to the waterworks shall be on a metered basis only.

Section 3. That the foregoing rates and charges shall only be put into effect for water actually furnished at least 45 days following the passage of this ordinance at second reading.

Section 4. That the foregoing schedule of rates and charges shall be subject to change and readjustment from time to time so that the revenues from the municipal waterworks system of said City will be sufficient in each year for the payment of the principal and interest on all revenue bonds hereinbefore issued or as many be hereinafter issued as and when the same become due and for the payment of the operation and maintenance of said system and to provide proper funds for a depreciation account.

Section 5. All ordinances, resolutions and orders, or parts thereof, in conflict with the provisions of this ordinance are, to the extent of such conflict, hereby repealed.

Section 6. That this ordinance having been introduced at a meeting of the Common Council on December 7, 1989, and after having been published once each week for two successive weeks in the Weirton Daily Times, it is hereby

A Special Session of the Common Council of the city of Weirton, Brooke and Hancock Counties, West Virginia, was held at 5:45 p.m., Thursday, December 7, 1989, in the Municipal Building, with Mayor Bowman presiding.

Councilmembers in attendance included: Earl Brown, Lynn Littleton, John Moore, Mario Pipinos, Ken Weintraub, Wanda Granato and Tim McCune.

City Officials in attendance included: James Lord, William Ridgway, Vincent Azzarello, Thomas Koumaros and Bruce Fox.

Mayor Bowman led the Pledge of Allegiance.

NEW BUSINESS
ORDINANCE

It was regularly moved by Councilmember McCune and seconded by Councilmember Littleton to approve the first reading of Ordinance #915, as amended, providing for the imposition and collection of rates, fees and charges for the use and availability of the services and facilities of the Sewer Facilities of the city of Weirton. Motion passed by a roll call vote of 6 to 1, with Councilmember Moore voting nay.

Councilmember Weintraub expressed concern regarding section 7, "No Allowance for Leaks". He felt that the policy adopted by the Sanitary Board should be written into the ordinance. Thus, it was regularly moved by Councilmember Weintraub and seconded by Councilmember McCune to amend the above ordinance to read: "No allowance or adjustment in any bill for use of the Sewer Facilities shall be made for any leakage occurring on the customer's side of any water meter. However, if the leakage is the first leakage for a domestic customer, the customer's bill will be adjusted to eliminate payment for the estimated amount of leakage. The customer will be requested to make required repairs and will be advised that no further adjustment will be made for any future leakage." Motion passed by a roll call vote of 6 to 1, with Councilmember Pipinos voting nay.

Mayor Bowman stated that, based upon some of the comments made at the December 7, 1989, Public Hearing, he would like council to consider amending "Annual Rate Increase" to read: "That on October 1, 1990, each of the rates established hereinabove shall be uniformly increased by a rate of five(5%) percent. On each October 1, thereafter beginning on October 1, 1991, the rates then in effect shall be uniformly increased by a rate of five(5%) percent. However, in no event, shall more than three (3) such annual rate increases be imposed pursuant to this Ordinance unless the Common Council of the city of Weirton, Brooke and Hancock Counties, West Virginia, enacts a new Ordinance establishing revised rates and charges for services rendered by the Municipal Sewer Facility of the city of Weirton, West Virginia." It was regularly moved by Councilmember Granato and seconded by Councilmember Littleton to amend Ordinance #915 to read as mentioned above. Motion passed by a roll call vote of 6 to 1, with Councilmember McCune voting nay. Councilmember McCune stated that he believes that the annual increase should not have a limited number of years attached. He added that the length of time between rate increases has contributed to the problems that the present council is facing. Mayor Bowman stated that this administration has shown the courage to address these problems and the next administration should also be responsible for their actions.

Councilmember Moore asked William Ridgway to explain the clause which states "the sewage facilities shall remain as stated in the tariff issued January 30, 1964, except that those pertaining to customers outside the corporate limits, shall no longer apply". William Ridgway stated that this allows the city to charge the same rate for customers inside and outside the city limits.

Councilmember Moore introduced a motion to reduce the sewer rate increase from 55% to 35%. The motion died due to a lack of a second.

ORDINANCE

It was regularly moved by Councilmember McCune and seconded by Councilmember Littleton to approve the first reading of Ordinance #916 establishing revised just and equitable rates and charges for the use of and the services rendered by the Municipal Waterworks system of the city of Weirton, West Virginia. Motion passed by roll call vote of 6 to 1, with Councilmember Moore voting nay.

Mayor Bowman stated that, based upon some of the comments made at the December 7, 1989, Public Hearing, he would like council to consider amending "Annual Rate Increase" to read: "That on October 1, 1990, each of the rates established hereinabove shall be uniformly increased by a rate of five(5%) percent. On each October 1, thereafter beginning on October 1, 1991, the rates then in effect shall be uniformly increased by a rate of five(5%) percent. However, in no event, shall more than three(3) such annual rate increases be imposed pursuant to this Ordinance unless the Common Council of the city of Weirton, Brooke and Hancock Counties, West Virginia, enacts a new Ordinance establishing revised rates and charges for services rendered by the Municipal Waterworks Facility of the city of Weirton, West Virginia." It was regularly moved by Councilmember Granato and seconded by Councilmember Littleton to amend Ordinance #916 to read as mentioned above. Motion passed by roll call vote of 6 to 1, with Councilmember McCune voting nay.

Councilmember Moore introduced a motion to reduce the water rate increase from 67% to 45%. Motion dies due to the lack of a second.

ADJOURNMENT

Mayor Bowman adjourned the meeting at 6:35 p.m. Vincent Azzarello closed the meeting with a prayer.

A Special Session of the Common Council of the city of Weirton, Brooke and Hancock Counties, West Virginia, was held at 7:30 p.m., Thursday, December 28, 1989, in the Municipal Building with Mayor Bowman presiding.

Councilmembers in attendance included: Earl Brown, John Moore, Ken Weintraub, Wanda Granato and Tim McCune.

City Officials in attendance included: James Lord, William Ridgway, Vincent Azzarello, Bruce Fox, Tim Johnson and James Gills.

Mayor Bowman led the Pledge of Allegiance.

Mayor Bowman informed the members of council that Councilmember Littleton is home recuperating from surgery and is unable to attend tonight's meeting. He asked the mayor to convey his support of both water and sewer ordinances to his colleagues on council.

NEW BUSINESS RESOLUTION

It was regularly moved by Councilmember Moore and seconded by Councilmember Brown to approve a resolution to authorize the Mayor to enter into an agreement to operate a public mass transit service for the city of Weirton and surrounding areas for a period of one year, beginning January 1, 1990, and ending December 31, 1990. Motion passed unanimously. Councilmember Moore asked if the second half of the year funding has been amended. William Ridgway stated that page 5 reflects the amendment to change the funding for the second half of the 1990 calendar year.

RESOLUTION

It was regularly moved by Councilmember Weintraub and seconded by Councilmember Moore to approve a resolution to authorize the mayor to enter into an agreement with BHJ to conduct a Short Range Planning authorization under recently accepted UMTA Grant WV-90-X036, for the Weirton Transit Corporation. Motion passed unanimously.

OLD BUSINESS ORDINANCE

It was regularly moved by Councilmember McCune and seconded by Councilmember Granato to approve the second reading of Ordinance #915, which provides for the imposition and collection of fees for the sewer facilities of the city of Weirton. It was regularly moved by Councilmember Moore to amend the above ordinance to reduce the rate increase from 55% to 35%. Councilmember Moore's motion died due to the lack of a second.

PUBLIC HEARING: (WATER)

- 1) Tony Iaquina, 3218 Weir Avenue : asked about the comments to be made for the water ordinance.
- 2) Ted Dorosky, 3212 Orchard Street: asked about ex-councilmember Rodak's promise to remove the sewer rates upon the conclusion of the bond issue.
- 3) Ed Rodak: Stated that George Rodak, his brother, did make the statement as mentioned above by Ted Dorosky.

The motion for passage of Ordinance #915, as moved above, passed by roll call vote of 4 to 1, with Councilmember Moore voting nay.

ORDINANCE

It was regularly moved by Councilmember McCune and seconded by Councilmember Granato to approve the second reading of Ordinance #916, which establishes rates and charges for the use of and services rendered by the Municipal Waterworks System of the city of Weirton. It was regularly moved by Councilmember Moore to amend the above ordinance to reduce the rate increase from 67% to 55%. Councilmember Moore's motion died due to the lack of a second.

PUBLIC HEARING: (WATER)

- 1) Ralph Barone, 1045 Barone Drive, protested the water rate increase and the PSC should investigate the following:
A) Daily line loss; B) Existing contract with the Weirton steel Corporation regarding the 24" line built in 1981; C) Need for the Lee Avenue reservoir; D) Sewer line built for the Weirton Medical Center.
- 2) Kathy Iaquina, 3221 Elm Street, inquired about the following: A) Use of water sources other than the river; B) Possibility of other businesses not being billed, such as the situation regarding the machine shop at the Weirton Steel Corporation
- 3) Tony Iaquina, 3221 Elm Street, inquired about the following: A) Number of wells presently in service at the treatment plant; B) The possibility of the lake mentioned above by Kathy Iaquina; C) Daily line loss.
- 4) Vince Oliver, 135 South 11th Street, inquired about the city's efforts to identify other unmetered water sources. (Other than the meter discovered at the Weirton Steel Corporation machine shop).
- 5) George Ash, 3125 Orchard Street, opposed the excessive rates. Also, he opposed Councilmember Weintraub's agreement that the rates are excessive and yet still will vote yes for the ordinance.
- 6) Earl Johnson, 253 Skyview Drive, expressed his concern regarding the individuals on a fixed income.
- 7) Tony Iaquina, 3221 Elm Street, stated that there presently exists an 18" to 24" broken water line on Walnut Street. Mayor Bowman requested that Bruce Fox report the findings of this at the next meeting.
- 8) Ed Rodak, 409 Effe Street, opposed the water rates and supports the decision to present the facts to the Public Service Commission.

The motion to approve the second reading of Ordinance #916, as moved above, was passed by roll call vote of 4 to 1, with Councilmember Moore voting nay.

The meeting was adjourned at 9:40 p.m. Vincent Azzarello closed the meeting with a prayer.

A Special Meeting of the Common Council of the city of Weirton, Brooke and Hancock Counties, West Virginia, was held at 12:10 p.m., Tuesday, April 16, 1991, in the Municipal Building, with Mayor Bowman presiding.

Councilmembers in attendance: Earl Brown, Lynn Littleton, Mario Pipinos, Ken Weintraub and Wanda Granato.

City Officials in attendance: James Lord, William Ridgway, Vincent Azzarello, Thomas Koumaros and Vince Collins, Attorney, Steptoe and Johnson.

OLD BUSINESS ORDINANCE

It was regularly moved by Councilmember Granato and seconded by Councilmember Littleton to approve the second reading of Ordinance #941, to authorize the purchase of property from Denise and Martin Holloway, in the amount of \$12,000.00. Motion passed unanimously.

NEW BUSINESS LEVY RATES

It was regularly moved by Councilmember Brown and seconded by Councilmember Pipinos to approve the Fiscal Year 91 - 92 Budget Levy Rates: Class I: \$.125 per \$100; Class II: \$.30 per \$100; Class IV: \$.50 per \$100. Motion passed unanimously.

SERIES 1991 WATER IMPROVEMENT BOND ORDINANCE

It was regularly moved by Councilmember Granato and seconded by Councilmember Pipinos to approve the first reading of the title of an Ordinance to authorize the issuance of \$5,000,000.00 of 1991 Series Revenue Bonds for the Water Improvement Projects. Motion passed unanimously. Vince Collins stated that the ordinance can be read by title unless the one of the councilmembers object. No member of council objected to the ordinance being read by title. Mr. Collins gave a summary of the contents of the ordinance. Mayor Bowman asked if the restrictions are any different than other type issues. Mr. Collins answered in the affirmative. Councilmember Weintraub asked for an update to the 1964 debt service. Vincent Azzarello stated that the city is once again making sinking fund payments. The outstanding 1964 debt service is approximately \$1,465,000.00. Councilmember Granato asked if the councilmembers are responsible for the debts. William Ridgway stated that the councilmembers are not personally responsible.

RESOLUTION: SANITATION CAB & CHASSIS

It was regularly moved by Councilmember Granato and seconded by Councilmember Weintraub to approve a Resolution to authorize the lease/purchase of two refuse cab and chassis for the Sanitation Department from Bob Smith Ford, in the amount of \$107,800.00 Motion passed unanimously by 4 councilmembers. Councilmember Pipinos left prior to a vote taking place. Prior to the approval, Councilmember Pipinos asked why the amount from the April 8, 1991, Resolution had changed. James Lord stated that the specifications for the transmission have been changed. It was regularly moved by Councilmember Pipinos and seconded by Councilmember Weintraub to table any action on this purchase and rebid for the new transmission. Motion passed unanimously. William Ridgway informed council that if they choose to rebid the equipment, a motion is need to rescind the April 8, 1991, which authorized the City Manager to purchase the cab and chassis. It was regularly moved by Councilmember Pipinos to rescind the April 8, 1991, Resolution to purchase the cab and chassis from Bob Smith Ford. The motion died due to the lack of a second.

RECESS

Mayor Bowman recessed the meeting at 12:40 p.m. and reconvened at 12:45 p.m.

It was regularly moved by Councilmember Weintraub and seconded by Councilmember Littleton to rescind the previous motion to table and rebid the cab and chassis. Motion passed unanimously. Following this motion, the resolution was passed as written on page one.

RESOLUTION: PACKER BODIES

It was regularly moved by Councilmember Littleton and seconded by Councilmember Brown to approve a resolution to authorize City Manager to lease purchase two refuse packer bodies from A & H Equipment Company in the amount of \$55,626.00. Motion passed unanimously.

ADJOURNMENT

Mayor Bowman adjourned the meeting at 12:55 p.m.

A Special Meeting of the Common Council of the city of Weirton, Brooke and Hancock Counties, West Virginia, was held at 5:30 p.m., Monday, April 29, 1991, in the Municipal Building, with Mayor Bowman presiding.

Councilmembers in attendance included: Earl Brown, Lynn Littleton, John Moore, Mario Pipinos, Ken Weintraub, Wanda Granato and Tim McCune.

City Officials in attendance included: James Lord, William Ridgway, Vincent Azzarello and Thomas Koumaros.

Mayor Bowman led the Pledge of Allegiance.

REMARKS OF CITIZENS

It was regularly moved by Councilmember Littleton and seconded by Councilmember McCune to allow remarks from citizens at this special meeting. Motion passed unanimously. No citizens made any remarks.

COMMUNICATIONS

Mayor Bowman announced that he has received confirmation from Governor Caperton's Office that the \$100,000 for the South 11th Street project will be forwarded to the city soon.

OLD BUSINESS SERIES 1991 WATER IMPROVEMENT BOND ORDINANCE

It was regularly moved by Councilmember Granato and seconded by Councilmember McCune to approve the second reading of the title of an Ordinance to authorize the issuance of \$5,000,000.00 of 1991 Series Revenue bonds for the Water Improvement Projects. Motion passed by a vote of 6 to 1, with Councilmember Moore voting nay. Councilmember Moore asked Vincent Azzarello how much of the 1964 bonds remain outstanding. Mr. Azzarello stated that \$1,465,000 remain outstanding. William Ridgway stated that the bond ordinance will require three readings, which the third reading and a public hearing will take place on May 13, 1991.

ELECTION POLL CLERK SUPPLEMENTAL PAY

It was regularly moved by Councilmember Littleton and seconded by Councilmember Brown to approve a resolution to authorize an additional sum of \$30 per election for each poll clerk for a total of \$65 and a total of \$75 for the number one commissioner. Motion passed unanimously. Mayor Bowman stated that this amount is in line with the recent increase in the minimum wage.

SOUTH 11TH STREET

It was regularly moved by Councilmember Granato and seconded by Councilmember Littleton to approve a resolution authorizing the transfer of Parking Authority funds, not to exceed \$100,000.00, to a Capital Projects Fund for the repair of South 11th Street. Motion passed unanimously. Councilmember Moore asked if the WVDH is still planning on assisting the city with engineering services on the project. Mayor Bowman answered in the affirmative. Councilmember McCune asked if the money from the Parking Authority is a loan. Mayor Bowman answered in the negative.

APPOINTMENTS

It was regularly moved by Councilmember Brown and seconded by Councilmember McCune to approve Mayor Bowman's recommendation to re-appoint William Currenton to the Park Board for the term beginning May 1, 1991 to May 1, 1996. Motion passed unanimously.

It was regularly moved by Councilmember Littleton and seconded by Councilmember Brown to approve Mayor Bowman's recommendation to re-appoint Irene Craft to the Housing Authority for the term beginning May 1, 1991 to May 1, 1996. Motion passed unanimously.

4/29/91
Page 2

It was regularly moved by Councilmember Moore and seconded by Councilmember Granato to approve Mayor Bowman's recommendation to re-appoint Wanda Barkhurst to the Library Board for a term beginning May 1, 1991 to May 1, 1996. Motion passed unanimously.

It was regularly moved by Councilmember Weintraub and seconded by Councilmember Granato to approve Mayor Bowman's re-appointment of Carl Townsend to the Water Board for a term beginning May 1, 1991 to May 1, 1996. Motion passed unanimously.

ADJOURNMENT

Mayor Bowman adjourned the meeting at 5:50 p.m. Vincent Azzarello closed the meeting with a prayer.

Mayor

Attest: City Clerk

The Regular Session of the Common Council of the city of Weirton, Brooke and Hancock Counties, West Virginia, was held at 8:00 p.m., Monday, May 13, 1991, in the Municipal Building, with Mayor Bowman presiding.

Councilmembers in attendance included: Earl Brown, John Moore, Ken Weintraub, Wanda Granato and Tim McCune.

City Officials in attendance: James Lord, William Ridgway, Vincent Azzarello, Thomas Koumaros, Chuck Svokas, Nick Dragisich, Jeff Pearce, Kessler Cole, Ken Capozzoli, John Brown, Carl Fodor, Rick Rekowski, Marilyn Stead, and Vince Collins, Representative of Steptoe and Johnson.

Mayor Bowman led the Pledge of Allegiance.

Councilmember Weintraub requested that the April 8, 1991, Regular Session of Council be corrected to reflect that Councilmember Moore voted nay on Ordinance #939, not Councilmember Weintraub. Correction was so noted. It was regularly moved by Councilmember Granato and seconded by Councilmember Brown to approve the April 8, 1991, Regular Session as corrected, and the April 16, 1991, and April 29, 1991, Special Meetings as submitted. Motion passed unanimously.

PROCLAMATION

Mayor Bowman presented Nick Dragisich with a proclamation declaring the week of May 12 - 18, 1991, as Police Week in the city of Weirton.

MAYOR'S AWARDS

Mayor Bowman presented Mayor's Awards to: J.T. Jezierski an award for being elected West Virginia Key Club Governor; Maria Tranto elected Key Club District 1A; Mary Ann and George Psaros for being awarded the Charles McCallister Award at the state conference; and Harry Psaros for receiving an award for exceptional service to the Key Club Organization.

Mayor Bowman presented Mayor's Awards to the following individuals for recognition of outstanding public service rendered on April 12, 1991, by performing river rescue and saving a victim's life: Patrolman Fletcher, Scott Moore, P. Barilla, Patrolman Jackson, J. Crawford, T. Crawford, John Thompson, Mike Mercer, K. Steiner, Deputy Heck and Archie Bartz.

Mayor Bowman presented Mayor's Awards to the following individuals for their outstanding public service rendered on April 14, 1991, in risking your life in saving a kidnapping victim: Patrolman Brown, Patrolman Marshall, and Sergeant Popish. Mayor Bowman also presented an award to Bonnie Kerr for her quick and skillful response with an act of heroism in the kidnapping incident.

Mayor Bowman announced that the city of Weirton received a plaque in recognition of being named as an All-West Virginia City.

PUBLIC HEARING

MAY 13, 1991

Mayor Bowman announced at 8:15 p.m., that a Public Hearing will be held to accept comments from citizens regarding the third and final reading of Ordinance #941, authorizing the issuance of 1991 Water Revenue Bonds.

Kathy Iaquina, Bennett Drive, stated that on behalf of the people that protested this project, made a formal protest against the projects due to the number of petitions received during the rate case.

No other individual requested to make any comments. Thus, the Public Hearing was adjourned at 8:16 p.m.

ORDINANCE

It was regularly moved by Councilmember McCune and seconded by Councilmember Brown to approve the third reading of the title of Ordinance #941, authorizing the issuance of \$5,000,000 of 1991 Water Improvement Bonds for the Water Projects. Motion passed by a roll call vote of 4 to 1, with Councilmember Moore voting nay. It was regularly moved by Councilmember Moore and seconded by Councilmember Weintraub to table the third reading of Ordinance #941, authorizing the 1991 Bonds, until after July 1, 1991, giving the new administration the opportunity to vote on the projects. Motion was defeated by a roll call vote of 3 to 2, with Councilmembers Brown, Granato and McCune voting nay. Councilmember McCune expressed his displeasure with motion to table Ordinance #941.

RESOLUTION

It was regularly moved by Councilmember Granato and seconded by Councilmember Brown to approve a reading by title only of a supplemental resolution providing principal amounts, dates, maturities, payment schedules, sale prices and other terms of the 1991 Water Improvement Bonds. Motion passed by a vote of 4 to 1, with Councilmember Moore voting nay. Vince Collins explained the purpose of the resolution in conjunction with the Bond Ordinance. Councilmember Moore asked how the two issues combined equal 7.75% interest. Mr. Collins stated that the no interest rate bonds are provided to the Water Development Authority to assist the state entities by "buying" a lower rate for the city of Weirton.

REMARKS OF CITIZENS

George Velegol stated that he has witnessed a water leak at the Penco Road water tank. Jeff Pearce stated that a leak was detected and the problem has been addressed.

Vince Oliver complained that no police escort was given to a few local soldiers returning from the Persian Gulf. Nick Dragisich stated that the city does not block the traffic for safety reasons.

OLD BUSINESS
ORDINANCE

It was regularly moved by Councilmember Moore and seconded by Councilmember Brown to approve the second reading of Ordinance #942, to amend Ordinance #880, regarding Police Promotional examinations. Motion passed unanimously.

ORDINANCE

It was regularly moved by Councilmember Moore and seconded by Councilmember Granato to approve the second reading of Ordinance #938, establishing "No Parking" on the south side of Lee Avenue for th distance of one parking stall at the intersection of West Street. Motion passed unanimously.

ORDINANCE

It was regularly moved by Councilmember Brown and seconded by Councilmember Weintraub to approve the second reading of Ordinance #939, establishing "No Parking" on the south side of terrace Circle, near the Weirton Steel Company entrance from Weir Avenue. Motion passed by a vote of 3 to 2, with Councilmembers Moore and McCune voting nay. Councilmember Moore stated that he used to work at this entrance and never noticed a problem with parking. Nick Dragisich stated that this ordinance was adopted due to the increased truck traffic from Weir Avenue.

ORDINANCE

It was regularly moved by Councilmember Weintraub and seconded by Councilmember Brown to approve the second reading of Ordinance #940, which establishes a "No Left Turn" on Leymone Avenue at the intersection of Main Street. Motion passed unanimously.

NEW BUSINESS
RESOLUTION

It was regularly moved by Councilmember Weintraub and seconded by Councilmember Granato to approve a resolution granting an easement and right of way of an alley to William Astfalk, lot #290 Marland Heights allotment. Motion passed unanimously.

RESOLUTION

It was regularly moved by Councilmember Granato and seconded by Councilmember Brown to approve a Resolution to authorize the City Manager to enter into contract with the Hancock County Sheltered Workshop for janitorial services to the Municipal Building for a period of one year at a cost of \$15,120.00. Motion passed unanimously with Councilmember Weintraub abstaining. Councilmember Moore asked Marilyn Stead if she is satisfied with the cleaning service provided by the workshop. Marilyn Stead answered in the affirmative.

RESOLUTION

It was regularly moved by Councilmember Weintraub and seconded by Councilmember Brown to amend the resolution to read that the meters purchased from Mr. Von Kaenel would be Duncan Meters. Motion passed by a vote of 4 to 1, with Councilmember Moore voting nay. Councilmember Moore asked if the meters purchased from Mr. Von Kaenel were Duncan meters. Vincent Azzarello answered in the affirmative. It was regularly moved by Councilmember Granato and seconded by Councilmember Brown to approve the amended resolution to purchase 36 duplex parking meters from David Von Kaenel, in the amount of \$13,496.40. Motion passed by a vote of 3 to 2, with Councilmembers Moore and McCune voting nay.

AUTHORIZATION TO ACCEPT BIDS

It was regularly moved by Councilmember McCune and seconded by Councilmember Moore to authorize the City Manager to advertise for bids for the purchase of air masks and air cylinders for the Fire Department. Motion passed unanimously.

BHJ

It was regularly moved by Councilmember Weintraub and seconded by Councilmember McCune to authorize the payment of \$2,212.40 to BHJ as the city's annual local share. Motion passed unanimously.

APPOINTMENT

It was regularly moved by Councilmember McCune and seconded by Councilmember Granato to approve Mayor Bowman's recommendation to re-appoint Ken Capozzioli to the Water Board for a term of 6/1/91 to 6/1/94. Motion passed unanimously.

ADMINISTRATIVE REPORTS

Councilmember McCune requested Nick Dragisich to increase radar patrols due to the fact that children will be out of school.

Councilmember Granato asked James Lord if the water run off problem on McHenry Street has been addressed. James Lord stated that the Street Department is still working on the problem.

Councilmembers McCune and Granato asked James Lord to pave several streets in their respective wards.

Councilmember Granato asked when the construction will begin on South 11th Street. Mayor Bowman stated that the project is to begin shortly.

TREASURER'S REPORT

Thomas Koumaros gave the Treasurer's Report. It was regularly moved by Councilmember Mccune and seconded by Councilmember Granato to approve the payments of all bills and accept the Administrative Reports. Motion passed unanimously.

Councilmember Moore asked Chuck Svokas how much more work needs to be done to Purdy Lane. Mr. Svokas stated that the project is about 90% complete.

ADJOURNMENT

The meeting was adjourned at 8:50 p.m. Vincent Azzarello closed the meeting with a prayer.

Mayor

Attest: City Clerk



STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

UNION NATIONAL CENTER EAST

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

FACSIMILE (304) 624-8183

CHARLES W. YEAGER
CARL F. STUCKY, JR.
HERBERT G. UNDERWOOD
JACKSON L. ANDERSON
OTIS L. O'CONNOR
ROBERT G. STEELE
J. LEE VAN METRE, JR.
JAMES M. WILSON
PATRICK D. DEEM
ROBERT M. STEPTOE, JR.
ANNE R. WILLIAMS
JAMES R. WATSON
JAMES D. GRAY
DOUGLAS S. ROCKWELL
VINCENT A. COLLINS
JAMES A. RUSSELL
LUCIEN G. LEWIN
WILLIAM T. BELCHER
MICHAEL L. BRAY
JAMES D. STEPTOE
DAVID C. CLOVIS
DANIEL R. SCHUDA
J. GREG GOODYKOONTZ
IRENE M. KEELEY
EVANS L. KING, JR.
WALTER L. WILLIAMS
SUSAN S. BREWER
SPRAGUE W. HAZARD
HERSCHEL H. ROSE III
DAVID LAYVA
GRAY SILVER III
RONALD H. HANLAN
C. DAVID MORRISON
HARRY P. WADDELL
CLEMENT D. CARTER III
W. HENRY LAWRENCE IV
J. ROBERT SWYNNE
WILLIAM E. GALEOTA
CHRISTOPHER P. BASTIEN
GORDON H. COPLAND
RANDALL C. LIGHT
STEVEN P. MCGOWAN
RICHARD M. YURKO, JR.
GARY W. NICKERSON
CURTIS G. POWER III
W. RANDOLPH FIFE
MARTIN R. SMITH, JR.

715 CHARLESTON NATIONAL PLAZA
P. O. BOX 1588
CHARLESTON, W. VA. 25326-1588
(304) 353-8000
FACSIMILE (304) 353-8180

126 EAST BURKE STREET
MARTINSBURG, W. VA. 25401-4399
(304) 263-6991
FACSIMILE (304) 263-4785

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

104 WEST CONGRESS STREET
P. O. BOX 100
CHARLES TOWN, W. VA. 25414-0100
(304) 725-1414
FACSIMILE (304) 725-1913

LOUIS E. ENDERLE, JR.
ROBERT J. SCHIAVONI
JOHN K. DORSEY
WALTER WASHINGTON
JOSEPH R. FERRETTI
MARK E. KINLEY
MARCIA J. POLLARD
BRYAN R. COKELEY
PATRICK D. KELLY
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CHRISTINE S. VAGLIENTI
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CAROLINE J. STAFFORD
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PAUL R. GRANSTON
JONATHAN P. JESTER
GINA M. HOUSEHOLDER
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SHERRI L. MAZZA
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ANDREW L. PATERNOSTRO
RONALD T. TOMASKO
LUCI R. WELLBORN

OF COUNSEL
RALPH BOHANNON

WRITER'S DIRECT DIAL NUMBER

June 25, 1991

City of Weirton
Water Revenue Bonds,
Series 1991 A and Series 1991 B

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Internal Revenue Service
Internal Revenue Service Center
Philadelphia, Pennsylvania 19255

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,

Steptoe & Johnson by us
STEPTOE & JOHNSON

Enclosures
06/25/91
8038 LTR
94975/91001

25

Department of the Treasury
Internal Revenue Service

Part I Reporting Authority Check box if Amended Return ▶

1 Issuer's name
City of Weirton

2 Issuer's employer identification number
55-6000263

3 Number and street
200 Municipal Plaza

4 Report number
G19 91 - 1

5 City or town, state, and ZIP code
Weirton, West Virginia 26062

6 Date of issue
5/23/91

7 Name of Issue
Water Revenue Bonds, Series 1991 A

8 CUSIP Number
N/A

Part II Type of issue (check box(es) that applies and enter the Issue Price)

9 Check box if obligations are tax or other revenue anticipation bonds ▶

10 Check box if obligations are in the form of a lease or installment sale ▶

11 Education

12 Health and hospital

13 Transportation

14 Public safety

15 Environment (including sewage bonds)

16 Housing

17 Utilities

18 Other. Describe (see instructions) ▶

Issue price
\$

\$4,784,000

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	10/1/16	8.10%	418,126	418,126			
20 Entire issue			4,784,000	4,784,000	17.01 years	%	%

Part IV Uses of Original Proceeds of Bond Issues (including underwriters' discount)

21 Proceeds used for accrued interest	21	-0-
22 Issue price of entire issue (enter line 20c)	22	4,784,000
23 Proceeds used for bond issuance costs (including underwriters' discount)	23	25,000
24 Proceeds used for credit enhancement	24	-0-
25 Proceeds allocated to reasonably required reserve or replacement fund	25	-0-
26 Proceeds used to refund prior issues	26	-0-
27 Total (add lines 23, 24, 25, and 26)	27	25,000
28 Nonrefunding proceeds of the issue (subtract line 27 from line 22 and enter amount here)	28	4,759,000

Part V Description of Refunded Bonds (complete this part only for refunding bonds)

29 Enter the remaining weighted average maturity of the bonds to be refunded ▶ _____ years

30 Enter the last date on which the refunded bonds will be called ▶ _____

31 Enter the date(s) the refunded bonds were issued ▶ _____

Part VI Miscellaneous

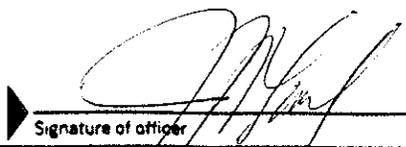
32 Enter the amount of the state volume cap allocated to the issue ▶ _____ -0-

33 Enter the amount of the bonds designated by the issuer under section 265(b)(3)(B)(i)(III) (small issuer exception) ▶ _____ -0-

34 Pooled financings:
 a Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units ▶ _____ -0-
 b Check box if this issue is a loan made from the proceeds of another tax-exempt issue ▶ and enter the name of the issuer ▶ W.Va. Water Development Authority and the date of the issue ▶ July 11, 1990

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Please Sign Here



May 23, 1991
Date

James W. Lord, City Manager
Type or print name and title

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

NEW ISSUE REPORT FORM

Date of Report: May 23, 1991

(See Reverse for Instructions)

ISSUE: CITY OF WEIRTON - Water Revenue Bonds, Series 1991 A
 ADDRESS: 200 Municipal Plaza, Weirton, West Virginia 26062 COUNTY: Brooke & Hancock
 PURPOSE: New Money Refunding
 OF ISSUE: Refunding Refunds issue(s) dated: _____
 ISSUE DATE: May 23, 1991 CLOSING DATE: May 23, 1991
 ISSUE AMOUNT: \$ 4,784,000 RATE: 8.10%
 1st DEBT SERVICE DUE: October 1, 1991 1st PRINCIPAL DUE: October 1, 1992
 1st DEBT SERVICE AMOUNT: \$137,779.20 PAYING AGENT: Municipal Bond Commission

ISSUERS
 BOND COUNSEL: Steptoe & Johnson
 Contact Person: Vincent A. Collins
 Phone: 624-8161
 CLOSING BANK: Bank of Weirton
 Contact Person: George Molnar, President
 Phone: 797-8000
 KNOWLEDGEABLE ISSUER CONTACT
 Contact Person: James W. Lord
 Position: City Manager
 Phone: 797-8503

UNDERWRITERS
 BOND COUNSEL: Jackson & Kelly
 Contact Person: Samme L. Gee, Esquire
 Phone: 340-1318
 ESCROW TRUSTEE:
 Contact Person: _____
 Phone: _____
 OTHER:
 Contact Person: _____
 Function: _____
 Phone: _____

DEPOSITS TO MBC AT CLOSE: _____
 By Wire Check Other: _____
 Accrued Interest: \$ _____
 Capitalized Interest: \$ 484,275
 Reserve Account: \$ _____
 Other: \$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE:
 By _____ Wire _____ To Escrow Trustee: \$ _____
 _____ Check _____ To Issuer: \$ _____
 _____ IGT _____ To Cons. Invest. Fund: \$ _____
 _____ To Other: \$ _____

NOTES: _____

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS
 REQUIRED: _____
 TRANSFERS
 REQUIRED: _____

The purpose of the **NEW ISSUE REPORT FORM** is to provide the WV Municipal Bond Commission with an early warning of three basic facts **no later than the day of closing** on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The Commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the WV Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all supplements, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes".

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at close are required, please submit this form before closing. If no significant facts change by closing, no resubmission at close is required. If, however, there are changes, please submit an updated form, with changes noted, at close.

If you should have any questions concerning this form, please call the Commission.

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

NEW ISSUE REPORT FORM

Date of Report: May 23, 1991

(See Reverse for Instructions)

ISSUE: CITY OF WEIRTON - Water Revenue Bonds Series 1991 B
ADDRESS: 200 Municipal Plaza, Weirton, West Virginia 26062 COUNTY: Brooke & Hancock
PURPOSE New Money X
OF ISSUE: Refunding Refunds issue(s) dated: _____
ISSUE DATE: May 23, 1991 CLOSING DATE: May 23, 1991
ISSUE AMOUNT: \$ 216,000 RATE: 0.0%
1st DEBT SERVICE DUE: October 1, 1992 1st PRINCIPAL DUE: October 1, 1992
1st DEBT SERVICE AMOUNT: \$8,640.00 PAYING AGENT: Municipal Bond Commission

ISSUERS	UNDERWRITERS
BOND COUNSEL: <u>Steptoe & Johnson</u>	BOND COUNSEL: <u>Jackson & Kelly</u>
Contact Person: <u>Vincent A. Collins, Esq.</u>	Contact Person: <u>Samme L. Gee, Esquire</u>
Phone: <u>624-8161</u>	Phone: <u>340-1318</u>
CLOSING BANK: <u>Bank of Weirton</u>	ESCROW TRUSTEE: _____
Contact Person: <u>George Molnar, President</u>	Contact Person: _____
Phone: <u>797-8000</u>	Phone: _____
KNOWLEDGEABLE ISSUER CONTACT	OTHER: _____
Contact Person: <u>James W. Lord</u>	Contact Person: _____
Position: <u>City Manager</u>	Function: _____
Phone: <u>797-8503</u>	Phone: _____

DEPOSITS TO MBC AT CLOSE: _____

By _____ Wire	_____ Accrued Interest:	\$ _____
_____ Check	_____ Capitalized Interest:	\$ _____
	_____ Reserve Account:	\$ _____
	_____ Other:	\$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE:

By _____ Wire	_____ To Escrow Trustee:	\$ _____
_____ Check	_____ To Issuer:	\$ _____
_____ IGT	_____ To Cons. Invest. Fund:	\$ _____
	_____ To Other:	\$ _____

NOTES: _____

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS
REQUIRED: _____
TRANSFERS
REQUIRED: _____

The purpose of the **NEW ISSUE REPORT FORM** is to provide the WV Municipal Bond Commission with an early warning of three basis facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The Commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the WV Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all supplements, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes".

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at close are required, please submit this form before closing. If no significant facts change by closing, no resubmission at close is required. If, however, there are changes, please submit an updated form, with changes noted, at close.

If you should have any questions concerning this form, please call the Commission.

May 13, 1991

Honorable Gaston Caperton
Governor of West Virginia
State Capitol
Charleston, West Virginia 25305

Re: Weirton Water Improvements
Project, Hancock County
(WV-10565-90-I-214-0521)

Dear Governor Caperton:

Enclosed is a copy of the Appalachian Regional Commission's approval of a grant for the referenced project dated May 10, 1991.

Appalachian Regional Commission funds in the amount of \$500,000 have been made available to the Director, Office of Block Grant Assistance, U.S. Department of Housing and Urban Development.

Sincerely yours,

FRANCIS B. MORAVITZ
Executive Director

Enclosure

cc: State Alternate
[Ralph Goolsby]
Fred Cutlip
WFBlumer/JDemchalk
Files

FEM/cty 5/13/91

APPALACHIAN REGIONAL COMMISSION
1666 Connecticut Avenue, N.W.
Washington, D.C. 20235

To: Don I. Patch, Director
 Office of Block Grant Assistance
 U.S. Department of HUD
 451 Seventh Street, S.W., #7180
 Washington, D.C. 20410
 Attn: Maria Ratcliff, #7184

REV (2-91)

The Appalachian Regional Commission has approved a project for assistance under the Appalachian Regional Development Act of 1965 as amended, as follows:

Weirton Water Improvements Project, Hancock County, West Virginia (WV-10565-90-I-214-0521), HUD No. B-89-MC-54-0004

FUNDING:

ARC Section 214	\$ 500,000	24%
Non-Federal (Local)	<u>1,600,000</u>	<u>76%</u>
Total Project Cost	<u>\$2,100,000</u>	<u>100%</u>

Time Limitation. As the Commission may revoke or revise its approval of any project (except for Section 201 projects) if not underway within 18 months after the ARC approval date, please advise ARC when allowable activity has begun.

Underrun. ARC funds are limited to the lesser of (1) the amount specified in ARC's most recent approval or (2) the difference between the actual eligible project cost and the sum of the actual non-ARC basis grants and the non-federal funds specified in ARC's most recent approval, unless otherwise directed by the Commission.

Section 201 Funding Limitation. ARC assistance is established at the percentage amount specified above up to the above specified dollar amount. In no case shall ARC assistance exceed 80 percent of actual eligible project cost.

Advisory Note for Education Projects. The State education agency monitoring this grant is requested to advise the grantee that the memorandum "Closeout of ARC-Assisted Education Projects-Clarification (P.L. 89-4, Sections 211(a), 211(b) and 214)", dated April 14, 1978, and disseminated by the Division of Vocational and Technical Education, U.S. Office of Education, prescribes closeout procedures to be adhered to in closing out this project.

APPROVED:

Jacqueline Phillips
 Federal Co-Chairman

MAY 10 1991

Date

News From

U.S. Senator
Robert C. Byrd
West Virginia

FOR IMMEDIATE RELEASE:

CONTACT: Ann ~~Phone~~ (202) 224-3904

Friday, May 10, 1991

(202) 224-3904

WASHINGTON, D.C. U.S. Senator Robert C. Byrd, D-W.Va., announced Friday the approval of a \$500,000 grant from the Appalachian Regional Commission to Weirton to fund reconstruction and enlargement of the Lee Avenue Reservoir.

The existing reservoir provides water to downtown Weirton and Weirton Steel Corporation. Structural deficiencies in the reservoir have reduced its capacity by 50 percent since 1987, causing periods of severe water shortages.

Byrd said the new construction will increase the reservoir's capacity to 3 million gallons.

Total estimated cost of the project is \$2.1 million. The City of Weirton will receive the grant and the U.S. Department of Housing and Urban Development will be administering the grant.

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Urban Dept.

CITY OF WEIRTON

Water Revenue Bonds,
Series 1991 A and Series 1991 B

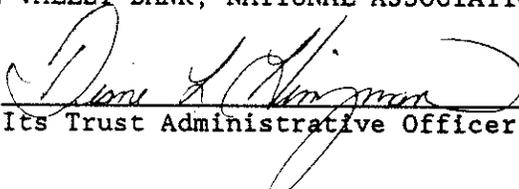
ACCEPTANCE OF DUTIES OF REGISTRAR

ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association with its principal office in the City of Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the City of Weirton Water Revenue Bonds, Series 1991 A and Series 1991 B, all dated May 23, 1991, in the aggregate principal amount of \$5,000,000 (collectively "the Bonds") and agrees to perform all duties of Registrar in connection with such Bonds, all as set forth in the Local Act authorizing issuance of the Bonds.

Dated this 23rd day of May, 1991.

ONE VALLEY BANK, NATIONAL ASSOCIATION

By


Its Trust Administrative Officer

05/13/91
WEIRJ.P1
94975/91001



CITY OF WEIRTON

200 MUNICIPAL PLAZA
WEIRTON, WEST VIRGINIA 26062

CITY OF WEIRTON

Water Revenue Bonds,
Series 1991 A and Series 1991 B

ACCEPTANCE OF DUTIES OF DEPOSITORY BANK

United National Bank, a state banking corporation, with its principal office in Wheeling, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Ordinance of the City of Weirton, enacted May 13, 1991, authorizing issuance of the City's Water Revenue Bonds, Series 1991 A and Series 1991 B, both dated May 13, 1991, in the aggregate principal amount of \$5,000,000 (collectively, the "Bonds") and agrees to perform all duties of Depository Bank in connection with such Bonds, all as set forth in said Ordinance.

Dated this 18th day of June, 1991.

United National Bank North

By John B. Farrell
Its Assistant Vice-President

CITY OF WEIRTON

Water Revenue Bonds,
Series 1991 A and Series 1991 B

CERTIFICATE OF REGISTRATION OF BONDS

I, Diane L. Hinzman, Corp. Trust Admn. Office of One Valley Bank, National Association, as Registrar under the Local Act and Registrar's Agreement providing for the \$5,000,000 aggregate principal amount of Water Revenue Bonds, Series 1991 A and Series 1991 B, of the City of Weirton (the "Issuer"), hereby certify that on the 23rd day of May, 1991, the single fully registered Series 1991 A Bond of the Issuer in the principal amount of \$4,784,000 designated "Water Revenue Bond, Series 1991 A," numbered AR-1, and the single fully registered Series 1991 B Bond of the Issuer in the principal amount of \$216,000 designated "Water Revenue Bond, Series 1991 B," numbered BR-1, were registered as to principal and interest (the Series 1991 B Bond being registered as to principal only) in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of One Valley Bank, National Association, as Registrar.

WITNESS my signature as of this 23rd day of May, 1991.

ONE VALLEY BANK, NATIONAL ASSOCIATION

By Diane L. Hinzman
Its Trust Administrative Officer

05/13/91
WEIRJ.R1
94975/91001

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 23rd day of May, 1991, by and between the CITY OF WEIRTON, 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 \$5,000,000 aggregate principal amount of Water Revenue Bonds, Series 1991 A and Series 1991 B, in fully registered form (collectively, the "Bonds"), pursuant to a Bond Ordinance enacted May 13, 1991, and a Supplemental Resolution adopted May 13, 1991 (collectively, the "Local Act");

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 Local Act, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Local Act provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Local Act and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Local Act 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 Local Act, 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 Local Act with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Local Act, the terms of the Local Act 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 Local Act 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:

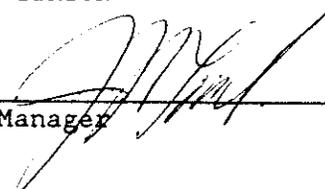
ISSUER: City of Weirton
 200 Municipal Plaza
 Weirton, West Virginia 26062
 Attention: Mayor

REGISTRAR: One Valley Bank, National Association
 Post Office Box 1793
 One Valley Square
 Charleston, West Virginia 25326
 Attention: Corporate Trust Department

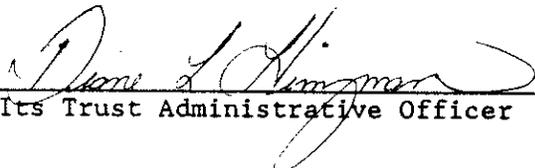
8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Local Act.

IN WITNESS WHEREOF, the CITY OF WEIRTON and ONE VALLEY BANK, NATIONAL ASSOCIATION 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 WEIRTON

By 
City Manager

ONE VALLEY BANK, NATIONAL ASSOCIATION

By 
Its Trust Administrative Officer

05/13/91
WEIRJ.S1
94975/91001

EXHIBIT A

[Included in transcript as Document No. 1]

ASSIGNMENT SEPARATE FROM BOND

FOR VALUE RECEIVED, the West Virginia Water Development Authority hereby sells, assigns and transfers unto One Valley Bank, National Association, Charleston, West Virginia, the Water Revenue Bond, Series 1991A, of the City of Weirton in the principal amount of \$4,784,000, numbered AR-1, standing in the name of the West Virginia Water Development Authority on the books of said Issuer.

Dated: May 23, 1991.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY


Authorized Representative

05/13/91
WEIRJ.T1
94975/91001

ORDINANCE NO. 159

AN ORDINANCE PROVIDING FOR THE ISSUANCE OF WATERWORKS REVENUE BONDS, SERIES 1964, OF THE CITY OF WEIRTON, WEST VIRGINIA, FOR THE PURPOSE OF FINANCEING THE COST, NOT OTHERWISE PROVIDED, OF BETTERMENTS AND IMPROVEMENTS TO THE MINICIPAL WATERWORKS SYSTEM OF SAID CITY; SETTING FORTH THE TERMS AND CONDITIONS UPON WHICH SUCH BONDS AND ANY ADDITIONAL BONDS RANKING ON A PARITY THEREWITH ARE TO BE AND MAY BE ISSUED AND OUTSTANDING; PROVIDING FOR THE PAYMENT OF SUCH BONDS AND INTEREST THEREOF FROM AVAILABLE REVENUES OF SAID SYSTEM AND FIXING THE MINIMUM RATES AND CHARGES FOR WATER AND WATER SERVICE.

BBJ724

WHEREAS the City of Weirton in Hancock and Brooke Counties, West Virginia, as of July 1, 1947, became a municipality pursuant to the provisions of Article 6 of Chapter 8A of the West Virginia Code through the merger and consolidation of three previously existing municipalities and the inclusion of certain unincorporated territory and presently owns and operates a municipal waterworks system supplying water to substantially all of the territory presently included in said City and certain adjacent territory presently included in said City and certain adjacent territory, and at the time of such merger and consolidation one of the underlying municipalities (The City of Hollidays Cove) had theretofore pursuant to ordinances adopted January 7, 1946, and March 10, 1947, issued its Waterworks Revenue Bonds dated December 1, 1945, and March 1, 1947, which became and constitute and obligation of the City of Weirton and which Waterworks Revenue Bonds dated March 1, 1947, are presently outstanding in the principal amount of \$412,000 and said City of Weirton for additional betterments and improvements to its municipal waterworks system has heretofore issued and has outstanding:

\$137,000 principal amount of 3% Waterworks Revenue Bonds, Series 1951, dated March 1, 1951, maturing serially and in numerical order on December 1 of each of the years 1977 to 1980, inclusive, pursuant to an ordinance adopted February 13, 1951;

\$110,000 principal amount of 3% Waterworks Revenue Bonds, Series 1952, dated April 1, 1952, maturing serially and in numerical order December 1 of each of years 1964 to 1985, inclusive, pursuant to an ordinance adopted April 1, 1952;

\$60,000 principal amount of 3-1/4% Waterworks Revenue Bonds, Series 1954, dated December 1, 1954, maturing serially and in numerical order on December 1 of each of the years 1977 to 1986, inclusive, pursuant to an ordinance adopted November 8, 1954; and

\$222,000 principal amount of 3-1/2% Waterworks Revenue Bonds, Series 1956, dated March 1, 1956, maturing serially and in numerical order on December 1 of each of the years 1980 to 1990, inclusive, pursuant to an ordinance adopted March 27, 1956;

all of which outstanding bonds are by their terms payable from and secured by, in the order of their respective dates of issuance, prior charges on and pledges of the revenues derived from the operation of said municipal waterworks system; and

WHEREAS said City has heretofore determined the necessity and advisability of constructing betterments and improvements to the municipal waterworks system briefly described as follows:

a new intake system, raw water pumps, new water treatment plant, feeder mains, standpipes, storage tanks, pumping stations, new water lines and other necessary appurtenances,

and as more generally described in the report dated October, 1960, by Alden E. Stilson and Associates, Limited, Consulting Engineers, now on file with the City Clerk, and the total estimated cost of which, including engineering, financing, legal and other pertinent costs, is \$2,843,185 as shown in the application to Housing and Home Finance Agency for APW Project WVA-195G; and said City will have funds to be made available pursuant to a federal grant to pay a portion of said cost, thus making it necessary at this time that provision be made for the issuance of revenue bonds to the amount of \$2,300,000, as hereinafter provided, under the provisions of Article 12 of Chapter 8 of the West Virginia Code;

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF WEIRTON IN THE COUNTIES OF HANCOCK AND BROOKE, WEST VIRGINIA, as follows:

Section 1. That it is hereby found to be necessary that the City of Weirton, West Virginia, construct betterments and improvements to the municipal waterworks system of said City, as briefly described in the preamble hereof. The estimated cost of said betterments and improvements, including engineering, financing, legal and other pertinent costs, is \$2,843,185.

Section 2. That pursuant to the Constitution and laws of West Virginia and particularly Article 12 of Chapter 8 of the West Virginia Code there are hereby authorized to be issued four hundred sixty negotiable coupon revenue bonds of the City of Weirton in the aggregate principal amount of \$2,300,000, each of which shall be designated a "Waterworks Revenue Bond, Series 1964" for the purpose of financing the cost, not otherwise provided, or said betterments and improvements to the municipal waterworks system of said City.

Section 3. That said Bonds hereby authorized shall be dated March 1, 1964, of the denomination of \$5,000 each, numbered consecutively 1 to 460, inclusive, and scheduled to become due and payable in numerical order on December 1 of the respective years, as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
1964	\$10,000	1984	\$ 40,000
1965	10,000	1985	40,000
1966	10,000	1986	50,000
1967	10,000	1987	60,000
1968	15,000	1988	65,000
1969	15,000	1989	70,000
1970	10,000	1990	60,000
1971	15,000	1991	95,000

1972	15,000	1992	100,000
1973	15,000	1993	105,000
1974	15,000	1994	105,000
1975	15,000	1995	110,000
1976	15,000	1996	115,000
1977	15,000	1997	120,000
1978	15,000	1998	125,000
1979	15,000	1999	130,000
1980	10,000	2000	135,000
1981	35,000	2001	140,000
1982	40,000	2002	145,000
1983	40,000	2003	150,000

provided, that after all the presently outstanding bonds dated March 1, 1947, March 1, 1951, April 1, 1952, December 1, 1954, and March 1, 1956, have been retired either at maturity or by purchase, redemption or otherwise the bonds numbered 29 to 460, inclusive, of the bonds hereby authorized shall be optional for redemption by said City prior to maturity, in whole or from time to time in part in the inverse order of their maturity (less than all of a single maturity to be selected by lot) on any interest payment date on or after December 1, 1974, upon terms of par and accrued interest to the date fixed for redemption plus a premium equal to two per cent of the principal amount thereof. In the event any of said bonds are called for redemption as aforesaid, notice thereof identifying the bonds to be redeemed shall be given by publication at least once not less than thirty days prior to the redemption date in a newspaper or financial journal of general circulation published in the City of New York, New York.

Said bonds shall bear interest at the coupon rate of six per cent (6%) per annum or such lesser coupon rate or rates as may be determined in accordance with the provisions of the agreement for the sale of the bonds hereby authorized, as hereinafter referred bonds are to bear interest at a coupon rate of less than six per cent (6%) per annum, then prior to the delivery thereof to the purchaser the Council of the City of Weirton shall adopt a resolution fixing the interest coupon rate or rates for said bonds. All interest at the coupon rate shall be evidenced by proper interest coupons attached to each of said bonds and to be payable June 1, 1964, and semiannually thereafter on the first days of December and June in each year.

That both principal and all interest shall be payable in lawful money of the United States of America at the office of the State Sinking Fund Commission of West Virginia in the City of Charleston, West Virginia, or at the option of the holder of the respective bonds and interest coupons at the principal office of the First National City Bank in the City of New York, New York.

Said bonds shall be executed by the Mayor, countersigned by the City Manager and sealed with the corporate seal of the City, attested by the City Clerk; and the interest coupons attached shall bear the facsimile signatures of said Mayor, City Manager and City Clerk, and said officials by the execution of said bonds shall adopt as for their own proper signatures their respective facsimile signatures on said coupons. All of said bonds, together with the interest thereon, and any additional bonds ranking on a parity therewith that may be hereafter issued under the conditions and restrictions hereinafter set forth, shall be payable only out of the "Waterworks Bond and Interest Redemption Account," as hereinafter provided; and the holders of said bonds shall have a valid claim against said account, and the moneys in said account shall be and they are hereby pledged for the payment of said bonds and the interest thereon, all subject, however, to the vested rights and priorities in favor of the security and payment out of said

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account of the presently outstanding Waterworks Revenue Bonds, Series 1947, dated March 1, 1947, in the principal amount of \$412,000; Waterworks Revenue Bonds, Series 1951, dated March 1, 1951, in the principal amount of \$137,000; Waterworks Revenue Bonds, Series 1952, dated April 1, 1952, in the principal amount of \$110,000; Waterworks Revenue Bonds, Series 1954, dated December 1, 1954, in the principal amount of \$60,000 and Waterworks Revenue Bonds, Series 1956, dated March 1, 1956, in the principal amount of \$222,000 (all of which bonds are hereinafter in this ordinance sometimes referred to collectively as the "presently outstanding bonds").

Section 4. That said bonds and interest coupons shall be fully negotiable, but upon presentation at the office of the City Clerk of said City of any of said bonds same may be registered as to principal in the name of the owner on the books in his office, such registration to be noted on the reverse side of the bonds by the City Clerk; and thereafter the principal of such registered bonds shall be payable only to the registered holder, his legal representatives or assigns. Such registered bonds shall be transferable to another registered holder, or back to bearer, only upon presentation to the City Clerk with a legal assignment duly acknowledged or proved. Registration of any of such bonds shall not affect the negotiability of the coupons thereto attached, but such coupons shall be transferable by delivery merely.

Section 5. That the bonds hereby authorized and the coupons to be attached thereto and provisions for registration thereof shall be in substantially the following form, to-wit:

(Form of Bond)
UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTIES OF HANCOCK AND BROOKE
CITY OF WEIRTON
WATERWORKS REVENUE BOND
SERIES 1964

Number _____

\$5,000

KNOW ALL MEN BY THESE PRESENTS That the City of Weirton, West Virginia, a municipal corporation organized and existing under the laws of the State of West Virginia (hereinafter sometimes referred to as the "City"), for value received hereby promises to pay to bearer hereof or, if this bond be registered, to the registered holder, as hereinafter provided, the principal sum of Five Thousand Dollars (\$5,000) on the first day of December, _____, and to pay interest on said sum from the date hereof until paid at the rate of _____ per cent (____%) per annum, payable June 1, 1964, and semiannually thereafter on the first day of December and the first day of June in each year, except as the provisions hereinafter set forth with respect to redemption prior to maturity may be and become applicable hereto, all such interest accruing on and prior to the maturity date of this bond to be paid on presentation and surrender of the annexed interest coupons as they severally mature; and both principal and interest being payable in lawful money of the United States of America at the office of the State Sinking Fund Commission of West Virginia in the City of Charleston, West Virginia, or at the option of the holder hereof at the principal office of the First National City Bank in the City of New York, New York.

This bond is one of a series of bonds numbered consecutively 1 to 460, inclusive, authorized to be issued by ordinance duly adopted by the Council of said City under and in full compliance

with the Constitution and Statutes of the State of West Virginia, including particularly Article 12 of Chapter 8 of the West Virginia Code, for the purpose of paying the cost, not otherwise provided, or betterments and improvements to the municipal waterworks system of said City.

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This bond and the series of which it forms a part, and including the interest thereon, together with any additional bonds ranking on a parity therewith that may be issued under the conditions and restrictions set forth in said ordinance, are payable only from a fixed amount of the gross revenues to be derived from the operation of said municipal waterworks system, which amount shall be sufficient to pay the principal of and interest on such bonds as and when the same become due and payable, subject, however, to the vested rights and priorities in favor of the security and payment of \$412,000 principal amount of Waterworks Revenue Bonds, Series 1947, dated March 1, 1947, heretofore issued by the City of Hollidays Cove, and by reason of merger and consolidation presently constitute the obligations of said City of Weirton, and also subject to the vested rights and priorities in favor of the security and payment of \$137,000 principal amount of Waterworks Revenue Bonds, Series 1951, dated March 1, 1951; \$110,000 principal amount of Waterworks Revenue Bonds, Series 1952, dated April 1, 1952; \$60,000 principal amount of Waterworks Revenue Bonds, Series 1954, dated December 1, 1954, and \$222,000 principal amount of Waterworks Revenue Bonds, Series 1956, dated March 1, 1956, and issued by the City of Weirton (all of which bonds are hereinafter sometimes referred to collectively as the "presently outstanding bonds"). Provision has been made for setting aside as a special account identified as "Waterworks Bond and Interest Redemption Account" a sufficient portion of said gross revenues to pay all of said bonds, subject to the vested rights and priorities aforesaid. This bond and the series of which it forms a part do not constitute an indebtedness of the City of Weirton within the meaning of any constitutional or statutory provisions or limitations, and said City shall not be obligated to pay this bond or the interest thereon except from said special account. Said City covenants that it will fix such rates for the services and facilities of said municipal waterworks system and collect and account for revenues therefrom sufficient to pay promptly the interest on the principal of the presently outstanding bonds and this bond and the series of which it is one.

After all of the presently outstanding bonds have been retired either at maturity or by purchase, redemption or otherwise, the City of Weirton hereby reserves the right and privilege to call and redeem bonds numbered 29 to 460, inclusive, of the series of bonds of which this is one prior to maturity in whole, or from time to time in part, in the inverse order of their maturity (less than all of a single maturity to be selected by lot) on any interest payment date on or after December 1, 1974, upon terms of par and accrued interest to the date fixed for redemption plus a premium equal to two percent of the principal amount thereof. In the event any of said bonds are called for redemption as aforesaid, notice thereof identifying the bonds to be redeemed will be published at least once not less than thirty days prior to such redemption date in a newspaper or financial journal of general circulation published in the City of New York, New York. All such bonds as to which said City reserves and exercises the right of redemption as aforesaid and as to which notice shall have been given, and for the redemption of which upon the terms aforesaid funds are duly provided, will cease to bear interest on the redemption date.

A statutory mortgage lien on said municipal waterworks system is created by said Article 12 of Chapter 8 of the West Virginia Code to and in favor of the holder or holders of this bond and the series of which it is one and in favor of the holder or holders of the coupons attached thereto, and the same is hereby recognized as valid and binding, and said waterworks system, together with any additions, betterments and improvements that may be made thereto, shall remain subject to such statutory mortgage lien until the payment in full of the principal of and interest on this bond and the series of which it is one, subject, however, to the vested rights and priorities in favor of said presently outstanding bonds.

This bond shall be fully negotiable and pass by delivery but may be registered as to principal on the books of the City in the office of its City Clerk, after which no transfer shall be valid unless made on such books at the request of the person in whose name it is registered or his duly authorized attorney and similarly noted on the bond; but this bond may be discharged from registration by being in like manner transferred to bearer, after which it shall again be transferable by delivery, and this bond may again from time to time be registered or transferred to bearer as before. The registration of this bond, however, shall not affect the negotiability of the coupons, which shall continue to pass by delivery.

This bond is exempt from taxation by the State of West Virginia and any county or municipality thereing.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and performed precedent to and in the issuance of this bond and the series of bonds of which it is one do exist, have happened and have been performed in the manner and form required by law; that said City will continuously operate its municipal waterworks system; that the amount of this bond, together with all other obligations of said City, does not exceed any limit prescribed by the Constitution or Statutes of the State of West Virginia; and that a sufficient portion of the gross revenues of said municipal waterworks system has been pledged to and will be set aside into said special account for the purpose of paying the principal of and interest on this bond and all other bonds payable therefrom under the provisions of said ordinance.

IN WITNESS WHEREOF, said City of Weirton, West Virginia, has caused this bond to be signed by its Mayor, countersigned by its City Manager and its corporate seal to be hereto affixed, attested by its City Clerk and the coupons hereto attached to bear the facsimile signatures of said Mayor, City Manager and said City Clerk, which officials by the execution of this bond do adopt as and for their own proper signatures their respective facsimile signatures appearing on said coupons, all as of the first day of March, 1964.

Mayor

City Clerk

Attest:

City Clerk

(Form of Coupon)

Number _____

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Virginia, or at the option of the holder hereof at the principal office of the First National Bank in the City of New York, New York, as provided in and for interest due that date on its Waterworks Revenue Bond, Series 1964, dated March 1, 1964, Number _____.

Mayor

City Manager

Attest:

City Clerk

(Form or registration to be printed on back of each bond)

Date of Registration	In Whose Name Registered	Signature of City Clerk
:	:	:
:	:	:
:	:	:
:	:	:

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Section 6. That the bonds hereby authorized be executed as herein provided as soon after the adoption of this ordinance as may be and shall be sold and delivered to Charles A. Hinsch & Company, Inc., of Cincinnati, Ohio, pursuant to the agreement heretofore entered into under date of July 18, 1960, for the purchase of said bonds in such amount or amounts and at such time or times as may be provided by resolution or resolutions of the Council and the terms and conditions of which agreement are in all respects hereby ratified and confirmed and found to be for the best interests of said City and to represent a sale of said bonds upon terms of not less than 97% of par and accrued interest and a net interest cost basis of less than the statutory maximum of six per cent per annum. All sums received as accrued interest through the issuance and sale of said bonds shall be paid into the Waterworks Bond and Interest Redemption account. The balance of the proceeds of the bonds hereby authorized shall be expended and disbursed on orders of the Council for the purpose of paying the cost, not otherwise provided, of the betterments and improvements to said municipal waterworks system, as hereinbefore identified, including the reimbursement of the City for expenditures already made for such purpose in anticipation of the issuance of said bonds. Pending expenditures such proceeds shall be deposited as a special construction fund in a bank or banks, and each such deposit, to the extent it causes the aggregate deposits by said City in such bank to be in excess of \$10,000, shall be secured by a surety bond or bonds furnished by a surety company or companies qualified or authorized to do business in West Virginia; or the excess of such deposits shall be collaterally secured by direct obligations or guaranteed bonds or securities of the United States of America having a market value equivalent to such deposit. If it be determined at any time that the amount of bond proceeds held in the construction fund is in excess of the amount necessary to be disbursed therefrom for the authorized purpose during the ensuing three months, such excess may be invested in interest bearing bonds or other direct and general obligations of the United States of America having a maturity date or being subject to retirement at the option of the holder not more than one year

subsequent to the date of such investment; and all such investments, as well as all income therefrom, shall be carried to the credit of such construction fund.

The Mayor, City Manager and City Clerk shall be and are hereby authorized to deliver said bonds and to execute and deliver any other documents and data which the purchaser may reasonably require.

Section 7. That the provisions in and by the ordinances authorizing the presently outstanding bonds for creating special funds for the revenues of the municipal waterworks system of said City are hereby ratified and confirmed and declared applicable to the bonds hereby authorized, except to the extent the provisions of this ordinance may be inconsistent therewith; and so long as any bonds issued under the provisions of this ordinance remain outstanding, the revenues from the municipal waterworks system of said City shall be set aside as collected into a special and separate fund designated as the "Water Revenue Fund" to be used and apportioned as follows:

There shall be set apart and paid into the account known as the "Waterworks Bond and Interest Redemption Account" (hereinafter called the "Sinking Fund") out of said Water Revenue Fund sufficient amounts to pay the interest on and principal of the presently outstanding bonds and the bonds issued and outstanding under the provisions of this ordinance. It is hereby recognized that provision has been made by the ordinances heretofore adopted for the presently outstanding bonds which requires the payment of the sum of \$6,556 into said Sinking Fund each month; and it is hereby determined and agreed that from and after the issuance of any of the bonds hereby authorized the minimum payments into said Sinking Fund shall be increased so that there shall be paid into said Sinking Fund on or before May 15, 1964, the sum of \$52,500, and thereafter on or before August 15, November 15, February 15 and May 15 of each year so long as any of the bonds herein authorized are outstanding the sum of at least \$52,500 shall continue to be paid into said Sinking Fund; and it is hereby further determined and agreed that no funds in said Sinking Fund shall be used to purchase or redeem any of the presently outstanding bonds until there has been accumulated and there is being maintained in said Sinking Fund an amount equal to \$160,000; provided, however, after all of the presently outstanding bonds have been retired either at maturity or by purchase, redemption or otherwise and when and so long as there shall have been accumulated and maintained in said Sinking Fund said amount of \$160,000, then the amount to be set aside in quarterly installments and paid into said Sinking Fund may be reduced to not less than the sum of (1) one-half of the amount of interest becoming due on the bonds hereby authorized then outstanding on the next succeeding interest payment date plus (2) one-quarter of the amount of principal of the bonds hereby authorized then outstanding becoming due on the next succeeding December 1.

The payments into said Sinking Fund as hereinabove recognized and provided and all funds in said Sinking Fund shall be used solely and only and are hereby pledged for the purpose of paying said presently outstanding bonds and the bonds herein authorized and any additional parity bonds and for no other purpose whatsoever; provided, that the vested rights and priorities in favor of the security and payment of said presently outstanding bonds are hereby recognized to the extent that payments of the interest on and principal of the bonds hereby authorized from said Sinking

Fund shall not be made if doing so will cause default in the payment from said Sinking Fund of the interest on and principal of said presently outstanding bonds.

If during any such quarterly period the City shall for any reason fail to set apart and pay into said Sinking Fund the full amount above stipulated, then an amount equivalent to 110% of such deficiency shall be set apart and paid into said Fund from the first available revenues of the following quarterly period or periods; and same shall be in addition to the amount otherwise herein provided to be so set apart and paid during such succeeding quarterly period or periods.

At or before the time of issuance of any additional bonds ranking on a parity with the bonds herein authorized under the conditions and restrictions hereinafter set forth provision shall be made for additional payments into said Sinking Fund for the payment of the interest on and principal of such additional bonds and to accumulate and maintain a margin of safety and reserve therefor in like manner and in like proportion as such provisions are herein made for the bonds herein specifically authorized.

As and when funds are so set aside and paid into said Sinking Fund, they shall be remitted to the State Sinking Fund Commission of West Virginia with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this ordinance.

A portion of the balance of the income and revenues of said municipal waterworks system equal to ten per cent of such balance shall be set aside in a "Depreciation Fund" so long as any of the presently outstanding bonds remain outstanding; and thereafter a portion of the balance of said income and revenues equal to five per cent of such balance shall be set up reasonable reserves for replacements, new construction and contingencies.

Exclusive of the annual amounts required and provided to be set aside and applied as hereinabove provided to the payment of the principal of and interest on bonds and for the creation and maintenance of a depreciation fund, the remaining balance of the annual revenues from said municipal waterworks system of said City or such portion thereof as is required shall be used and applied to pay the cost of operation and maintenance of said system. On the first day of each month there shall be withdrawn from said Water Revenue Fund and credited to a separate and Special fund designated as "Operation and Maintenance Fund" a sum sufficient to pay the reasonably necessary cost of operating, maintaining and repairing said municipal waterworks of said City, including salaries, wages, cost of materials and supplies, power, fuel, insurance for such month and any deficit for the same purpose arising in the preceding month. Any balance of annual revenues may be used and applied to payment of the cost of additions, betterments and improvements to the system, or all or any part thereof may be used for the purpose of redeeming bonds in advance of maturity.

Section 8. So long as any of the bonds issued hereunder shall remain outstanding and unpaid, said waterworks system shall be continuously operated and maintained by said City as a revenue producing undertaking; and rates and charges for the services and facilities of said waterworks system shall be fixed, revised and collected so as to be sufficient to pay when due interest on and principal of all bonds secured thereby, pay the operation and maintenance expense of said system and provide an adequate depreciation fund. The following rates shall be the minimum

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quarterly rates charged for services rendered by said waterworks system:

HILLTOP AREAS:

First	6,000 gallons or less - Quarter,	\$8.50
Next	24,000 gallons used per quarter,	.95 per 1,000 gallons
Next	70,000 gallons used per quarter,	.76 per 1,000 gallons
Next	400,000 gallons used per quarter,	.63 per 1,000 gallons
Over	500,000 gallons used per quarter,	.57 per 1,000 gallons

DOWNTOWN AREAS:

First	6,000 gallons or less - Quarter,	\$7.37
Next	24,000 gallons used per quarter,	.88 per 1,000 gallons
Next	70,000 gallons used per quarter,	.69 per 1,000 gallons
Next	400,000 gallons used per quarter,	.57 per 1,000 gallons
Over	500,000 gallons used per quarter,	.50 per 1,000 gallons

Fire Hydrant Rental:

\$12.00 per quarter per hydrant.

Charge for Service Outside Corporate Limits:

The rates for water and water service furnished to customers whose establishments are located outside the corporate limits of the City of Weirton shall be 115% of the applicable meter rates and minimum charges for water or water service furnished to customers within the corporate limits.

The rates of customers requiring booster pumps service shall be based on the "Hilltop Area" charges, and the rates of customers not requiring booster pump service shall be based on the "Downtown Area" charges.

Service Connection Charge:

A service connection charge of seventy-five dollars (\$75.00) shall be charged for each separate connection to the water works system.

Bills for service and facilities afforded by said waterworks system shall be rendered quarterly. If any such bill is not paid within thirty days after the date rendered, the services and facilities of said waterworks system afforded to such consumers shall be shut off and disconnected and shall not be again connected, resumed or afforded to the use of such consumers until the payment of such consumers of all past due charges and reconnection charge of \$1.00.

In the event the revenues in any year are not sufficient to make the necessary payments into the Sinking Fund, Depreciation Fund and Operation and Maintenance Fund, such rates shall be revised so that same, together with charges made and collected for fire hydrant service from the waterworks system, will be sufficient in amount to make up any such deficiency. If the City of any department, agency or instrumentality thereof or any other incorporated or unincorporated area shall avail itself of the facilities or services rendered by said waterworks system, including fire hydrant service and facilities, the reasonable value of such facilities or services shall be charged against the City or such department, agency, instrumentality or area and shall be paid for as such charges accrue. All revenues thus received shall be deemed to be revenues derived from the operation of the waterworks system and shall be deposited in the Water Revenue Fund and accounted for in the same manner.

as hereinabove provided.

If the foregoing rates be insufficient at any time to produce revenues necessary to meet the requirements for the creation and maintenance of the accounts as hereinabove set forth, such rates shall be increased in amounts sufficient to meet the required payments.

Section 9. Said City hereby covenants and agrees that so long as any of the bonds hereby authorized remain outstanding, it will keep proper books of record and account separate from all other municipal records and accounts showing complete and correct entries of all transactions relating to said municipal waterworks system and that any holder or holders of the bonds hereby authorized shall have the right to all reasonable times to inspect the waterworks system and all records, accounts and data of the City relating thereto. An audit of said records and accounts will be prepared each year by a recognized certified public accountant, and a copy of such audit shall be furnished to the original purchaser of the bonds hereby authorized and shall be made available to any bondholder upon written request. The City hereby further agrees to furnish to any holder of any of the bonds at the written request of such holder or holders, not more than thirty days after the close of each six months' fiscal period, full operating and income statements of said waterworks system in reasonable detail covering such six months' period. Said City hereby further covenants and agrees to furnish quarterly to the original purchaser of the bonds hereby authorized, on such forms as may be supplied by said purchaser, a copy of each letter of transmittal from the City to the State Sinking Fund Commission accompanying the remittance of said City of its quarterly payment into the Sinking Fund, as hereinbefore provided, and quarterly statements in reasonable detail showing the income and disbursements for account of said municipal waterworks system.

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Section 10. That said City hereby covenants and agrees with the holder or holders of the bonds herein authorized to be issued, or any of the, that it will faithfully and punctually perform all duties with reference to said municipal waterworks system required by the Constitution and laws of the State of West Virginia, including the making and collecting of reasonable and sufficient rates for services rendered and facilities afforded thereby, and will segregate the revenues and make the application thereof into the respective funds, as provided by this ordinance; and the City hereby irrevocably covenants, binds and obligates itself not to sell, lease or in any manner dispose of any integral part of said waterworks system, including any and all additions, betterments and improvements that may be made thereto, until all the bonds herein authorized to be issued shall have been paid in full, both principal and interest; and the City further covenants and agrees with the holders of said bonds to maintain in good condition and operate continuously said municipal waterworks system and to charge and collect such rates and charges for services rendered and facilities afforded thereby so that the gross revenues will be sufficient at all times to make the prescribed payments into the Sinking Fund and pay the costs of operation and maintenance of the properties and to provide proper funds for the Depreciation Fund. Said City hereby further covenants and agrees that so long as any of the bonds hereby authorized remain outstanding, it will as an expense of operation and maintenance of the system procure, carry and maintain insurance on the properties, subject to loss or damage in amounts and against hazards substantially in accordance with the practice of private corporations which own and maintain

waterworks under similar conditions.

Section 11. That for the further protection of the holders of the bonds hereby authorized and the coupons attached thereto a statutory mortgage lien upon said waterworks system and all additions, betterments and improvements thereto is granted and created by said Article 12 of Chapter 8 of the West Virginia Code, which statutory mortgage lien is hereby recognized as valid and binding and shall become effective immediately upon the delivery of any bond issued hereunder; and said waterworks system and all additions, betterments and improvements shall remain subject to such statutory mortgage lien until payment in full of the principal of and interest on said bonds in accordance with the aforesaid statutory provisions, all subject, however, to the statutory mortgage lien in favor of the presently outstanding bonds and the vested rights and priorities in favor of said presently outstanding bonds.

Any holder of said bonds, or of any of the coupons, may either at law or in equity, by suit, action, mandamus or other proceedings, protect the statutory mortgage lien hereby conferred and may be suit, action, mandamus or other proceedings enforce and compel performance by said City and its officers and agents of all duties imposed or required by law or this ordinance in connection with the operation of said waterworks system, including the making and collecting of sufficient rates and segregation of the revenues and the application thereof.

If a default shall occur in the payment of principal or interest of any of said bonds, then upon the institution of a suit by any holder of said bonds or of any of the coupons any court having jurisdiction of the action may appoint a receiver to administer said waterworks system and/or said additions, betterments and improvements on behalf of the City with the power to charge and collect rates sufficient to provide for the payment of the principal of and interest on the bonds outstanding and for the payment of the depreciation charges and operating expenses and to apply the revenues therefrom in conformity with this ordinance.

Section 12. The bonds authorized to be issued hereunder and from time to time outstanding shall not be entitled to priority one over the other in the application of the income and revenues of said municipal waterworks system regardless of the time or times of their issuance, it being the intention of the Council that there shall be no priority among the bonds authorized to be issued under the provisions of this ordinance regardless of the fact that they may be actually issued and delivery at different times. Said City hereby reserves the right and privilege of issuing additional bonds from time to time payable from the revenues of said municipal waterworks system ranking on a parity with the bonds herein authorized in order to pay the cost of further betterments and improvements to said system, but before any such additional bonds ranking on a parity may be so issued there shall have been procured and filed with the City Clerk of said City a statement by an independent certified public accountant not in the regular employ of the City reciting the conclusion based upon the necessary investigation that the net annual revenues of said system for twelve (12) consecutive months out of the preceding eighteen (18) months (with adjustments as hereinafter provided) were equal to at least 1.35 times the maximum amount that will become due in any succeeding calendar year for both principal and interest on the bonds then outstanding and the additional parity bonds then proposed to be issued;

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provided, also, that the interest payment dates for any such additional parity bonds shall be semiannually on June 1 and December 1 of each year, and the principal maturities of any such additional parity bonds shall be on December 1 of the year in which any such principal is scheduled to become due. The term "net annual revenues" hereinbefore used is hereby defined as gross revenues less operating expenses, which shall include salaries, wages, cost of maintenance and operation, materials, supplies, pumping costs and insurance, as well as all other items which are normally and regularly included under operating expenses by recognized accounting practices, exclusive of allowances for depreciation; and the amount of net annual revenues aforesaid may be adjusted for the purpose of the foregoing computations by the written certification of an independent consulting engineer of national reputation in the field of waterworks engineering and licensed in the State of West Virginia and not otherwise interested in the municipal waterworks system or betterments and improvements thereto, so as to reflect any revision in the schedule of rates and charges being imposed at the time of the issuance of any such additional parity bonds or to reflect any increase in the net annual revenues by reason of the betterments and improvements to said system, the cost of which is to be paid through the issuance of such additional parity bonds; but such latter adjustment shall only be made if contracts for the immediate construction or acquisition of such betterments and improvements have been or will be entered into prior to the issuance of such additional parity bonds.

So long as any of said presently outstanding bonds are outstanding, the annual interest and principal requirements for account thereof shall be included in making the foregoing computations.

The additional parity bonds (sometimes herein referred to as "permitted" to be issued), the issuance of which is restricted and conditioned by this section, shall be understood to mean bonds payable from the revenues of said municipal waterworks system on a parity with the bonds herein specifically authorized and shall not be deemed to include nor prohibit the issuance of other obligations the security and source of payment of which is subordinate and subject to the priority of payments into the Sinking Fund for account of the bonds authorized or permitted to be issued hereunder.

Section 13. The provisions of this ordinance shall constitute a contract between said City of Weirton and the holders of the bonds herein authorized to be issued, and after the issuance of any of the bonds no change, variation or alteration of any kind of the provisions of this ordinance shall be made until such time as all of said bonds issued hereunder and the interest thereon have been paid in full.

Section 14. If any section, paragraph, clause or provision of this ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this ordinance.

Section 15. All ordinances, resolutions and orders, or parts thereof, in conflict with the provisions of this ordinance are to the extent of such conflict hereby repealed.

Section 16. This ordinance, together with the notice required by law, shall be published once each week for two weeks, consecutively, in the Weirton Daily Times, the only newspaper printed and published in said City; and any person or persons interested in the matters herein referred to may appear before this Council at a public meeting to be held at the City Building

in the City of Weirton, West Virginia, on the 9th day of March,
1964, at 7:30 o'clock p.m.

Intorduced (First Reading) January 27, 1964

Passed and approved (Second Reading) February 19, 1964

WAIVER AGREEMENT

THIS WAIVER AGREEMENT, entered into this 21st day of May, 1991, by and between WEIRTON STEEL CORPORATION, a Delaware Corporation (the "Corporation") and the CITY OF WEIRTON, West Virginia, a municipal corporation and political subdivision of the State of West Virginia (the "City");

WHEREAS, National Steel Corporation ("National") and the City have heretofore entered into an Agreement (the "Agreement") dated July 7, 1980, whereby National agreed to advance to the City a sum not to exceed \$1,200,000 for acquisition and construction of a water line, and the City agreed to accept such amount and to ultimately reimburse National for the amount of such advance, without interest, from proceeds of the City's next water revenue bond issue; and

WHEREAS, National assigned its rights under the Agreement to the Corporation; and

WHEREAS, the City now contemplates issuing its Water Revenue Bonds, Series 1991 A and Series 1991 B (the "Bonds") in the approximate aggregate principal amount of \$5,000,000 to West Virginia Water Development Authority;

WHEREAS, the proceeds of the Bonds are needed to pay necessary costs of acquisition, construction and equipping of certain additions, betterments and improvements for the waterworks system of the City and the City has informed the Corporation that such Bond proceeds will not be available to reimburse the Corporation as previously agreed; and

WHEREAS, the Corporation, in consideration of the need of the City to apply such Bonds proceeds otherwise, is willing to forbear from requiring reimbursement of any portion of the amount it has previously advanced to be made from the proceeds of this bond issue;

NOW, THEREFORE, in consideration of the premises and mutual covenants and agreements hereinafter contained, the parties hereto agree as follows:

1. The Corporation agrees to waive any requirement of the Agreement that any proceeds of the Bonds be applied to reimbursement of such advances.

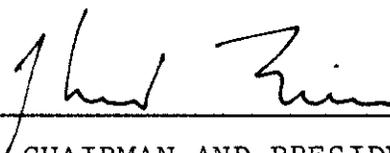
2. The Corporation further agrees to waive any requirement of the Agreement to apply any other funds available to the City's waterworks system, including revenues, grants and other amounts to reimbursement of such advances.

3. The City agrees to use its best efforts to acquire, construct and complete said additions, betterments and improvements to its waterworks system at the earliest practicable date.

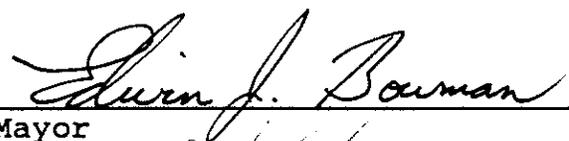
4. The City further agrees to implement rates and charges for use of its waterworks system so as to permit reimbursement of such advances at the earliest practicable date.

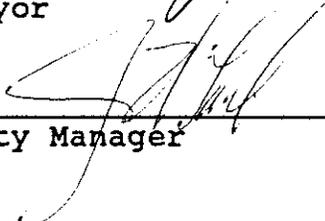
IN WITNESS WHEREOF, the parties have hereunto affixed their hands and seals as of the day and year first above written.

WEIRTON STEEL CORPORATION

By 
Its CHAIRMAN AND PRESIDENT

CITY OF WEIRTON

By 
Mayor

By 
City Manager

CITY OF WEIRTON

Water Revenue Bonds
Series 1991A and 1991B

CONSENT TO ISSUANCE OF SUBORDINATE BONDS

In view of the restrictive covenants on the existing bond issues and the amount to be borrowed in relation to the debt currently outstanding, the West Virginia Water Development Authority agrees to purchase the 1991A Series and 1991B Series bonds totaling \$5,000,000 as subordinate bonds.

Dated this 23rd day of May, 1991.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By Daniel B. Yonkosta
Its Director

FLOW OF FUNDS SCHEMATIC DIAGRAM - SYSTEM REVENUES

