CLOSING MEMORANDUM

THE CITY OF WILLIAMSTOWN SEWERAGE SYSTEM
REVENUE BONDS, SERIES 1987 A AND SERIES 1987 B

Closing date: June 25, 1987, 10:00 a.m.

Place: West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia

Parties

Issuer
The City of Williamstown, West Virginia

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

Paying Agent
West Virginia Municipal Bond Commission

Registrar
The Williamstown National Bank

Purchaser's Counsel
Jackson, Kelly, Holt & O'Farrell

Bond Counsel
Davis, Bailey, Pfalzgraf & Hall

Counsel for the Issuer
Joseph W. McFarland, Esq.

Accountant
Harman, Thompson, Mallory & Ice

Summary and Action Taken Prior to the Closing

By Supplemental and Amendatory Ordinance adopted May 25, 1987, as supplemented by Resolution adopted June 15, 1987, the Issuer authorized the issuance and sale of the above referenced Bonds (the "Series 1987 A Bonds and the Series 1987 B Bond"). The proceeds of the Series 1987 A Bonds and the Series 1987 B Bond are to be applied to the acquisition and construction of a wastewater treatment facility in the City, the funding of a Debt Service Reserve Account, a Capitalized Interest Account, and the payment of certain costs in connection therewith.

The following actions were taken prior to the Closing by the Issuer with respect to the transactions described above.

March 31, 1987	First reading of Ordinance
April 7, 1987	Second reading of Ordinance
April 15, 1987	Publication re Ordinance
April 25, 1987	Public Hearing re Ordinance
May 21, 1987	First Reading of Supplemental & Amendatory Ordinance
May 28, 1987	Second Reading of Supplemental & Amendatory Ordinance
June 8, 1987	Public Hearing re Supplemental & Amendatory Ordinance
June 15, 1987	Adoption of Supplemental Resolution

Closing Documents

8 copies of each of the following documents, originally executed except as indicated below, will be made available by the several respective parties at the Closing, and transcripts thereof will be prepared, and one transcript will be given to each of the following: the City, the Purchaser, Counsel for the Purchaser, Bond Counsel, Counsel for the Issuer, the Registrar, the Paying Agent and the Accountant. Certain documents may be executed prior to the Closing, with the understanding that no document will be deemed delivered until the parties agree that all documents are delivered.

DBPH 1. Certified copy of Chapter 16, Article 13 of the Code of West Virginia of 1931, as amended

DBPH 2. General Certificate of the City

DBPH Exhibit A: The Charter for The City of Williamstown
DBPH Exhibit B: (i) Certified copy of Ordinance adopted April 7, 1987
DBPH (ii) Certified copy of Resolution enacted June 8, 1987 (without exhibits)
(iii) Certified copy of Supplemental and Amendatory Ordinance adopted May 28, 1987
(iv) Certified copy of Resolution enacted June 15, 1987
DBPH Exhibit C: Affidavits of publication
DBPH Exhibit D: Specimen Bonds

JWMcF 3. Loan Agreement

JWMcF 4. Supplemental Loan Agreement

DBPH 5. Registrars Agreement

DBPH 6. Registrars Certificate

DBPH 7. Public Service Commission Order

DBPH 8. EPA Grant Agreement, with Part B Amendment

DBPH 9. NPDES Permit

DBPH 10. Engineer's Certificate

DBPH 11. Certificate of Certified Public Accountant

DBPH 12. Arbitrage Certificate

DBPH 13. IRS Forms 8038G

DBPH 14. Opinions of Davis, Bailey, Pfalzgraf & Hall

DBPH 15. Arbitrage Opinion of Davis, Bailey, Pfalzgraf & Hall

JWMcF 16. Opinion of Counsel for the City

JKHO 17. Municipal Bond Commission New Issue Report

JKHO 18. Assignment Separate from Bond

DBPH 19. Certificates of Registration of Bonds

DBPH 20. Acceptance by Williamstown National Bank

DBPH 21. Cross-Receipt

4300P

State of West Virginia

CERTIFICATE

I, Ken Hechler, Secretary of State of the State of West Virginia, hereby certify that

the attached is a true copy of Chapter 16, Article 13 of the West Virginia Code, pertaining to Sewage Works of Municipal Corporations and Sanitary Districts, as contained in the records of my office.

Given under my hand and the Great Seal of the State of West Virginia, on this

Twenty-ninth day of

June 19 87

Ken Hechler

Secretary of State.

improvements or betterments, or to the appurtenant sinking fund and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the holders of the bonds or the trustees hereinafter provided for. (1933, Ex. Sess., c. 25, § 13.)

Quoted in United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957).

§ 16-13-14. Securing bonds by trust indenture.

In the discretion of the governing body such bonds may be secured by a trust indenture by and between the municipality and a corporate trustee, which may be any trust company or bank having the powers of a trust company within the State of West Virginia but no such trust indenture shall convey or mortgage the works or any part thereof. The ordinance authorizing the revenue bonds and fixing the details thereof may provide that such trust indenture may contain such provisions for protecting and enforcing the rights and remedies of the bondholders as may be reasonable and proper, not in violation of law, including covenants setting forth the duties of the municipality and the board in relation to the construction or acquisition of the works and the improvement, operation, repair, maintenance and insurance thereof, and the custody, safeguarding and application of all moneys, and may provide that the works shall be contracted for, constructed and paid for under the supervision and approval of consulting engineers employed or designated by the board and satisfactory to the original bond purchasers, successors, assigns or nominees, who may be given the right to require the security given by contractors and by any depository of the proceeds of bonds or revenues of the works or other moneys pertaining thereto be satisfactory to such purchasers, successors, assigns or nominees. Such indenture may set forth the rights and remedies of the bondholders and/or such trustee, restricting the individual right of action of bondholders as is customary in trust indentures securing bonds and debentures of corporations. Except as in this article otherwise provided, the governing body may provide by ordinance or in such trust indenture for the payment of the proceeds of the sale of the bonds and the revenues of the works to such officer, board or depository as it may determine for the custody thereof, and for the method of disbursement thereof, with such safeguards and restrictions as it may determine. (1933, Ex. Sess., c. 25, § 14.)

§ 16-13-15. Sinking fund; transfer of balance of net revenues.

At or before the issuance of any such bonds the governing body shall by said ordinance create a sinking fund, to be remitted to and administered by the state sinking fund commission, for the payment of the bonds and the interest thereon and the payment of the charges of banks or trust companies for making payment of such bonds or interest, and shall set aside and pledge a sufficient amount of the net revenues of the works, hereby defined to mean the revenues of the works remaining after the payment of the reasonable expense of oper-

ation, repair and maintenance, such amount to be paid by the board into said sinking fund at intervals to be determined by ordinance prior to issuance of the bonds, for: (a) The interest upon such bonds as such interest shall fall due; (b) the necessary fiscal agency charges for paying bonds and interest; (c) the payment of the bonds as they fall due, or, if all bonds mature at one time, the proper maintenance of a sinking fund in such amounts as are necessary and sufficient for the payment thereof at such time; (d) a margin for safety and for the payment of premiums upon bonds retired by call or purchase as herein provided, which margin, together with any unused surplus of such margin carried forward from the preceding year, shall equal ten percent of all other amounts so required to be paid into the sinking fund. Such required payments shall constitute a first charge upon all the net revenue of the works. Prior to the issuance of the bonds the board may by ordinance be given the right to use or direct the state sinking fund commission to use such sinking fund or any part thereof in the purchase of any of the outstanding bonds payable therefrom at the market price thereof, but not exceeding the price, if any, at which the same shall in the same year be payable or redeemable, and all bonds redeemed or purchased shall forthwith be cancelled and shall not again be issued. After the payments into the sinking fund as herein required, the board may at any time in its discretion transfer all or any part of the balance of the net revenues, after reserving an amount deemed by the board sufficient for operation, repair and maintenance for an ensuing period of not less than twelve months and for depreciation, into the sinking fund or into a fund for extensions, betterments and additions to the works. The amounts of the balance of the net revenue as and when so set apart shall be remitted to the state sinking fund commission to be retained and paid out by said commission consistent with the provisions of this article and with the ordinance pursuant to which such bonds have been issued. The state sinking fund commission is hereby authorized to act as fiscal agent for the administration of such sinking fund, under any ordinance passed pursuant to the provisions of this article, and shall invest all such sinking funds as provided by general law. (1933, Ex. Sess., c. 25, § 15; 1933, 2nd Ex. Sess., c. 48.)

§ 16-13-16. Rates for service; change or readjustment; hearing; lien and recovery; discontinuance of services.

The governing body shall have power, and it shall be its duty, by ordinance, to establish and maintain just and equitable rates or charges for the use of and the service rendered by such works, to be paid by the owner of each and every lot, parcel of real estate or building that is connected with and uses such works by or through any part of the sewerage system of the municipality, or that in any way uses or is served by such works, and may change and readjust such rates or charges from time to time. Such rates or charges shall be sufficient in each year for the payment of the proper and reasonable expense of operation, repair, replacements and maintenance of the works and for the payment of the sums herein required to be paid into the sinking fund. Revenues collected

pursuant to this section shall be deemed the revenues of the works. No such rates or charges shall be established until after a public hearing, at which all the users of the works and owners of property served or to be served thereby and others interested shall have an opportunity to be heard concerning the proposed rates or charges. After introduction of the ordinance fixing such rates or charges, and before the same is finally enacted, notice of such hearing, setting forth the proposed schedule of such rates or charges, shall be given by publication as a Class II-0 legal advertisement in compliance with the provisions of article three [§ 59-3-1 et seq.], chapter fifty-nine of this Code, and the publication area for such publication shall be the municipality. The first publication shall be made at least ten days before the date fixed in such notice for the hearing. After such hearing, which may be adjourned from time to time, the ordinance establishing rates or charges, either as originally introduced or as modified and amended, shall be passed and put into effect. A copy of the schedule of such rates and charges so established shall be kept on file in the office of the board having charge of the operation of such works, and also in the office of the clerk of the municipality, and shall be open to inspection by all parties interested. The rates or charges so established for any class of users or property served shall be extended to cover any additional premises thereafter served which fall within the same class, without the necessity of any hearing or notice. Any change or readjustment of such rates or charges may be made in the same manner as such rates or charges were originally established as hereinbefore provided: Provided, however, that if such change or readjustment be made substantially pro rata, as to all classes of service, no hearing or notice shall be required. The aggregate of the rates or charges shall always be sufficient for such expense of operation, repair and maintenance and for such sinking fund payments. All such rates or charges, if not paid when due, shall constitute a lien upon the premises served by such works. If any service rate or charge so established shall not be paid within thirty days after the same is due, the amount thereof, together with a penalty of ten percent, and a reasonable attorney's fee, may be recovered by the board in a civil action in the name of the municipality, and in connection with such action said lien may be foreclosed against such lot, parcel of land or building, in accordance with the laws relating thereto: Provided, however, that where both water and sewer services are furnished by any municipality to any premises the schedule of charges may be billed as a single amount or individually itemized and billed for the aggregate thereof. Whenever any rates, rentals or charges for services or facilities furnished shall remain unpaid for a period of thirty days after 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. The board collecting such charges shall be obligated under reasonable rules and regulations, to shut off and discontinue both water and sewer services to all delinquent users of either water facilities, or sewer facilities, or both, and shall not restore either water facilities or sewer facilities to any delinquent user of either until all delinquent charges for both water facilities and sewer facilities, including reasonable interest and penalty charges, have been paid in full. (1933, Ex. Sess., c. 25, § 16; 1933, 2nd Ex. Sess., c. 48; 1959, c. 125; 1967, c. 105.)

Sections read together. — This section should be read and construed with former § 8-4-20 and §§ 16-13-1, 16-13-2, 24-1-1, 24-2-1, and 24-2-3. Delardas v. Morgantown Water Comm'n, 148 W. Va. 776, 137 S.E.2d 426 (1964).

Municipal sewer system is subject to jurisdiction of public service commission. 45 Op. Att'y Gen. 642 (1954).

Hence, municipality is required to file its rates with the commission for approval in accordance with § 24-2-1 et seq. 45 Op. Att'y Gen. 642 (1954).

Jurisdiction to enforce lien. — The fact that this section speaks of the enforcement of the lien in a "civil action" should not be construed as placing that jurisdiction in our courts of law simply because the word "action," strictly applied, does not usually refer to chancery practice. City of Beckley v. Craighead, 125 W. Va. 484, 24 S.E.2d 908 (1943). As to abolition of procedural distinctions between law and equity, see Rules of Civil Procedure, Rule 2, appearing in Vol. 1A.

Discrimination not shown. — Charges made against the users of a city sewage system were based upon the amount of water used upon the premises as indicating the extent to which the sewers were used. The charges were subject to a deduction of the amount of water retained on the premises, such amount to be determined by a meter installed by the consumer and used to record gallonage of water that had come on the property but had not been disposed of through the sewers. It was held that the method under which the charges were assessed was neither capricious nor unfair although certain users had been unable to install meters used to measure their deductions. Houchins v. City of Beckley, 127 W. Va. 306, 32 S.E.2d 286 (1944).

Applied in Brewer v. City of Point Pleasant, 114 W. Va. 572, 172 S.E. 717 (1934).

Quoted in State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

§ 16-13-17. Municipality subject to established rates.

The municipality shall be subject to the same charges and rates established as hereinbefore provided, or to charges and rates established in harmony therewith, for service rendered the municipality, and shall pay such rates or charges when due from corporate funds and the same shall be deemed to be a part of the revenues of the works as herein defined, and be applied as herein provided for the application of such revenues. (1933, Ex. Sess., c. 25, § 17.)

Quoted in West Virginia Water Serv. Co. v. Cunningham, 143 W. Va. 1, 98 S.E.2d 891 (1957).

§ 16-13-18. Supervision of works by sanitary board; organization of board; qualifications, terms and compensation of members.

The governing body shall provide by ordinance that the custody, administration, operation and maintenance of such works shall be under the supervision and control of a sanitary board, created as herein provided. Such sanitary board shall be composed of either the mayor of the municipality, or the city manager thereof, if said municipality shall have a city manager form of government, and two persons appointed by the governing body, one of whom, during the construction period, must be a registered professional engineer. The engineer member of the board need not be a resident of said municipality. After the construction of the plant has been completed, the engineer member may be succeeded by a person not an engineer. No officer or employee of the municipality, whether holding a paid or unpaid office, shall be eligible to appointment on said sanitary board until at least one year after the expiration of the

term of his public office. Said appointees shall originally be appointed for terms of two and three years respectively, and upon the expiration of each such term and each succeeding term, an appointment of a successor shall be made in like manner for a term of three years. Vacancies shall be filled for an unexpired term in the same manner as the original appointment. Each member shall give such bond, if any, as may be required by ordinance. Such mayor or city manager shall act as chairman of the sanitary board, which shall elect a vice-chairman from its members and shall designate a secretary and treasurer (but the secretary and the treasurer may be one and the same), who need not be a member or members of the sanitary board. The vice-chairman, secretary and treasurer shall hold office as such at the will of the sanitary board. The members of the sanitary board shall receive such compensation for their services, either as a salary or as payments for meetings attended, as the governing body may determine, and shall be entitled to payment for their reasonable expenses incurred in the performance of their duties. The governing body shall fix the reasonable compensation of the secretary and treasurer in its discretion, and shall fix the amounts of bond to be given by the treasurer. All compensation, together with the expenses in this section referred to, shall be paid solely from funds provided under the authority of this article. The sanitary board shall have power to establish bylaws, rules and regulations for its own government. (1933, Ex. Sess., c. 25, § 18; 1939, c. 96; 1953, c. 146; 1957, c. 137.)

Effect of article generally. — The effect of the provisions of this article is to authorize and empower a municipal corporation in this State to own, construct, equip, operate and maintain sewer systems, to place the construction, operation and management of such systems under the supervision and control of a sanitary board appointed by the governing body, to authorize such board to operate, manage and control them and to order and complete any extensions or betterments that the board may deem expedient. State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

There is no repugnancy between the provisions of this article and §§ 24-1-1, 24-2-1 or 24-3-1, and for these reasons, the provisions of this article do not operate to repeal any of those sections. State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

The provisions of this article do not revise the subject matter of §§ 24-1-1, 24-2-1 or 24-3-1, and they were not intended as a substitute for any of the provisions of those sections. State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

In conferring such power and authority upon a municipality by this article, the legislature did not create, or intend to create, any repugnancy or inconsistency between the provisions of this article and the pertinent provisions of chapter 24, or to repeal any of those provisions of that chapter. State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

Public service commission may order extension of service. — A public utility is under a duty to make reasonable extensions of its services in accordance with its franchise and charter obligations and the needs of the inhabitants within the territory covered by its franchise; and a public service commission may, where its action is not unlawful, arbitrary, or capricious, order an extension of service for the inhabitants of such territory. State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

Sanitary board may be incorporated and domesticated in adjoining state. — Since the incorporation of its sanitary board and its domestication in the state of Virginia was the only plan by which the power intended to be granted by the legislature to a city to construct a sewage disposal plant outside the State of West Virginia could be legally effectuated, the power to so incorporate its sanitary board was a necessary and incidental right to the main power granted. Bernard v. City of Bluefield, 117 W. Va. 556, 186 S.E. 298 (1936).

Member of city council may not serve as consulting engineer to the sanitary board on city sewer project. 49 Op. Att'y Gen. 60 (1961).

Mayor and city manager may not both be appointed to municipal sanitary board. — When a municipal corporation has a city man-

ager form of government, the municipality's governing board has the option of appointing either its mayor or its city manager (but not both) to the municipal sanitary board. 52 Op. Att'y Gen. 217 (1967).

As to scope of duties and responsibilities of city treasurer as they relate to possession of funds of a sanitary board, see 52 Op. Att'y Gen. 497 (1967).

Applied in Houchins v. City of Beckley, 127 W. Va. 306, 32 S.E.2d 286 (1944).

Cited in United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957).

§ 16-13-18a. Publication of financial statement.

Every sanitary board shall prepare a financial statement and cause the same to be published as a Class I legal advertisement in compliance with the provisions of article three [§ 59-3-1 et seq.], chapter fifty-nine of this Code, and the publication area for such publication shall be the sanitary district. Such statement shall contain an itemized account of the receipts and expenditures of the board during the previous fiscal year, showing the source from which all money was derived, and the name of the person to whom an order was issued, together with the amount of such order, and why such order was issued, arranging the same under distinct heads, and including all money received and expended from the sale of bonds, and also a specific statement of the debts of such board, showing the purpose for which any debt was contracted, the amount of money in all funds at the end of the preceding year, and the amount of uncollected service charges. Such statement shall be prepared and published by the board as soon as practicable after the close of the fiscal year: Provided, that such statement for the fiscal year ending June thirtieth, one thousand nine hundred fifty-six, may be published any time during the year one thousand nine hundred fifty-seven. The statement shall be sworn to by the chairman and secretary and treasurer of the board. If a board fails or refuses to perform the duties hereinbefore named, every member of the board concurring in such failure or refusal shall be guilty of a misdemeanor, and, upon conviction thereof, shall be fined not less than one hundred nor more than five hundred dollars and the circuit court or criminal court and justices of the peace [magistrates], of the county where the offense was committed, shall have concurrent jurisdiction to try such offense. (1957, c. 138; 1967, c. 105.)

Editor's note. — The bracketed word was inserted by the editor. See § 50-1-17.

§ 16-13-19. Contract with other municipalities for service of works; powers of lessee as to rates; intercepting sewers.

Any municipality operating a sewage collecting system and/or a sewage disposal plant or plants as defined in this article, or which as herein provided has ordered the construction or acquisition of such works (in this section called the owner), is hereby authorized to contract with one or more other municipal corporations or political subdivisions within the State (in this section called the lessee), and such lessees are hereby authorized to enter into such contracts with such owners, for the service of such works to such lessees and their inhabitants, but only to the extent of the capacity of the works without

impairing the usefulness thereof to the owners, upon such terms and conditions as may be fixed by the boards and approved by ordinances of the respective contracting parties: Provided, however, that no such contract shall be made for a period of more than forty years or in violation of the provisions of said ordinance authorizing bonds hereunder or in violation of the provisions of said trust indenture. The lessee shall by ordinance have power to establish, change and adjust rates and charges for the service rendered therein by the works against the owners of the premises served, in the manner hereinbefore provided for establishing, changing and adjusting rates and charges for the service rendered in the municipality where the works are owned and operated, and such rates or charges shall be collectible and shall be a lien as herein provided for rates and charges made by the owner. The necessary intercepting sewers and appurtenant works for connecting the works of the owner with the sewerage system of the lessee shall be constructed by the owner and/or the lessee upon such terms and conditions as may be set forth in said contract, and the cost or that part of the cost thereof which is to be borne by the owner may be paid as a part of the cost of the works from the proceeds of bonds issued under this article unless otherwise provided by said ordinance or trust indenture prior to the issuance of the bonds. The income received by the owner under any such contract shall, if so provided in said ordinance or trust indenture, be deemed to be a part of the revenues of the works as in this article defined and be applied as herein provided for the application of such revenues. (1933, Ex. Sess., c. 25, § 19; 1981, 1st Ex. Sess., c. 2.)

Applied in City of Morgantown v. Town of Star City, 156 W. Va. 529, 195 S.E.2d 166 (1973).

§ 16-13-20. Discharge of lien on property acquired.

No property shall be acquired under this article upon which any lien or other encumbrance exists, unless at the time such property is acquired a sufficient sum of money be deposited in trust to pay and redeem such lien or encumbrance in full. (1933, Ex. Sess., c. 25, § 20.)

§ 16-13-21. Action on certificates or attached coupons; receivers.

Any holder of any such certificates or any of the coupons attached thereto, and the trustee, if any, except to the extent the rights herein given may be restricted by said ordinance authorizing issuance of the bonds or by the trust indenture, may either at law or in equity, by suit, action, mandamus or other proceeding protect and enforce any and all rights granted hereunder or under such ordinance or trust indenture, and may enforce and compel performance of all duties required by this article or by such ordinance or trust indenture to be performed by the municipality issuing the bonds or by the board or any officer, including the making and collecting of reasonable and sufficient charges and rates for service rendered by the works. If there be any failure to pay the

principal or interest of any of the bonds on the date therein named for such payment, any court having jurisdiction of the action may appoint a receiver to administer the works on behalf of the municipality and the bondholders and/or trustee, except as so restricted, with power to charge and collect rates sufficient to provide for the payment of the expenses of operation, repair and maintenance and also to pay any bonds and interest outstanding and to apply the revenues in conformity with this article and the said ordinance and/or trust indenture. (1933, Ex. Sess., c. 25, § 21.)

Rules of Civil Procedure. — As to abolition of procedural distinctions between law and equity, see Rule 2, appearing in Vol. 1A. As to receivers, see Rule 66. As to application of rules to extraordinary remedies, see Rule 81(a)(5).

§ 16-13-22. Powers conferred in addition to existing powers; jurisdiction outside corporate limits.

The authority herein given shall be in addition to and not in derogation of any power existing in any municipality under any statutory or charter provisions which it may now have or hereafter adopt. For all purposes of this article, all municipal corporations shall have jurisdiction for ten miles outside the corporate limits thereof. (1933, Ex. Sess., c. 25, § 22.)

§ 16-13-22a. Grants, loans and advances.

Any municipality is authorized and empowered to accept loans or grants and procure loans or temporary advances evidenced by notes or other negotiable instruments issued in the manner, and subject to the privileges and limitations, set forth with respect to bonds authorized to be issued under the provisions of this article, for the purpose of paying part or all of the cost of acquisition or construction of said sewage works and the construction of betterments and improvements thereto, and for the other purposes herein authorized, from any authorized agency of the State or from the United States of America or any federal or public agency or department of the United States or any private agency, corporation or individual, which loans or temporary advances, including the interest thereon, may be repaid out of the proceeds of bonds authorized to be issued under the provisions of this article, the revenues of the said sewage works or grants to the municipality from any agency of the State or from the United States of America or any federal or public agency or department of the United States or any private agency, corporation or individual or from any combination of such sources of payment, and to enter into the necessary contracts and agreements to carry out the purposes hereof with any agency of the State, the United States of America or any federal or public agency or department of the United States, or with any private agency, corporation or individual.

In no event shall any such loan or temporary advance be a general obligation of the municipality and such loans or temporary advances, including the interest thereon, shall be paid solely from the sources specified in this section. (1949, c. 93; 1961, c. 107; 1980, c. 59; 1981, 1st Ex. Sess., c. 2.)

Stated in United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957).

§ 16-13-22b. Contracts for abatement of pollution.

When determined by its legislative body to be in the public interest and necessary for the protection of the public health, any municipality is authorized to enter into and perform contracts, whether long-term or short-term, with any industrial establishment for the provision and operation by the municipality of sewerage facilities to abate or reduce the pollution of waters caused by discharges of industrial wastes by the industrial establishment and the payment periodically by the industrial establishment to the municipality of amounts at least sufficient, in the determination of such legislative body, to compensate the municipality for the cost of providing (including payment of principal and interest charges, if any), and of operating and maintaining the sewerage facilities serving such industrial establishment. (1949, c. 93.)

§ 16-13-22c. Refunding bonds.

Any municipality is authorized to issue refunding revenue bonds to refund, pay or discharge all or any part of its outstanding revenue bonds, including interest thereon, if any, in arrears or about to become due. The relevant provisions in this article pertaining to revenue bonds shall be equally applicable in the authorization and issuance of refunding revenue bonds, including their terms and security, the ordinance, the trust indenture, rates, or other aspects of the bonds. (1949, c. 93.)

§ 16-13-22d. Subordination of bonds.

Notwithstanding any other provisions to the contrary in this article, any municipality authorizing the issuance of bonds under this article in an effort to aid in the abatement or reduction of the pollution of any waters or streams may provide in the ordinance authorizing the issuance of the bonds and in any trust indenture pertaining thereto that such bonds, or any additional bonds that may thereafter be issued to extend or improve the works, shall, to the extent and in the manner prescribed, be subordinated and be junior in standing, with respect to the payment of principal and interest and the security thereof, to such other bonds as are designated in the ordinance. (1949, c. 93.)

§ 16-13-22e. Operating contract.

Any such municipality may enter into contracts or agreements with any persons, firms or corporations for the operation and management of the facilities and properties of said sewerage system, or any part thereof, for such period of time and under such terms and conditions as shall be agreed upon between such municipality and such persons, firms or corporations. Such municipality shall have power to provide in the resolution authorizing the issuance of bonds hereunder, or in any trust indenture, securing such bonds, that such contracts or agreements shall be valid and binding upon the munic-

ipality as long as any of said bonds, or interest thereon, are outstanding and unpaid. (1955, c. 132.)

§ 16-13-22f. Exemption of bonds from taxation.

Said bonds and the interest thereon, together with all properties and facilities of said municipality owned or used in connection with sewerage system, and all the moneys, revenues and other income of such municipality derived from such sewerage system shall be exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof. (1955, c. 132.)

§ 16-13-22g. Covenants with bondholders.

Any resolution authorizing the issuance of bonds hereunder, or any trust indenture with any bank or trust company within or without the State, for the security of said bonds, may contain covenants with the holders of such bonds as to:

(a) The purpose or purposes to which the proceeds of sale of such bonds, or the revenues derived from said sewerage system, may be applied and the securing, use and disposition thereof, including, if deemed desirable, the appointment of a trustee or depositary for any of such funds;

(b) The pledging of all or any part of the revenues derived from the ownership, operation or control of such sewerage systems, including any part thereof heretofore or hereafter constructed or acquired or derived from any other sources, to the payment of the principal of or interest thereon of bonds issued hereunder and for such reserve or other funds as may be deemed necessary or desirable;

(c) The fixing, establishing and collecting of such fees, rentals or other charges for the use of the services and facilities of such sewerage system, including the parts thereof heretofore or hereafter constructed or acquired and the revision of same from time to time, as will always provide revenues at least sufficient to provide for all expenses of operation, maintenance and repair of such sewerage system, the payment of the principal of and interest on all bonds or other obligations payable from the revenues of such sewerage system, and all reserve and other funds required by the terms of the ordinance authorizing the issuance of such bonds;

(d) The transfer from the general funds of the municipality to the account or accounts of such sewerage system of an amount equal to the cost of furnishing the municipality or any of its departments, boards or agencies with the services and facilities of such sewerage system;

(e) Limitations or restrictions upon the issuance of additional bonds or other obligations payable from the revenue of such sewerage system, and the rank or priority, as to lien and source and security for payment from the revenues of such sewerage system, between bonds payable from such revenues;

(f) The manner and terms upon which all bonds and other obligations issued hereunder may be declared immediately due and payable upon the happening of a default in the payment of the principal of or interest thereon, or in the

performance of any covenant or agreement with bondholders, and the manner and terms upon which such defaults may be declared cured and the acceleration of the maturity of such bonds rescinded and repealed;

(g) Budgets for the annual operation, maintenance and repair of such sewerage system and restrictions and limitations upon expenditures for such purposes, and the manner of adoption, modification, repeal or amendment thereof, including the approval of such budgets by consulting engineers designated by holders of bonds issued hereunder;

(h) The amounts of insurance to be maintained upon such sewerage system, or any part thereof, and the use and disposition of the proceeds of any insurance;

(i) The keeping of books of account, relating to such undertakings and the audit and inspection thereof, and the furnishing to the holders of bonds issued hereunder or their representatives, reports prepared, certified, or approved by accountants designated or approved by the holders of bonds issued hereunder;

(j) Such other additional covenants as shall be deemed necessary or desirable for the security of the holders of bonds issued hereunder, notwithstanding that such other covenants are not expressly enumerated hereunder, it being the intention hereof to grant to such municipalities the power to make any and all covenants or agreements necessary in order to secure greater marketability for bonds issued hereunder as fully and to the same extent as such covenants or agreements could be made by a private corporation rendering similar services and facilities and to grant such municipalities full and complete power to enter into any contracts, covenants or agreements with holder of bonds issued hereunder not inconsistent with the Constitution of the State of West Virginia. (1955, c. 132.)

§ 16-13-23. Article deemed full authority for construction, etc., of works and issue of bonds; alternative method; powers of state department of health unaffected.

This article, shall, without reference to any other statute, be deemed full authority for the construction, acquisition, improvement, equipment, maintenance, operation and repair of the works herein provided for and for the issuance and sale of the bonds by this article authorized, and shall be construed as an additional and alternative method therefor and for the financing thereof, and no petition or election or other or further proceeding in respect to the construction or acquisition of the works or to the issuance or sale of bonds under this article and no publication of any resolution, ordinance, notice or proceeding relating to such construction or acquisition or to the issuance or sale of such bonds shall be required except such as are prescribed by this article, any provisions of other statutes of the State to the contrary notwithstanding: Provided, however, that all functions, powers and duties of the state department of health shall remain unaffected by this article. (1933, Ex. Sess., c. 25, § 23.)

Quoted in State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

§ 16-13-23a. Additional powers of municipality upon receipt of order to cease pollution.

Notwithstanding any other provision contained in this article, and in addition thereto, the governing body of any municipal corporation which has received or which hereafter receives an order issued by the chief of the division of water resources or the state water resources board requiring such municipal corporation to cease the pollution of any stream or waters, is hereby authorized and empowered to fix, establish and maintain, by ordinance, just and equitable rates or charges for the use of the services and facilities of the existing sewer system of such municipal corporation, and/or for the use of the services and facilities to be rendered upon completion of any works and system necessary by virtue of said order, to be paid by the owner, tenant or occupant of each and every lot or parcel of real estate or building that is connected with and uses any part of such sewer system, or that in any way uses or is served thereby, and may change and readjust such rates or charges from time to time. Such rates or charges shall be sufficient for the payment of all the proper and reasonable costs and expenses of the acquisition and construction of plants, machinery and works for the collection and/or treatment, purification and disposal of sewage, and the repair, alteration and extension of existing sewer facilities, as may be necessary to comply with such order of the chief of the division of water resources or the state water resources board, and for the operation, maintenance and repair of the entire works and system; and the governing body shall create, by ordinance, a sinking fund to accumulate and hold any part or all of the proceeds derived from rates or charges until completion of said construction, to be remitted to and administered by the state sinking fund commission by expending and paying said costs and expenses of construction and operation in the manner as provided by said ordinance; and after the completion of the construction such rates or charges shall be sufficient in each year for the payment of the proper and reasonable costs and expenses of operation, maintenance, repair, replacement, and extension from time to time, of the entire sewer and works. No such rates or charges shall be established until after a public hearing, at which all the potential users of the works and owners of property served or to be served thereby and others interested shall have an opportunity to be heard concerning the proposed rates or charges. After introduction of the ordinance fixing such rates or charges, and before the same is finally enacted, notice of such hearing, setting forth the proposed schedule of such rates or charges, shall be given by publication of such notice as a Class II-0 legal advertisement in compliance with the provisions of article three [§ 59-3-1 et seq.], chapter fifty-nine of this Code, and the publication area for such publication shall be the municipality. The first publication shall be made at least ten days before the date fixed therein for the hearing. After such hearing, which may be adjourned from time to time, the ordinance establishing the rates or charges, either as originally introduced or as modified and

amended, may be passed and put into effect. A copy of the schedule of such rates and charges so established shall be kept on file in the office of the sanitary board having charge of the construction and operation of such works, and also in the office of the clerk of the municipality, and shall be open to inspection by all parties interested. The rates or charges so established for any class of users or property served shall be extended to cover any additional premises thereafter served which fall within the same class, without the necessity of any hearing or notice. Any change or readjustment of such rates or charges may be made in the same manner as such rates or charges were originally established as hereinbefore provided: Provided, however, that if such change or readjustment be made substantially pro rata, as to all classes of service, no hearing or notice shall be required. If any rate or charge so established shall not be paid within thirty days after the same is due, the amount thereof, together with a penalty of ten percent, and a reasonable attorney's fee, may be recovered by the sanitary board of such municipal corporation in a civil action in the name of the municipality. Any municipal corporation exercising the powers given herein shall have authority to construct, acquire, improve, equip, operate, repair and maintain any plants, machinery, or works necessary to comply with such order of the state water resources board, and the authority provided herein to establish, maintain and collect rates or charges shall be construed as a further additional and alternative method of financing such works and matters, and shall be independent of any other provision of this article insofar as such article provides for or requires the issuance of revenue bonds or the imposition of rates and charges in connection with such bonds: Provided, however, that except for the method of financing such works and matters, the construction, acquisition, improvement, equipment, custody, operation, repair and maintenance of any plants, machinery or works in compliance with an order of the state water resources board, and the rights, powers, and duties of such municipal corporation and the respective officers and departments thereof, including the sanitary board, shall be governed by the provisions of this article. (1955, c. 135; 1967, c. 105.)

Applied in City of Morgantown v. Town of Star City, 156 W. Va. 529, 195 S.E.2d 166 (1973).

§ 16-13-24. Article to be construed liberally.

This article being necessary for the public health, safety and welfare, it shall be liberally construed to effectuate the purpose thereof. (1933, Ex. Sess., c. 25, § 24.)

Quoted in West Virginia Water Serv. Co. v. Cunningham, 143 W. Va. 1, 98 S.E.2d 891 (1957).

(b) Any outdoor billboard advertisement that does not conform to the provisions of this section shall be deemed a nuisance affecting the public health. (1987, c. HB 2072.)

ARTICLE 11.

SEXUAL STERILIZATION.

Wrongful pregnancy. — An action based on wrongful pregnancy is recognized in West Virginia. James v. Caserta, 332 S.E.2d 872 (W. Va. 1985).

In applying general rules governing damages to a wrongful pregnancy action, the following damages are recoverable, if proven: (1) Any medical and hospital expenses incurred as a result of a physician's negligence, including costs of the initial unsuccessful sterilization operation, prenatal care, childbirth, postnatal care, and a second sterilization operation, if obtained; (2) the physical and mental pain suffered by the wife as a result of the pregnancy and subsequent childbirth and as a result of undergoing two sterilization operations; and (3) recovery for the loss of consortium and loss of wages. James v. Caserta, 332 S.E.2d 872 (W. Va. 1985).

ARTICLE 13.

SEWAGE WORKS OF MUNICIPAL CORPORATIONS AND SANITARY DISTRICTS.

Sec.
16-13-1. Acquisition, operation, etc., of works; acquisition of property; issuance of bonds.
16-13-15. Sinking fund; transfer of balance of net revenues.
16-13-22a. Grants, loans and advances.

§ 16-13-1. Acquisition, operation, etc., of works; acquisition of property; issuance of bonds.

Any municipal corporation and/or sanitary district in the state of West Virginia is hereby authorized and empowered to own, acquire, construct, equip, operate and maintain within and/or without the corporate limits of such municipal corporation, a sewage collection system and/or a sewage treatment plant or plants, intercepting sewers, outfall sewers, force mains, pumping stations, ejector stations, and all other appurtenances necessary or useful and convenient for the collection and/or treatment, purification and disposal, in a sanitary manner, of the liquid and solid waste, sewage, night soil and industrial waste of such municipal corporation and/or sanitary district, including acquisition of the municipal sewerage system resulting from the severance of a combined waterworks and sewerage system pursuant to section one-b [§ 8-20-1b], article twenty, chapter eight of this code, and shall have authority to acquire by gift, grant, purchase, condemnation, or otherwise, all necessary lands, rights-of-way and property therefor, within and/or without the corporate limits of such municipal corporation and/or sanitary district, and to issue revenue bonds to pay the cost of such works and property; and any such municipality may serve and supply the facilities of such sewerage system within the corporate limits of such municipality and within the area

extending twenty miles beyond the corporate limits of such municipality: Provided, That such municipality shall not serve or supply the facilities of such sewerage system within the corporate limits of any other municipality without the consent of the governing body thereof. No obligations shall be incurred by any such municipality and/or sanitary district in such construction or acquisition except such as is payable solely from the funds provided under the authority of this article. (1933, Ex. Sess., c. 25, § 1; 1955, c. 132; 1986, c. 118.)

Effect of amendment of 1986. — The amendment added "including acquisition of the municipal sewerage system resulting from the severance of a combined waterworks and sewerage system pursuant to section one-b, article twenty, chapter eight of this code," and made minor stylistic change.

§ 16-13-15. Sinking fund; transfer of balance of net revenues.

At or before the issuance of any such bonds the governing body shall by said ordinance create a sinking fund, to be remitted to and administered by the West Virginia municipal bond commission, for the payment of the bonds and the interest thereon and the payment of the charges of banks or trust companies for making payment of such bonds or interest, and shall set aside and pledge a sufficient amount of the net revenues of the works, hereby defined to mean the revenues of the works remaining after the payment of the reasonable expense of operation, repair and maintenance, such amount to be paid by the board into said sinking fund at intervals to be determined by ordinance prior to issuance of the bonds, for: (a) The interest upon such bonds as such interest shall fall due; (b) the necessary fiscal agency charges for paying bonds and interest; (c) the payment of the bonds as they fall due, or, if all bonds mature at one time, the proper maintenance of a sinking fund in such amounts as are necessary and sufficient for the payment thereof at such time; (d) a margin for safety and for the payment of premiums upon bonds retired by call or purchase as herein provided, which margin, together with any unused surplus of such margin carried forward from the preceding year, shall equal ten percent of all other amounts so required to be paid into the sinking fund. Such required payments shall constitute a first charge upon all the net revenue of the works. Prior to the issuance of the bonds the board may by ordinance be given the right to use or direct the West Virginia municipal bond commission to use such sinking fund or any part thereof in the purchase of any of the outstanding bonds payable therefrom at the market price thereof, but not exceeding the price, if any, at which the same shall in the same year be payable or redeemable, and all bonds redeemed or purchased shall forthwith be cancelled and shall not again be issued. After the payments into such fund as herein required, the board may at any time in its discretion transfer all or any part of the balance of the net revenues, after reserving an amount deemed by the board sufficient for operation, repair and maintenance for an ensuing period of not less than twelve months and for depreciation, into the sinking fund or into a fund for extensions, betterments and additions to the

works. The amounts of the balance of the net revenue as and when so set apart shall be remitted to the West Virginia municipal bond commission to be retained and paid out by said commission consistent with the provisions of this article and with the ordinance pursuant to which such bonds have been issued. The West Virginia municipal bond commission is hereby authorized to act as fiscal agent for the administration of such sinking fund, under any ordinance passed pursuant to the provisions of this article, and shall invest all such sinking funds as provided by general law. Notwithstanding the foregoing, payments of principal and interest on any bonds owned by the United States of America or any agency or department thereof may be made by the governing body directly thereto. (1933, Ex. Sess., c. 25, § 15; 1933, 2nd Ex. Sess., c. 48; 1986, c. 118.)

Effect of amendment of 1986. — The amendment substituted "West Virginia municipal bond commission" for "state sinking fund commission" in four places; added the last sentence; and made other minor changes.

§ 16-13-16. Rates for service; change or readjustment; hearing; lien and recovery; discontinuance of services.

Textbooks. — Administrative Law in West Virginia (Neely), § 3.07.

§ 16-13-22a. Grants, loans and advances.

Any municipality is authorized and empowered to accept loans or grants and procure loans or temporary advances evidenced by notes or other negotiable instruments issued in the manner, and subject to the privileges and limitations, set forth with respect to bonds authorized to be issued under the provisions of this article, for the purpose of paying part or all of the cost of acquisition or construction of said sewage works and the construction of betterments and improvements thereto, and for the other purposes herein authorized, from any authorized agency of the state or from the United States of America or any federal or public agency or department of the United States or any private agency, corporation or individual, which loans or temporary advances, including the interest thereon, may be repaid out of the proceeds of bonds authorized to be issued under the provisions of this article, the revenues of the said sewage works or grants to the municipality from any agency of the state or from the United States of America or any federal or public agency or department of the United States or any private agency, corporation or individual or from any combination of such sources of payment, and to enter into the necessary contracts and agreements to carry out the purposes hereof with any agency of the state, the United States of America or any federal or public agency or department of the United States, or with any private agency, corporation or individual. Any other provisions of this article to the contrary notwithstanding, interest on any such loans or temporary advances may be paid

from the proceeds thereof until the maturity of such notes or other negotiable instrument.

In no event shall any such loan or temporary advance be a general obligation of the municipality and such loans or temporary advances, including the interest thereon, shall be paid solely from the sources specified in this section. (1949, c. 93; 1961, c. 107; 1980, c. 59; 1981, 1st Ex. Sess., c. 2; 1986, c. 118.)

Effect of amendment of 1986. — The amendment added the last sentence in the first paragraph.

§ 16-13-23a. Additional powers of municipality upon receipt of order to cease pollution.

Textbooks. — Administrative Law in West Virginia (Neely), § 3.07.

ARTICLE 13A.

PUBLIC SERVICE DISTRICTS FOR WATER, SEWERAGE AND GAS SERVICES.

Sec.
16-13A-1. Legislative findings.
16-13A-1a. Jurisdiction of the public service commission.
16-13A-1b. County commissions to develop plan to create, consolidate, merge, expand or dissolve public service districts.
16-13A-1c. General purpose of districts.
16-13A-2. Creation of districts by county commission; enlarging, reducing or dissolving district; consolidation; agreements, etc.; infringing upon powers of county commission; filing list of members and districts with the secretary of state.
16-13A-3. District to be a public corporation and political subdivision; powers thereof; public service boards.
16-13A-3a. Removal of members of public service board.
16-13A-4. Board chairman; members' compensation; procedure; district name.
16-13A-5. General manager of board.
16-13A-7. Acquisition and operation of district properties.
16-13A-9. Rules and regulations; service rates and charges; discontinuance of service; required water and sewer connections.
16-13A-11. Accounts; audit.
16-13A-18a. Sale, lease or rental of water, sewer or gas system by district; distribution of proceeds.
16-13A-21. Complete authority of article; liberal construction; district to be public instrumentality; tax exemption.
16-13A-24. Acceptance of loans, grants or temporary advances.
16-13A-25. Borrowing and bond issuance; procedure.

§ 16-13A-1. Legislative findings.

The Legislature of the state of West Virginia hereby determines and finds that the present system of public service districts within the state has provided a valuable service at a reasonable cost to persons who would otherwise have been unable to obtain public utility services. To further this effort, and to ensure that all areas of the state are benefiting from the availability of

Notice shall be given by the county court of the time and place, when and where all persons interested will be heard substantially as provided in section one of this article. The conduct of the hearing and the manner of conducting the subsequent election on the question whether such territory shall become disconnected and the issuance, reception, return and canvassing of the ballots shall be, as nearly as possible, in accordance with the provisions of section one of this article. The ballots for the election provided for in this section shall be substantially as follows, to wit:

☐ For disconnection from sanitary district.
☐ Against disconnection from sanitary district.

If a majority of the votes cast at such election shall be in favor of disconnection, and if the trustees of such sanitary district shall, by ordinance, disconnect such territory, thereupon the county court of the county in which the original petition for the formation of such sanitary district was filed, shall enter an appropriate order in the records of the said county court and thereafter such territory shall henceforth be deemed disconnected from such sanitary district. (1933, Ex. Sess., c. 24, § 14.)

Editor's note. — As to designation of county courts as county commissions, see W. Va. Const., art. IX, § 9.

ARTICLE 13.

SEWAGE WORKS OF MUNICIPAL CORPORATIONS AND SANITARY DISTRICTS.

Sec.

16-13-1. Acquisition, operation, etc., of works; acquisition of property; issuance of bonds.
16-13-2. Sanitary board to supervise and control construction, etc., of works; appointment of board; definitions.
16-13-3. Powers of sanitary board; contracts; employees; compensation thereof; extensions and improvements; replacement of damaged public works.
16-13-4. Payment of preliminary expenses of surveys, etc.
16-13-5. Ordinance necessary before acquisition or construction of works.
16-13-6. Publication and hearing upon ordinance.
16-13-7. Acquisition by condemnation or purchase.
16-13-8. Cost of works.
16-13-9. Contracts and obligations incurred to be paid for solely by revenue bonds.
16-13-10. Interest on and redemption of bonds; form; statement on face of bond; negotiability; exemption from taxation; registration; execution; sale; disposition of surplus proceeds; additional and temporary bonds.
16-13-11. Additional bonds to extend or improve works.
16-13-12. Additional bonds for extension, etc., of works to have equal priority with original bonds.
16-13-13. Application of revenue from bonds; lien.
16-13-14. Securing bonds by trust indenture.
16-13-15. Sinking fund; transfer of balance of net revenues.
16-13-16. Rates for service; change or readjustment; hearing; lien and recovery; discontinuance of services.
16-13-17. Municipality subject to established rates.
16-13-18. Supervision of works by sanitary board; organization of board;

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qualifications, terms and compensation of members.
16-13-18a. Publication of financial statement.
16-13-19. Contract with other municipalities for service of works; powers of lessee as to rates; intercepting sewers.
16-13-20. Discharge of lien on property acquired.
16-13-21. Action on certificates or attached coupons; receivers.
16-13-22. Powers conferred in addition to existing powers; jurisdiction outside corporate limits.
16-13-22a. Grants, loans and advances.
16-13-22b. Contracts for abatement of pollution.
Sec.
16-13-22c. Refunding bonds.
16-13-22d. Subordination of bonds.
16-13-22e. Operating contract.
16-13-22f. Exemption of bonds from taxation.
16-13-22g. Covenants with bondholders.
16-13-23. Article deemed full authority for construction, etc., of works and issue of bonds; alternative method; powers of state department of health unaffected.
16-13-23a. Additional powers of municipality upon receipt of order to cease pollution.
16-13-24. Article to be construed liberally.

Constitutionality. — See Brewer v. City of Point Pleasant, 114 W. Va. 572, 172 S.E. 717 (1934); Stevenson v. City of Bluefield, 39 F. Supp. 462 (S.D.W. Va. 1941); West Virginia Water Serv. Co. v. Cunningham, 143 W. Va. 1, 98 S.E.2d 891 (1957).

Obligations incurred by a city under the authority of this article permitting the issuance of revenue bonds for the construction of sewers are not to be deemed "debts" within the constitutional inhibition. United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957), commented on in 60 W. Va. L. Rev. 105 (1957).

Legislative intent to protect municipalities from general obligations. — It appears clear that the legislature recognized the need for municipal utility systems; however, it did not wish the municipality to become generally obligated for the building or acquisition of the system. Financing is provided for primarily by revenue bonds, and bondholders are assured of a safe investment through the collection of sufficient user charges to service the bonds and maintain the assets of the system. Op. Att'y Gen., April 3, 1979.

No conflict with statutory limitations on expenditure of tax funds. — There is no conflict between this article, authorizing a city to incur expenses which are to be payable solely from the proceeds of revenue bonds, and the general statutory limitations on the expenditure of money and incurring of obligations with respect to funds produced by tax levies. United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957), commented on in 60 W. Va. L. Rev. 105 (1957).

Limitation imposed by article read into agreement with federal works administrator. — Where a city made an agreement with the federal works administrator under the War Mobilization and Reconversion Act of 1944 with regard to advances of money to the city for the purpose of plan preparation for construction of a proposed sewage treatment and disposal system, the limitation imposed by this article would be read into the agreement, since the parties are presumed to know the extent of the city's authority to make a binding contract. United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957), commented on in 60 W. Va. L. Rev. 105 (1957).

Municipality may not compel nonresidents to connect with a municipal sewer extended without its corporate limits. 48 Op. Att'y Gen. 19 (1958).

Ordinance held valid. — An ordinance of a municipal corporation, creating a sanitary board and authorizing such sanitary board to enter into contracts for the construction of a sewage system, was within the police power of the State delegated to municipalities by this chapter. West Virginia Water Serv. Co. v. Cunningham, 143 W. Va. 1, 98 S.E.2d 891 (1957).

§ 16-13-1. Acquisition, operation, etc., of works; acquisition of property; issuance of bonds.

Any municipal corporation and/or sanitary district in the State of West Virginia is hereby authorized and empowered to own, acquire, construct, equip, operate and maintain within and/or without the corporate limits of such municipal corporation, a sewage collection system and/or a sewage treatment plant or plants, intercepting sewers, outfall sewers, force mains, pumping stations, ejector stations, and all other appurtenances necessary or useful and convenient for the collection and/or treatment, purification and disposal, in a sanitary manner, of the liquid and solid waste, sewage, night soil and industrial waste of such municipal corporation and/or sanitary district, and shall have authority to acquire by gift, grant, purchase, condemnation, or otherwise, all necessary lands, rights-of-way and property therefor, within and/or without the corporate limits of such municipal corporation and/or sanitary district, and to issue revenue bonds to pay the cost of such works and property; and any such municipality may serve and supply the facilities of such sewerage system within the corporate limits of such municipality and within the area extending twenty miles beyond the corporate limits of such municipality: Provided, however, that such municipality shall not serve or supply the facilities of such sewerage system within the corporate limits of any other municipality without the consent of the governing body thereof. No obligations shall be incurred by any such municipality and/or sanitary district in such construction or acquisition except such as is payable solely from the funds provided under the authority of this article. (1933, Ex. Sess., c. 25, § 1; 1955, c. 132.)

Sections read together. — This section should be read and construed with former § 8-4-20 and §§ 16-13-2, 16-13-16, 24-1-1, 24-2-1, and 24-2-3. Delardas v. Morgantown Water Comm'n, 148 W. Va. 776, 137 S.E.2d 426 (1964).

Use of territory in adjoining state authorized. — By this section and § 16-13-22 the legislature intended, insofar as it could, to confer upon such municipalities as might find its exercise convenient, the right to make necessary and appropriate arrangements for the disposal of their sewage, even where that course involved the use of territory in an adjoining state. Bernard v. City of Bluefield, 117 W. Va. 556, 186 S.E. 298 (1936).

Quoted in State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

Cited in City of Beckley v. Craighead, 125 W. Va. 484, 24 S.E.2d 908 (1943).

§ 16-13-2. Sanitary board to supervise and control construction, etc., of works; appointment of board; definitions.

The construction, acquisition, improvement, equipment, custody, operation and maintenance of any such works for the collection, treatment or disposal of sewage and the collection of revenues therefrom for the service rendered thereby, shall be under the supervision and control of a sanitary board appointed by the governing body as set forth in section eighteen [§ 16-13-18] of this article. The term "works" as used in this article shall be construed to

mean and include a works for the collection and/or treatment, purification and disposal of sewage, in its entirety or any integral part thereof. The term "municipality" as used in this article shall be construed to mean any municipal corporation, incorporated city, town, village or sanitary district in the State of West Virginia. The term "governing body" as used in this article shall be construed to mean the mayor and council or other legally constituted governing body of any municipality. The term "board" when hereinafter used in this article shall be construed to mean the sanitary board as set up in section eighteen of this article. (1933, Ex. Sess., c. 25, § 2.)

Sections read together. — This section should be read and construed with former § 8-4-20 and §§ 16-13-1, 16-13-16, 24-1-1, 24-2-1 and 24-2-3. Delardas v. Morgantown Water Comm'n, 148 W. Va. 776, 137 S.E.2d 426 (1964).

Quoted in State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

Cited in United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957).

§ 16-13-3. Powers of sanitary board; contracts; employees; compensation thereof; extensions and improvements; replacement of damaged public works.

The board shall have power to take all steps and proceedings and to make and enter into all contracts or agreements necessary or incidental to the performance of its duties and the execution of its powers under this article: Provided, that any contract relating to the financing of the acquisition or construction of any such works, or any trust indenture as hereinafter provided for, shall be approved by the governing body of such municipality before the same shall be effective. The board may employ engineers, architects, inspectors, superintendents, managers, collectors, attorneys, and such other employees as in its judgment may be necessary in the execution of its powers and duties, and may fix their compensation, all of whom shall do such work as the board shall direct. All such compensation and all expenses incurred in carrying out the provisions of this article shall be paid solely from funds provided under the authority of this article, and the board shall not exercise or carry out any authority or power herein given it so as to bind said board of said municipality beyond the extent to which money shall have been or may be provided under the authority of this article. No contract or agreement with any contractor or contractors for labor and/or material, exceeding in amount the sum of one thousand dollars, shall be made without advertising for bids, which bids shall be pubicly opened and award made to the best bidder, with power in the board to reject any or all bids. After the construction, installation, and completion of the works, or the acquisition thereof, the board shall operate, manage and control the same and may order and complete any extensions, betterments and improvements of and to the works that the board may deem expedient, if funds therefor be available or are made available as provided in this article, and shall establish rules and regulations for the use and operation of the works, and of other sewers and drains connected therewith so far as they may affect the operation of such works, and do all things necessary or expedient

for the successful operation thereof. All public ways or public works damaged or destroyed by the board in carrying out its authority under this article shall be restored or repaired by the board and placed in their original condition, as nearly as practicable, if requested so to do by proper authority, out of the funds provided by this article. (1933, Ex. Sess., c. 25, § 3.)

Contractor is not entitled to governmental immunities of municipality. — A contractor under contract with the sanitary board of a municipality for construction of a sewage treatment and disposal system is not entitled to the governmental immunities of the municipality incident to the construction project. West Virginia Water Serv. Co. v. Cunningham, 143 W. Va. 1, 98 S.E.2d 891 (1957).

And is liable on contract with third party. — Where a contract between a municipal sanitary board and a contractor, providing for the construction of a sanitary sewage system, provides inter alia that "existing surface, overhead or subsurface structures damaged or destroyed by reason of the contractor's operations shall be promptly repaired or replaced in a satisfactory manner at the cost and expense of the contractor," and the contractor by job order requests enters into a contract with an existing water company to remove certain of the latter's water pipes which interfere with the construction of the sewage system, the contractor, in a notice of motion for judgment proceeding instituted by the water company, is liable for the expense so incurred. West Virginia Water Serv. Co. v. Cunningham, 143 W. Va. 1, 98 S.E.2d 891 (1957).

Stated in State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

§ 16-13-4. Payment of preliminary expenses of surveys, etc.

All necessary preliminary expenses actually incurred by the board of any municipality in the making of surveys, estimates of costs and of revenue, employment of engineers or other employees, the giving of notices, taking of options and all other expenses of whatsoever nature, necessary to be paid prior to the issue and delivery of the revenue bonds pursuant to the provisions of this article, may be met and paid in the following manner. Said board may from time to time certify such items of expense to the clerk or recorder of said municipality, directing him to pay the several amounts thereof, and thereupon said clerk or recorder shall at once draw a warrant or warrants upon the treasurer of said municipality, which warrant or warrants shall be paid out of the general funds of said municipality not otherwise appropriated, without a special appropriation being made therefor by the governing body; or, in case there are no general funds of such municipality not otherwise appropriated, the clerk or recorder shall recommend to the governing body the temporary transfer from other funds of such municipality of a sufficient amount to meet such items of expense, or the making of a temporary loan for such purpose, and such governing body shall thereupon at once make such transfer of funds, or authorize such temporary loan in the same manner that other temporary loans are made by such municipality: Provided, however, that the fund or funds of such municipality from which such payments are made shall be fully reimbursed and repaid by said board out of the first proceeds of the sale of revenue bonds hereinafter provided for, and before any other disbursements are made therefrom, and the amount so advanced to pay such preliminary expenses, shall be a first charge against the proceeds resulting from the sale of such revenue bonds until the same has been repaid as herein provided. (1933, Ex. Sess., c. 25, § 4.)

A municipality is authorized to incur obligations for the purpose of defraying preliminary expenses of sewer projects, provided repayment of such obligations is to be made solely from the proceeds of revenue bonds, and not in any way from tax levies. United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957), commented on in 60 W. Va. L. Rev. 105 (1957).

And may obtain advances by any procedure it may see fit to adopt. — Money used in preliminary engineering work prior to actually beginning construction of a sewage disposal system need not be handled by the sanitary board in accordance with the provisions of §§ 16-13-1, 16-13-18 and this section. The sanitary board is an agency of the city. This article merely requires that the construction and maintenance of the project be under the supervision and control of the sanitary board. A method is provided whereby the sanitary board may meet its own necessary preliminary expenses; but the city, in the early stages of the project, during that period in which the city has not even decided to go ahead with the work, and when there is no sanitary board in existence, is not prevented by any provision in the article from obtaining advances for plan preparation by any procedure which it may see fit to adopt. United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957), commented on in 60 W. Va. L. Rev. 105 (1957).

United States entitled to recover advances made by federal works agency. — The United States was held entitled to recover from a city the amount of three advances of money made to the city by the federal works agency for the purpose of plan preparation for construction of a proposed sewage treatment and disposal system, and the city sanitary board was ordered to issue a requisition to the trustees, into whose hands proceeds of future bond issues came, to repay such advances out of any funds in its hands comprising proceeds of revenue bond issues. United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957), commented on in 60 W. Va. L. Rev. 105 (1957).

§ 16-13-5. Ordinance necessary before acquisition or construction of works.

Before any municipality shall construct or acquire any works under this article, the governing body shall upon petition of the board, enact an ordinance or ordinances which shall: (a) Set forth a brief and general description of the works and, if the same are to be constructed, a reference to the preliminary report which shall heretofore have been prepared and filed by an engineer chosen by the board as aforesaid; (b) set forth the cost thereof estimated by the engineer chosen as aforesaid; (c) order the construction or acquisition of such works; (d) direct that revenue bonds of the municipality shall be issued pursuant to this article in such an amount as may be found necessary to pay the cost of the works; and (e) contain such other provisions as may be necessary in the premises. (1933, Ex. Sess., c. 25, § 5.)

Quoted in United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957).

Stated in State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

§ 16-13-6. Publication and hearing upon ordinance.

After such ordinance shall have been adopted, an abstract of the ordinance, determined by the governing body to contain sufficient information as to give notice of the contents of such ordinance, together with the following described notice, shall be published as a Class II legal advertisement in compliance with the provisions of article three [§ 59-3-1 et seq.], chapter fifty-nine of this Code, and the publication area for such publication shall be the municipality. The notice shall state that said ordinance has been adopted, and that the municipality contemplates the issuance of the bonds described in the ordinance, and

that any person interested may appear before the governing body upon a certain date, which shall not be less than ten days subsequent to the first date of publication of such abstract and notice which shall not be prior to the last date of publication of such abstract and notice, and present protests. 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: Provided, however, that if at such a hearing written protest is filed by thirty percent or more of the owners of real estate situate in said municipality, then the governing body of said municipality shall not take further action unless four fifths of the qualified members of the said governing body assent thereto. (1933, Ex. Sess., c. 25, § 6; 1967, c. 105; 1981, 1st Ex. Sess., c. 2.)

§ 16-13-7. Acquisition by condemnation or purchase.

Every such municipality shall have power to condemn any such works to be acquired and any land, rights, easements, franchises and other property, real or personal, deemed necessary or convenient for the construction of any such works, or for extensions, improvements, or additions thereto, and in connection therewith may have and exercise all the rights, powers and privileges of eminent domain granted to municipal corporations under the laws relating thereto. Title to property condemned shall be taken in the name of the municipality. Proceedings for such appropriation of property shall be under and pursuant to the provisions of chapter fifty-four [§ 54-1-1 et seq.], of the Code of West Virginia, one thousand nine hundred thirty-one, and acts amendatory and supplemental thereto: Provided, that the municipality shall be under no obligation to accept and pay for any property condemned, and shall in no event pay for any property condemned or purchased, except from the funds provided pursuant to this article; and in any proceedings to condemn, such orders may be made as may be just to the municipality and to the owners of the property to be condemned, and an undertaking or other security may be required securing such owners against any loss or damage to be sustained by reason of the failure of the municipality to accept and pay for the property, but such undertaking or security shall impose no liability upon the municipality except such as may be paid from the funds provided under the authority of this article. In event of the acquisition by purchase the board may obtain and exercise an option from the owner or owners of said property for the purchase thereof, or may enter into a contract for the purchase thereof, and such purchase may be made upon such terms and conditions, and in such manner as the board may deem proper. In event of the acquisition of any works already constructed by purchase or condemnation, the board at or before the time of the adoption of the ordinance described in section five [§ 16-13-5] hereof, shall cause to be determined what repairs, replacements, additions, and betterments will be necessary in order that such works may be effective for their purpose, and an estimate of the cost of such improvements shall be included in the estimate of the cost required by section five hereof, and such improvement shall be made upon the acquisition of the works and as a part of the cost thereof. (1933, Ex. Sess., c. 25, § 7.)

§ 16-13-8. Cost of works.

The cost of the works shall be deemed to include the cost of acquisition or construction thereof, the cost of all property, rights, easements, and franchises deemed necessary or convenient therefor and for the improvements determined upon as provided in this article; interest upon bonds prior to and during construction or acquisition and for six months after completion of construction or of acquisition of the improvement last mentioned; engineering and legal expenses; expense for estimates of cost and of revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, and such other expenses as may be necessary or incident to the financing herein authorized and the construction or acquisition of the works and the placing of the works in operation and the performance of the things herein required or permitted in connection with any thereof. (1933, Ex. Sess., c. 25, § 8.)

Expenses incurred in "determining the feasibility or practicability of the enterprise". — It is foreseen, as shown in this section, that a city may probably incur expenses in "determining the feasibility or practicability of the enterprise." Such determination would of course be made prior to the issuance of any revenue bonds, and probably before the creation of a sanitary board. It might often result in a rejection of the project altogether, in which event no revenue bonds would be issued, and any obligation incurred by the city might prove to be uncollectible. On the other hand, if the project be undertaken by the city, whatever loans may have been made on the faith of the revenue bonds would or should be included in the cost of the works and repaid out of the proceeds of the bonds. United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957), commented on in 60 W. Va. L. Rev. 105 (1957).

Advances from the United States to a city for the purpose of plan preparation for construction of a proposed sewage treatment and disposal system represent a part of the cost of the works which should have been repaid out of the first proceeds received from the sale of the first issue of revenue bonds. Such repayment would not in any way increase the cost of the works; it was the very first item of expense incurred in connection with the works. Under the agreement between the city and the United States, it was a liability from the moment construction of the sewage treatment and disposal plant was begun. No disadvantage would result to bondholders as a result of the payment of this just debt out of the proceeds of a future revenue bond issue. United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957), commented on in 60 W. Va. L. Rev. 105 (1957).

§ 16-13-9. Contracts and obligations incurred to be paid for solely by revenue bonds.

Nothing in this article contained shall be so construed as to authorize or permit any municipality to make any contract or to incur any obligation of any kind or nature except such as shall be payable solely from the funds provided under this article. Funds for the payment of the entire cost of the works, exclusive of any portions of the cost that may be defrayed out of any grant or contribution, shall be provided by the issuance of revenue bonds of the municipality, the principal and interest of which shall be payable solely from the fund herein provided for such payment, and said bonds shall not, in any respect, be a corporate indebtedness of such municipality, within the meaning of any statutory or constitutional limitations thereon. All the details of such bonds shall be determined by ordinance or ordinances of the municipality. (1933, Ex. Sess., c. 25, § 9; 1949, c. 93.)

Cross reference. — See notes to § 16-13-8.

The provisions of this article become a part of the contract between the municipality and the bondholders as effectually as if written verbatim in the bonds. The bondholders are bound by their contract in this instance just as firmly as in any other legal contract. Consequently, the bonds do not create a corporate indebtedness of the municipality. Brewer v. City of Point Pleasant, 114 W. Va. 572, 172 S.E. 717 (1934); United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957), commented on in 60 W. Va. L. Rev. 105 (1957).

Contractual obligation between municipalities not relieved by inability of town to sell revenue bonds. — Under the provisions of §§ 16-13-19 and 16-13-23a, a city and a town may enter into a contract whereby the city agreed to construct a sewage disposal facility and the town agreed to contribute to the cost of the construction of the facility in return for the right to use the facility, and the fact that the town was unable to sell revenue bonds because it was not allowed to have part ownership in the treatment plant or interceptor sewers did not relieve the town of its contractual obligation when the city offered to buy the revenue bonds issued by the town. Since the contracts were authorized by statute and were thus not ultra vires, even if the contracts were not formally approved by ordinance, the municipalities were estopped from asserting any invalidity of the contracts on such ground. City of Morgantown v. Town of Star City, 156 W. Va. 529, 195 S.E.2d 166 (1973).

§ 16-13-10. Interest on and redemption of bonds; form; statement on face of bond; negotiability; exemption from taxation; registration; execution; sale; disposition of surplus proceeds; additional and temporary bonds.

Such revenue bonds shall bear interest at not more than twelve percent per annum, payable at such times, and shall mature at such time or times as may be determined by ordinance. Such bonds may be made redeemable before maturity at the option of the municipality, to be exercised by said board, at not more than the par value thereof and a premium of five percent, under such terms and conditions as may be fixed by the ordinance authorizing the issuance of the bonds. The principal and interest of the bonds may be made payable in any lawful medium. Said ordinance shall determine the form of the bonds, either coupon or registered, shall set forth any registration and conversion privileges, and shall fix the denomination or denominations of such bonds and the place or places of payment of the principal and interest thereof, which may be at any bank or trust company within or without the State. The bonds shall contain a statement on their face that the municipality shall not be obligated to pay the same or the interest thereon except from the special fund provided from the net revenues of the works. All such bonds shall be, and shall have and are hereby declared to have all the qualities and incidents of, negotiable instruments under the Uniform Commercial Code of the State. Said bonds shall be exempt from all taxation, state, county and municipal. Such bonds shall be executed by the proper legally constituted authorities of the municipality, and be sealed with the corporate seal of the municipality, and in case any of the officers whose signatures appear on the bonds or coupons shall cease to be such officers, before delivery of such bonds, such signatures shall nevertheless be valid and sufficient for all purposes the same as if they had remained in office until such delivery. Such bonds shall be sold at a price not lower than a price, which when computed upon standard tables of bond values, will show a net return of not more than thirteen per centum per annum to the purchaser upon the amount

paid therefor, and the proceeds derived therefrom shall be used exclusively for the purposes for which said bonds are issued and same may be sold at one time or in parcels as funds are needed. Any surplus of bond proceeds over and above the cost of the works shall be paid into the sinking fund hereinafter provided. If the proceeds of the bonds, by error of calculation or otherwise, shall be less than the cost of the works, additional bonds may in like manner be issued to provide the amount of such deficit and, unless otherwise provided in said ordinance authorizing the issuance of the bonds first issued or in the trust indenture hereinafter authorized, shall be deemed to be of the same issue and shall be entitled to payment without preference or priority of the bonds first issued. Prior to the preparation of the definitive bonds, temporary bonds may under like restrictions be issued with or without coupons, exchangeable for definitive bonds upon the issuance of the latter. (1933, Ex. Sess., c. 25, § 10; 1970, c. 11; 1980, c. 33; 1981, 1st Ex. Sess., c. 2.)

§ 16-13-11. Additional bonds to extend or improve works.

The governing body may provide by said ordinance authorizing the issuance of the bonds or in the trust indenture hereinafter referred to, that additional bonds may thereafter be authorized and issued, at one time or from time to time under such limitations and restrictions as may be set forth in said ordinance and/or trust indenture, for the purpose of extending, improving or bettering the works when deemed necessary in the public interest, such additional bonds to be secured and be payable from the revenues of the works equally with all other bonds issued pursuant to said ordinance without preference or distinction between any one bond and any other definite bonds upon the issuance of the latter. (1933, Ex. Sess., c. 25, § 11.)

§ 16-13-12. Additional bonds for extension, etc., of works to have equal priority with original bonds.

The governing body may provide by said ordinance authorizing the issuance of the bonds or in the trust indenture hereinafter referred to, that additional bonds may thereafter be authorized and issued, at one time or from time to time, under such limitations and restrictions as may be set forth in said ordinance and/or trust indenture, for the purpose of extending, improving or bettering the works when deemed necessary in the public interest, such additional bonds to be secured and be payable from the revenues of the works equally with all other bonds issued pursuant to said ordinance without preference or distinction between any one bond and any other bond by reason of priority of issuance or otherwise. (1933, Ex. Sess., c. 25, § 12.)

§ 16-13-13. Application of revenue from bonds; lien.

All moneys received from any bonds issued pursuant to this article, after reimbursements and repayment to said municipality of all amounts advanced for preliminary expenses as provided in section four [§ 16-13-4] of this article, shall be applied solely to the payment of the cost of the work, extensions,

CITY OF WILLIAMSTOWN, WEST VIRGINIA

GENERAL CERTIFICATE

The undersigned Mayor, Clerk, and City Attorney of The City of Williamstown, a West Virginia municipal corporation (the "City"), hereby certify this 25th day of June, 1987, with respect to the sale and delivery this date by the City of its $844,727 aggregate principal amount of Sewerage System Revenue Bonds Series 1987 A and Series 1987 B (the "Bonds") as follows:

1. The City has duly performed all of its obligations to be performed at or prior to the Closing.

2. The City has authorized, by all necessary action, the execution, delivery, receipt and due performance of the Bonds, the Bond Legislation, the Registrar's Agreement and any and all such other agreements and documents as may be required to be executed, delivered and received by the City in order to carry out, give effect to and consummate the sale and delivery of the Bonds.

3. 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 City taken with respect to the issuance or sale of the Bonds, the pledge or application of the Net Revenues or any other moneys or security provided for the payment of the Bonds or the existence or the powers of the City 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 Net Revenues or pledge thereof.

4. 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 Code of West Virginia of 1931, as amended, which bids remain in full force and effect.

5. There has been no adverse change in the financial condition of the City since the approval and execution and delivery by the City of the Loan Agreement, and the City has

met all conditions prescribed in the Loan Agreement entered into between the City and the Authority. There are no outstanding debt obligations of the city or obligations for which full and irrevocable provision for payment has not been made, which are secured by revenues or assets or the System. other than the city's Sewerage System Refunding Revenue Bonds, Series 1987, presently outstanding in the aggregate principal amount of $50,500.

6. 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 City 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 City to pay for the same without jeopardizing the security of or payments on the Bonds.

7. All actions, resolutions, orders and agreements taken by and entered into by or on behalf of the City 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 Council of the City duly and regularly called and held pursuant to the Charter of the City, and all applicable statutes, including Chapter 6, Article 9A, of the Code of West Virginia of 1931, as amended, and a quorum of duly appointed, qualified and acting members of the Council was present and acting at all times during all such meetings.

8. 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. 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.

9. As of the date hereof, the EPA has committed to the city the approximate amount of $1,892,770. Said committment of EPA is as of this date is still in force and effect.

10. As of the date hereof, (i) the representations of the City 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; and (iii) to the best knowledge of the undersigned, no event affecting the city has occured 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 statments and information in the Loan Agreement not misleading.

11. The City has received a Final Order of the Public Service Commission of West Virginia entered June 17, 1987, granting a certificate of convenience and necessity for the Project. The time for appeal of such Final Order has not expired prior to the date hereof. However, the City has received a letter from the Public Service Commission staff dated June 17, 1987, to the effect that it does not intend to appeal such Final Order. Furthermore, the City will not appeal such Final Order.

12. On the date hereof the City received from the Authority the agreed purchase price of the Bonds, being $844,727 (100% of par value), there being no interest accrued thereon.

13. The City 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. Less than 10% of the proceeds of the Bonds will be used, directly or indirectly, for any private business use, and less than 10% of the payment of principal of, or the interest on, such issue, under the terms of such issue or any underlying arrangement, is, directly or indirectly, secured by any interest in property used or to be used for a private business use, payments in respect of such property, or to be derived from payments (whether or not to the City) 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

City) 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 within the meaning of Section 141 of the Internal Revenue Code of 1986.

14. On the date hereof, the undersigned Mayor did officially sign a properly completed IRS Form 8038-G and will cause such executed Form to be delivered in a timely manner to the Internal Revenue Service Center, Philadelphia, Pennsylvania.

15. Delivered concurrently herewith are true and accurate specimens of the Bonds.

16. The execution, delivery, receipt and due performance of the Bonds, the Bond Legislation, and the Registrar's Agreement and the City's compliance with the provisions thereof will not conflict with or constitute on the City's part a breach of or a default under any existing law, court or administrative regulation, decree or order or any agreement, indenture, mortgage, lease or other instrument to which the City is subject or by which the City is or may be bound.

17. Attached as Exhibit A hereto is a true, correct and complete copy of the Charter of the City, which Charter has not been amended or rescinded and is in full force and effect on the date hereof.

18. Attached as Exhibit B hereto are true, correct and complete copies of the Ordinance, enacted by the Council of the City on April 7, 1987, and a Resolution, enacted by the Council of the City on June 8, 1987, the Supplemental and Amendatory Ordinance enacted by the Council of the City on May 28, 1987, and a Resolution enacted by the Council of the City on June 15, 1987 (collectively, the "Bond Legislation"). The Bond Legislation was duly presented to and signed by the Mayor of the City and returned to the Clerk of the City and was duly adopted at public meetings duly convened pursuant to public notice thereof given in accordance with all requirements of law and rules and procedures of the City and has been duly recorded in the minutes of such meetings. The Bond Legislation has not been amended, modified or rescinded and is in full force and effect on the date hereof.

19. Attached as Exhibit C hereto are copies of the affidavits of publication of the notices of public hearing regarding the Ordinance adopted on April 7, 1987, and the Supplemental and Amendatory Ordinance adopted on May 28, 1987.

20. The Mayor, the Clerk of the City, the City Attorney, all of the members of the Council of the City and the members of the Sanitary Board, are as set forth below. Each of said officers and members are duly qualified, elected and acting as such. The signatures set opposite the names of said officers constitute their true signatures.

Name	Office	Signature
Raymond E. Leach	Mayor	Raymond E Leach
William W. Cutlip	Clerk	William W Cutlip
Joseph W. McFarland	City Attorney	Joseph W McFarland
Edward Garber	Councilman	
Jerry L. Davis	Councilman	
Jeffrey DePue	Councilman	
Susan Armstrong	Councilman	
Raymond E. Leach	Sanitary Board Member	
Herman Fischer	Sanitary Board Member	
M. Edward Norman	Sanitary Board Member, Professional Engineer Registration # 3710	

21. Neither of the undersigned, nor, to the best knowledge of the undersigned, any member of the Council of the City, has any substantial financial interest, direct or indirect, or by reason of ownership of stock in any corporation, in any of the transactions contemplated by the Bond Legislation or in any contract pertaining thereto.

22. The Bonds delivered at the Closing were duly executed on behalf of the City and were duly attested on behalf of the City by the true and correct manual signatures of Raymond E. Leach, as Mayor, and William W. Cutlip, as Clerk; the seal of the City imprinted on the Bonds is the true and correct corporate and common seal of the City; the Bonds so delivered this day are in

substantially the same form as the form approved by the Bond Legislation; and the specimen Bonds attached as Exhibit D hereto are true and correct specimens of the Bonds.

23. The Bond Legislation and Registrar's Agreement have been duly executed and delivered on behalf of the City by Raymond E. Leach, as Mayor; and the seal of the City as affixed thereto, as required, is the corporate and common seal of the City; and said instruments have been attested to, as required, by William W. Cutlip, as Clerk; the signatures of said officers on each of the foregoing instruments are their respective genuine signatures; and said instruments are in substantially the same forms as those approved by the Bond Legislation.

IN WITNESS WHEREOF, we hereunto have set our respective signatures as such officers and have affixed the seal of the City on the date first written above.

THE CITY OF WILLIAMSTOWN,
WEST VIRGINIA

[SEAL]

By: Raymond E. Leach
Raymond E. Leach, Mayor

And: William W. Cutlip
William W. Cutlip, Clerk

Joseph W. McFarland
Joseph W. McFarland, City Attorney

4241P

City of Williamstown

R. E. Leach, Mayor

City Hall
100 West Fifth Street
Williamstown, West Virginia 26187-1597
Telephone 375-7761

C E R T I F I C A T I O N

I, William W. Cutlip, City Clerk of the City of Williamstown, West Virginia, do hereby certify that the attached is a true and accurate copy of the Charter of the City of Williamstown, as amended.

Dated this 25th day of June, 1987.

Wm. W. Cutlip
City Clerk

SEAL

4305P

PART I.

THE CHARTER.

Editor's note.--The Charter herein set out is as enacted by the legislature, acts 1921 (Munl. ch.) chapter 30, passed April 19, 1921, approved by the governor April 20, 1921, effective ninety days from passage, as subsequently amended by the legislature and by Home Rule Ordinances, and each section is followed by an historical citation indicating the derivation of the section. The frontal section analysis differs somewhat from that of chapter 30 of the 1921 Act, so as to more fully disclose the contents, and section catchlines have been added in accord therewith, none of which is to be regarded as official. Similarly, the editors have inserted some words in brackets; they have adopted a uniform system of capitalization, and have used Arabic numerals instead of spelling out dates.

The legislature, in its 1969 revision and consolidation of chapters 8 and 8A of the Code of West Virginia into a new chapter 8, recognized, in section 8-1-6, "that when the provisions of existing special legislative charters are compared with and are considered in the light of the provisions of this chapter [i.e., the new chapter 8], there are five basic possibilities as to the relationship between such charter provisions and the provisions of this chapter, namely: (1) As to any particular charter provisions, such charter provisions may be inconsistent or in conflict with the pertinent provisions of this chapter; (2) although relating to the same subject matter and although not inconsistent or in conflict with any provisions of this chapter, certain charter provisions may be sufficiently different from pertinent provisions of this chapter as to indicate, as a matter of practical construction, that either the charter provisions or the provisions of this chapter, but not both, should be applicable; (3) although varying in certain respects, certain charter provisions may be similar to and in essential harmony with corresponding provisions of this chapter; (4) as to any particular charter provisions, there may be no counterpart of such provisions in this chapter; and (5) as to any provisions of this chapter, there may be no counterpart charter provisions."

§ 17. "Officers," "franchise" and "electors," as used in Charter, defined.
§ 18. Power of council to levy and collect taxes on real and personal property, and to grant licenses and collect license taxes thereon.
§ 19. Paving and sewering; two-thirds of cost to be paid by property owners; street railways' part; one-tenth to be paid each year; cost a lien upon property; statements of assessments to be recorded in office of clerk of county court; default in payment, how collected; notices describing improvements and property giving amount of assessments to be published; grievances; council to appoint day for hearing; bonds for pavements, sidewalks and sewers; how same are to be issued; not to be sold for less than par; payable in ten years; assessments applied to liquidation; debts not to exceed five per centum of taxable property; to be submitted to voters and receive three-fifths of votes cast; issue not to exceed amount authorized by election; chapter forty-seven-a of the code to apply; plans, specifications, profiles and estimates to be on file for examination; notice giving nature of work and manner of payment to be published.
§ 20. Limited authority to levy annual tax on real and personal property for paving and for sewer construction.
§ 21. Procedure for recall of elected officer and to elect a successor; person sought to be recalled may be candidate to succeed himself.
§ 22. Initiative and referendum; ordinances adopted by vote of electorate may be repealed only by vote of electorate.
§ 23. Effective date of ordinances and franchises and required posting thereof; suspension from operation upon protest of twenty per centum of voters; submission to election.
§ 24. Petitions to be signed by legal voters only, supported by affidavit.
§ 25. Reiteration of authority of council to levy annual tax on real and personal property; other taxing authority; taxes to be uniform; limitation on taxation.
§ 99. Authority to acquire and equip various public utilities, parks, buildings, etc., and to issue and sell bonds for such purpose subject to conditions and limitations herein specified.

Sec. 1. "The City of Williamstown" incorporated; corporate powers generally.

The inhabitants of so much of the County of Wood as is within the bounds prescribed by section 2 of this act, [charter], and their successors, shall be and remain and they are hereby constituted a body politic and corporate, by the name of "The City of Williamstown", and as such, and by that name shall have perpetual succession and a common seal and may contract and be contracted with, sue and be sued, plead and be impleaded, answer and be answered unto, and may purchase, take, receive, hold and use goods and chattels, lands and tenements, and choses in action, or any interest, right or estate therein, either for the proper use of said city or in trust for the benefit of any person or cor-

thence S. 83 degrees W. 12 and 61/100 chains across said river; thence S. 32 degrees W. 7 chains; thence S. 46 degrees 30' W. 9 chains; thence 66 degrees W. 27 chains; thence 62 degrees W. 12 and 50/100 chains; thence S. 56 degrees W. 8 and 88/100 chains; thence S. 42 degrees E. 22 chains crossing the Ohio river to the place of beginning, containing 969 and 35/100 acres including the Ohio river, which contains 315 and 20/100 acres, containing exclusive of the Ohio river 654 and 15/100 acres, in said boundary, which territory is situated in the district of Williams, in the County of Wood and State of West Virginia. (Acts 1921 (Munl. ch.), ch. 30, § 2.)

Sec. 3. Applicability of state general and special laws; continuity of ordinances, etc., of former Town of Williamstown.

All general and special laws of the State of West Virginia, governing cities and towns and now [April 19, 1921] applicable and not inconsistent with the provisions of this act, [Charter], shall apply to and govern the City of Williamstown. All by-laws, ordinances and resolutions lawfully passed and in force in the Town of Williamstown under its former organization, and not inconsistent herewith, shall remain in force throughout the City of Williamstown until altered or repealed by the council elected under the provisions of this act [Charter]. All rights and property heretofore vested in said Town of Williamstown are continued and preserved in its title and property vested in said City of Williamstown and no right or liability, either in favor of or against, the said Town of Williamstown at the time this act takes effect [90 days from April 19, 1921], and no suit or prosecution of any kind, shall be effected by such change, unless otherwise provided for in this act [Charter]. (Acts 1921 (Munl. ch.), ch. 30, § 3.)

Sec. 4. Mayor and four councilmen at large constitute city council; governing body; election date and terms of office; filling vacancies.

The governing body of the city shall be a council composed of a mayor and four councilmen who shall be elected at large. Elections shall be held in the city every two years on the Tuesday after the first Monday in June of each odd-numbered year. The first election under this section as hereby amended shall be held on the Tuesday after the first Monday in June, 1973.

At the said first election as herein provided, a mayor and four councilmen shall be elected. The mayor shall serve for a term of two years. The two candidates for councilman receiving the highest and second highest number of votes cast shall serve for a term of four years. The two candidates for councilman receiving the third highest and fourth highest number of votes cast shall serve for a term of two years. The terms of office of the incumbent mayor and all incumbent councilmen at the time of the adoption of this Charter amendment [Oct. 17, 1972] shall terminate at the commencement of the terms of the newly-elected mayor and councilmen as herein provided. At all subsequent elections held in the said city under this section as amended, there shall be a mayor who shall serve for two years and two councilmen who shall serve for four years. The terms of office of all elected officers hereunder shall begin on the second Monday after their election.

"PETITION ACCOMPANYING NOMINATING STATEMENT

"The undersigned, duly qualified electors of the City of Williamstown, residing at the places set forth opposite our respective names hereon, do hereby request that the name of (name of candidate) be placed on the ballot as candidate for (name of office) at the general election to be held in such city on the first Tuesday after the first Monday in June, one thousand nine hundred and_____.

"We further state that we know him to be a qualified elector of said city and a man of good moral character, and qualified, in our judgment, for the duties of such office.

"Names of Qualified Electors Street Address."

Immediately upon expiration of the time of filing the statements and petitions for candidates, the clerk of the municipality [city clerk] shall cause to be published in proper form, the names of the persons as they are to appear upon the general ballot, which publication may be made by posting copies thereof at four of the most public places in the said City of Williamstown, including the place of the meeting of the council and the mayor's office at least ten days immediately preceding the general election, or if the council so orders, by publication in the last issue of a newspaper of general circulation in said City of Williamstown immediately preceding such general election; and the said clerk shall thereupon cause the ballots to be printed, authenticated with a facsimile of his signature. Upon the said ballot the names of the candidates for mayor, arranged alphabetically shall first be placed, with a square to the left of each name and immediately below the words "vote for one", and immediately below the names of the candidates for mayor shall appear in alphabetical order the names of the candidates for councilmen with a square at the left of each name and below the names of such candidates shall be the words "vote for two". All ballots shall be printed upon plain, substantial white paper and shall be headed "Candidates for Mayor and Councilmen of the City of Williamstown, at the General Election". No political party designation or mark whatsoever shall appear upon any ballot. The ballot shall be in substantially the following form:

"(Place a cross in the square preceding the names of the parties for whom you wish to vote for the respective offices.)

"OFFICIAL GENERAL BALLOT

"Candidates for mayor and councilmen of the City of Williamstown at the General Election.

Sec. 6. Composition of council; voting in council; quorum; recording of votes; presiding officer; authentication of acts of the council.

Said city shall be governed by a council, consisting of the mayor and four councilmen chosen as provided in this act [Charter], each of whom shall have the right to vote on all questions coming before the council. Three members of the council shall constitute a quorum, and the affirmative of three members shall be necessary to adopt any motion, resolution or ordinance, or pass any measure. Upon every vote the yeas and nays shall be called and recorded, and every motion, resolution or ordinance shall be reduced to writing and read before the vote is taken thereon. The mayor shall preside at all meetings of the council; he shall have no power to veto any measure, but every resolution or ordinance passed by the council must be signed by the mayor, or by three councilmen, and be recorded before the same shall be in force. (Acts 1921 (Munl. ch.), ch. 30, § 6.)

Sec. 7. Powers of council and its members; certain departments established and powers and duties defined; assignment of personnel; rules and regulations.

The council shall have and possess, and the council and its members shall exercise, all executive, legislative and judicial powers conferred upon cities, towns and villages by the general law of the state and by this act [Charter].

The executive and administrative powers, authority and duties in said city shall be distributed into and among five departments as follows:

(a) Department of public affairs,

(b) Department of accounts and finance,

(c) Department of public safety,

(d) Department of streets, parks, public improvements and public property,

(e) Department of waterworks and sewers.

The council shall determine the powers and duties to be performed by, and assign them to, the appropriate department, shall prescribe the powers and duties of officers and employees, may assign particular officers and employees to one or more of the departments; may require an officer or employee to perform duties in two or more departments; and may make such other rules and regulations as may be necessary or proper for the efficient and economical conduct of the business of the city. (Acts 1921 (Munl. ch.), ch. 30, § 7.)

Every other officer or assistant shall receive such salary or compensation as the council shall by ordinance provide, payable in equal monthly installments.

The salary and compensation of all other employees of said city shall be fixed by council, and shall be payable monthly or at such shorter periods as the council may determine. (Acts 1921 (Munl. ch.), ch. 30, § 10; Home Rule Ord. 10-17-72.)

For state law providing that "notwithstanding any charter provision to the contrary," the governing body of every municipality may fix the compensation of all officers and employees; but no officer's salary shall be increased or diminished during this term, see W. Va. Code, § 8-5-12.

Sec. 11. Council meetings; president and vice president of council; reports to council by mayor; who acts for absent or disabled mayor.

Regular meetings of the council shall be held on the second Monday after the election of councilmen, and thereafter at least twice each month. The council shall provide by ordinance for the time for holding regular meetings, and special meetings may be called from time to time by the mayor or two councilmen. All meetings of the council, whether regular or special, at which any person not a city officer is admitted, shall be open to the public.

The mayor shall be president of the council and preside at all meetings, and shall supervise all departments and report to the council for its action all matters requiring attention in any department. The superintendent of the department of accounts and finance shall be vice-president of the council, and in case of vacancy in the office of mayor, or the absence or inability of the mayor, shall perform the duties of mayor. (Acts 1921 (Munl. ch.), ch. 30, § 11.)

Sec. 12. Certain ordinances to be available for public inspection in final form one week before passage; limitations on granting of franchises.

Every ordinance or resolution appropriating money or ordering any street improvement or sewer, or making or authorizing the making of any contract, or granting any franchise or right to occupy or use the streets, highways, bridges or public places in the city for any purpose, shall be complete in the form in which it is finally passed, and remain on file with the city clerk for public inspection at least one week before the final passage or adoption thereof. No franchise or right to occupy or use the streets, highways, bridges or public places in said city shall be granted, renewed or extended, except by ordinance. No franchise shall be granted for a period exceeding thirty years, and no amendment or ad-

during the preceding month, and furnish printed copies thereof to the state library, the weekly newspapers of the city, and to persons who apply therefor at the office of the city clerk. At the end of each year the council shall cause a full and complete examination of all books and accounts of the city to be made by competent accountants and shall publish the results of such examination in the manner provided for publication of statements of monthly expenditures. (Acts 1921 (Munl. ch.), ch. 30, § 15.)

For state law as to annual financial statements required of all municipalities, see W. Va. Code, § 8-13-23.

Sec. 16. Special appropriations authority of city council elected in 1921; section now obsolete.

Editor's note.--The text of this section, being § 16, ch. 30, Acts 1921, (Munl. ch.), is omitted as obsolete.

Sec. 17. "Officers," "franchise" and "electors," as used in Charter, defined.

In the construction of this act [Charter] the following rules shall be observed, unless such construction would be inconsistent with the manifest intent, or repugnant to the context:

(a) When an "officer" or "officers" is named in any law referred to in this act it shall, when applied to said city, be construed to mean the officer or officers having the same functions or duties under the provisions of this act, or under ordinances passed under authority thereof.

(b) The word "franchise" shall include every special privilege in the streets, highways and public places of the city, whether granted by the state or the city, which does not belong to citizens generally by common right.

(c) The word "electors" shall be construed to mean persons qualified to vote for elective officers at regular municipal elections. (Acts 1921 (Munl. ch.), ch. 30, § 17.)

Sec. 18. Power of council to levy and collect taxes on real and personal property, and to grant licenses and collect license taxes thereon.

Council shall have the right to levy and collect taxes on property, real and personal, and to grant licenses, and to assess and collect taxes on such licenses as are taxable under the laws of the State of West Virginia, not to exceed in amount and rate the tax on such licenses imposed by the State of West Virginia. (Acts 1921 (Munl. ch.), ch. 30, § 18.)

upon the whole amount remaining unpaid, on or before the first day of May in each succeeding year, thereafter, until all has been paid; and each installment shall bear interest at the rate of six per centum per annum from the date of its maturity; and, moreover, to each installment remaining unpaid on the days herein specified for the payment thereof, a penalty of ten per centum per annum of said installment shall be added and collected by the city. Provided, however, that any abutting property owner, the city, or street car or other railway company, against whom or against whose property said assessments have been made, shall have the right at any time after such assessments shall have been certified to the superintendent of the department of accounts and finance for collection, as hereinafter provided, to anticipate any or all of such assessments and shall be allowed to pay the face of said assessments with interest only to the time of payment.

(a) The sum or sums of money so assessed, together with the interest and penalty aforesaid, for paving or sewering, or other said improvements, shall be a lien upon the lots or fractional parts of lots, and in case of a street car or other railway company, upon its tracks for the distance of said improvement, from the date of acceptance of said work by the city, and said lien shall have priority over all other liens, except those for taxes due to the state, and shall be on a parity with the taxes and assessments due the city; provided, however, such assessments shall, after six months from the date of the acceptance of said work, cease to constitute liens against said property as against creditors of the owners thereof or purchasers thereof for value without actual notice of such liens unless within six months a statement of said liens, certified as hereinafter provided, shall be filed for record in the office of the clerk of the county court of the county in which said property is situated.

(b) Immediately upon the acceptance of the work by the city, the clerk shall make out bills for the sums of money assessed as aforesaid against the property owners aforesaid, and shall at the same time make and certify a statement of the assessments aforesaid in which shall be given the location of the real estate affected, and the name of the owner, the date of the acceptance of said work by the city, and the amount of the assessment, and it shall be sufficient description of the location of said real estate to describe it as abutting upon said improvement included between the terminal of said improvement, or by the description by which it is described on the land books of the county in which said lots are situated, and shall cause said statement to be immediately recorded in the office of the clerk of the county court of the county in which such property is situate; and it shall be, and it is hereby made the duty of said county clerk, to record said statement in the trust deed books in the name of the city and also in the name of each person against whose property said assessments appear therein, and said clerk shall be paid for recording said statement the same fees as for recording deeds of trust. And said bills for said assessment shall be charged to the superintendent of the department of accounts and finance and immediately certified and delivered for collection.

or injury they may have suffered or may suffer, by reason of the assessments aforesaid, and shall fail to appear for the purpose of having the same corrected, the assessments as to them, as laid, shall be final, and the said assessments shall then be recorded in the book in which the plans, specifications, profiles and estimates are recorded under the provisions hereof and next following the same therein. The finding of said council shall be conclusive. The rights conferred by this section are cumulative and shall not be exhausted as to any particular street or alley by reason of having been once exercised.

(e) Whenever it is deemed expedient by the council to provide for paving, sidewalks, curbing or sewers in or upon any of the streets or alleys of the city by the issue and sale of bonds of the city, it shall, by resolution entered of record on the minutes of its proceedings, so declare and thereupon the city shall be and is hereby empowered and authorized to issue its bonds for the purpose of providing for paving, laying sidewalks, curbing the streets and alleys of the city, in anticipation of special assessments to be made upon the property abutting upon the streets and alleys so improved, and upon street car and other railway companies occupying the said streets or alleys with tracks, and such bonds may be in such amount as shall be sufficient to pay the entire cost and expense of said improvements for which such special assessments are levied; and said city is also authorized to sell said bonds as a whole issue at one time or in separate lots or parcels from time to time as the council may deem advisable; provided, that the price for which they are sold shall not be below the par value of said bonds; said bonds shall be payable not to exceed ten years from the date of the issue thereof and shall bear interest at the rate not to exceed six per centum per annum, payable semi-annually, and in the issuance and sale of said bonds the city shall be governed by all the restrictions and limitations of the Constitution of the state, and, so far as not in conflict with the provisions of this section, by the restrictions and limitations of this state with respect to the issuance and sale of other bonds; and the assessments, as paid and provided for in this section, shall be applied to the liquidation of said bonds and the interest thereon and to that end paid to the trustees of the sinking fund of the city to be by them invested for the best advantage of the city, anything in any general or special statute of the state notwithstanding to the contrary; and if by reason of penalties collected with the delinquent installments there may be any balance after the payment of said bonds and all accrued interest and costs, the said balance shall be turned into the city treasury to the credit of a fund for street improvements for said city and used for no other purpose; provided, that the city shall not by the sale or issue of such bonds therein; nor shall said city make such issue and sale without at the same time providing for the collection of a direct annual tax sufficient to pay annually the interest on such debt and principal thereof within and not exceeding ten years.

All the assessments, interest and penalties thereon collected from the abutting property owners on account of the grading, paving, sewering or otherwise improving the streets and alleys of the city, under the provisions of this section, shall annually be applied to the annual tax required to pay the interest on such debt and such principal within and not exceeding ten years; and in the event that the assessments, interest and penalties so collected should not amount to the

(g) Whenever it is deemed expedient by the council to provide for paving, curbing, sidewalks or sewers, or any other improvements on any streets or alleys of the city in whole or part, either by the issue of bonds theretofore authorized as herein provided, or by the appropriation of funds in the city treasury not otherwise appropriated, it shall first, having on file in the city clerk's office plans, specifications, profiles and estimates of the proposed improvements, showing the proposed grade of the street, or alley, after completion with reference to the abutting property, declare by resolution the expediency of the work; and said plans, specifications, profiles and estimates shall be open to public inspection.

Said resolutions shall determine the general nature of the work, the method of paying for the same, whether by an appropriation from the funds in the treasury not otherwise appropriated, or whether or not the bonds theretofore, as in this section provided, should be issued and sold; said resolution shall be complete in the form in which it is finally passed and remain on file with the city clerk for public inspection one week before the final passage or adoption thereof. Immediately upon the filing of said resolution with the clerk, a copy thereof shall be published once in some newspaper of general circulation in the city, and affidavits of the publishers of said newspapers showing the publication, with a copy of the notice attached, shall be spread upon the minutes of the meeting of the council at which said resolution is passed or adopted. Said resolution shall be posted at the front door of the building where the council holds it meetings on the day it is filed as aforesaid, and affidavit thereof shall be recorded in the minutes of the council at the next regular meeting.

Until said resolution is finally passed, the council shall hear all persons interested in relation thereto at any regular meeting, and if it decides to proceed with the improvement, it shall pass said resolution. And then said council may by resolution correct or amend said plans, specifications, profiles and estimates and approve and adopt them as so corrected, or as they were in their original form as to it may seem proper; and said plans, specifications, profiles and estimates shall be forthwith filed with the city clerk and by him recorded and attested in a well bound and permanent record book to be kept in his office. Both resolutions shall be in effect when finally passed.

The council may then adopt and pass ordinances for said purpose which shall provide generally the character of the work, make appropriations for the payment thereof, fix the time of payment of assessments therefor and the manner of giving notice of said assessment and correcting the same and providing advertisements for bids for said work; shall also set forth the streets and alleys upon which the property is to be assessed for said improvements, the general character of materials which may be bid upon therefor, the mode of payment for same and a reference to the resolution theretofore passed for said improvements, giving the date of passage, and a statement of the intention of council to proceed therewith in accordance with said resolution and in accordance with the plans, specifications, estimates and profiles provided for such improvements.

the provisions of section 19 of this act [Charter]; and such money shall in no case be used to pay for repairs or streets or alleys or sewers, or for any other purpose than for paving or for sewers. Provided, that the total levy for all purposes shall not exceed the total levy authorized by law. (Acts 1921 (Munl. ch.) ch. 30, § 20.)

Sec. 21. Procedure for recall of elected officer and to elect a successor; person sought to be recalled may be candidate to succeed himself.

The holder of any elective office may be removed at any time by the electors qualified to vote for a successor of such incumbent. The procedure to effect the removal of an incumbent of an elective office shall be as follows: A petition signed by electors entitled to vote for a successor to the incumbent sought to be removed, equal in number to at least twenty per centum of the entire vote for all candidates for the office of mayor cast at the last preceding general municipal election, demanding an election of a successor of the person sought to be removed, shall be filed with the city clerk; which petition shall contain a general statement of the grounds for which the removal is sought. The signatures to the petition need not be appended to one paper, but each signer shall add to his signature his place of residence, giving the street number. One of the signers of each such paper shall make oath before an officer competent to administer oaths, that the statements therein made are true as he believes, and that each signature to the paper appended is the genuine signature of the person whose name it purports to be. Within ten days from the date of filing such petition, the city clerk shall examine, and from the voters' register ascertain whether or not said petition is signed by the requisite number of qualified electors, and if necessary, the council shall allow him to have extra help for that purpose, and he shall attach to said petition his certificate showing the result of said examination. If by the clerk's certificate, the petition is shown to be insufficient, it may be amended within ten days from the date of said certificate. The clerk shall, within ten days after such amendment, make like examination of the amended petition and if his certificate shall show the same to be insufficient, it shall be returned to the person filing the same; without prejudice, however, to the filing of a new petition to the same effect. If the petition shall be deemed to be sufficient, the clerk shall submit the same to the council without delay. If the petition shall be found to be sufficient, the council shall order and fix a date for holding said election, not less than thirty days nor more than forty days from the date of the clerk's certificate to the council that a sufficient petition is filed.

The council shall make, or cause to be made, publication of notice and all arrangements for holding such election, and the same shall be conducted, returned, and the result thereof declared in all respects as are other city elections. So far as applicable, except as otherwise herein provided, nominations hereunder shall be made without the intervention of a primary election by filing with the clerk, at least ten days prior to said special election, a statement of candidacy accompanied by a petition signed by electors entitled to vote at said special election, equal in number to at least ten per centum of the entire vote for all candidates for the office of mayor at the last preceding general municipal election;

The signatures, verifications, inspection, certification, amendment and submission of such petition shall be the same as provided for petition under section 21 hereof.

If this petition accompanying the proposed ordinance be signed by electors equal in number to twenty per centum of the votes cast for all candidates for mayor at the last preceding general election, and contain a request that the said ordinance be submitted to a vote of the people, if not passed by the council, such council shall either--

(a) Pass such ordinance without alteration within twenty days after attachment of the clerk's certificate to the accompanying petition; or,

(b) Forthwith, after the clerk shall attach to the petition accompanying such ordinance his certificate of sufficiency, the council shall call a special election, unless the general municipal election is fixed within ninety days thereafter, and at such special or general municipal election, if one is fixed, such ordinance shall be submitted without alteration to the vote of the electors of said city. But if the petition is signed by no less than ten per centum of the electors, as above defined, then the council shall within twenty days, pass said ordinance without change, or submit the same at the next general election, occurring not more than ninety days nor less than thirty days after the clerk's certificate of sufficiency is attached to said petition.

The ballots used when voting upon said ordinance shall contain these words: "for the ordinance" and "against the ordinance" (stating the nature of the proposed ordinance). If the majority of the qualified electors voting on the proposed ordinance shall vote in favor thereof, such ordinance shall thereupon become a valid and binding ordinance of the city; and any ordinance proposed by petition or which shall be adopted by a vote of the people, cannot be repealed or amended except by a vote of the people. Any number of proposed ordinances may be voted upon at the same election in accordance with the provisions of this section; but there shall not be more than one special election in any period of six months for such purpose.

The council may submit a proposition for the repeal of any such ordinance or for amendment thereto, to be voted upon at any succeeding general city election; and should such proposition so submitted receive a majority of the votes cast thereon at such election, such ordinance shall thereby be repealed or amended accordingly. Whenever any ordinance or proposition is required by this act [Charter] to be submitted to the voters of the city at any election, the city clerk shall cause such ordinance or proposition to be published once in one of the newspapers published in said city; such publication to be not more than twenty nor less than five days before the submission of such proposition or ordinance to be voted on. (Acts 1921 (Munl. ch.), ch. 30, § 22.)

tax thereon on wheeled vehicles for public hire and for all dogs kept within said city, and to impose a tax upon all other subjects of taxation under the several laws of the state, which shall be uniform with respect to persons and property within the jurisdiction of said city, and shall only be levied on such property, real, personal and mixed on which the state imposes a tax; provided, that no greater levy shall be laid by said council on the taxable property of said city than is permitted to be laid under any state law, relating to municipalities, except as herein provided; and, provided, further, that the council shall in making such levy, be subject to all the provisions of chapter 9 of the acts of the legislature of 1908 and any and all amendments thereto, except as herein provided. (Acts 1921 (Munl. ch.), ch. 30, § 25.)

Editor's note.--The provisions of Acts 1908, chapter 9, are now codified in W. Va. Code, §§ 11-8-9, 11-8-10, 11-8-12, 11-8-14, 11-8-16 to 11-8-18, 11-8-26.

Sec. 99. Authority to acquire and equip various public utilities, parks, buildings, etc., and to issue and sell bonds for such purpose subject to conditions and limitations herein specified.

Editor's note.--There are no sections 26 through 98 of this Charter.

The said City of Williamstown is hereby authorized to purchase, build and equip electric light plants, water works and distribution lines and mains, public parks, playgrounds and municipal buildings and to issue and sell the bonds of said city for that purpose, but in no event shall the aggregate indebtedness of said city, bonded, funded or otherwise, exceed five per centum of the assessed value of the property within said city; and, provided further, that in no event shall any bonds be issued by said city unless and until the question of the issuance thereof shall be submitted to the legal voters thereof and be authorized by a three-fifths vote in favor thereof; and, provided, further, that no bonds shall be issued unless provision be made for sufficient levy to pay the interest and principal thereof as the same shall become due and payable according to the tenor of the said bonds; said bonds may be serial bonds, and no bonds shall be issued for a longer period than thirty years, and the submission and all orders and ordinances in reference thereto shall be under and according to the provisions of chapter 47a of Barnes' Code of West Virginia, 1923, insofar as the same may be applicable. (Added by Acts 1925 (Munl. ch.), ch. 14, § 99.)

Editor's note.--Those provisions of chapter 47a of Barnes' Code of W. Va. which are still in effect are covered by or set out in W. Va. Const., art. X, § 1, and W. Va. Code, § 8-13-23 and ch. 13, art. 3.

City of Williamstown

R. E. Leach, Mayor

City Hall
100 West Fifth Street
Williamstown, West Virginia 26187-1597
Telephone 375-7761

C E R T I F I C A T I O N

I, William W. Cutlip, City Clerk of the City of Williamstown, West Virginia, do hereby certify that the attached is a true and accurate copy of the Ordinance of the City of Williamstown, adopted on April 7, 1987.

Dated this 25th day of June, 1987.

Wm. W. Cutlip
City Clerk

SEAL

4305P

THE CITY OF WILLIAMSTOWN, WEST VIRGINIA

Waterworks Refunding
Revenue Bonds, Series 1987,

Sewerage System Refunding
Revenue Bonds, Series 1987

BOND ORDINANCE

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ORDINANCE NO.

AN ORDINANCE AUTHORIZING THE REFUNDING OF THE WATER AND SEWER REVENUE REFUNDING AND IMPROVEMENT BONDS, SERIES 1955, OF THE CITY OF WILLIAMSTOWN, WEST VIRGINIA THROUGH THE ISSUANCE BY THE CITY OF WILLIAMSTOWN, WEST VIRGINIA OF WATERWORKS REFUNDING REVENUE BONDS, SERIES 1987, IN AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $59,000 AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1987, IN AGGREGATE PRINCIPAL AMOUONT OF NOT MORE THAN $59,000; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH WATERWORKS REFUNDING REVENUE BONDS AND SUCH SEWERAGE SYSTEM REFUNDING REVENUE BONDS; PROVIDING FOR THE SEVERING OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF WILLIAMSTOWN INTO A SEPARATE WATERWORKS SYSTEM OF THE CITY OF WILLIAMSTOWN AND A SEPARATE SEWERAGE SYSTEM OF THE CITY OF WILLIAMSTOWN; CONTINUING THE SANITARY BOARD AND ENACTING OTHER PROVISIONS RELATING THERETO.

THE COUNCIL OF THE CITY OF WILLIAMSTOWN HEREBY ORDAINS:

ARTICLE I

DEFINITIONS; STATUTORY AUTHORITY; FINDINGS

Section 1.01. Definitions. The following terms shall have the following meanings in this Ordinance unless the context expressly requires otherwise:

"Act" means Chapter 13, Article 2E of the Code of West Virginia of 1931, as amended, and in effect on the date of enactment of this Ordinance.

"Authorized Officer" means the Mayor or the Acting Mayor of the City.

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

"Bonds" means the Waterworks Bonds and the Sewerage System Bonds.

"Certificate of Authentication" means the certificate of authentication and registration on the Bonds, in substantially the form set forth in Exhibit A hereto with

respect to the Waterworks Bonds and in substantially the form set forth in Exhibit B hereto with respect to the Sewerage System Bonds.

"City" means The City of Williamstown, a municipal corporation of the State of West Virginia, and, where appropriate, the Council, or any successor to either thereof; and "City" also means and includes, as appropriate, the Sanitary Board created by Article IV hereof.

"Code" means the Internal Revenue Code of 1986, as amended, and references to the Code and Sections of the Code shall include relevant regulations thereunder and any successor provisions to such Sections or regulations.

"Combined Act" means Chapter 8, Article 20 of the Code of West Virginia of 1931, as amended, and in effect on the date of enactment of this Ordinance.

"Combined Gross Revenues" or "Combined Revenues" means the aggregate gross operating and non-operating revenues of the Combined System, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided, that "Combined Gross Revenues" or "Combined 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) or any fees paid by customers of the Combined System initially to connect therewith.

"Combined System" means the complete existing combined waterworks and sewerage system now owned by the City, in its entirety or any part thereof, both within and without the City.

"Consulting Engineers" means any qualified engineer or firm of engineers that at any time may be retained by the City as consulting engineers for the Waterworks System or the Sewerage System.

"Cost of Issuance Fund" means The City of Williamstown Cost of Issuance Fund created by Section 3.01 hereof.

"Costs" or similar terms means all those costs now or hereafter permitted by the Act or by the Water Act or by the Sewer Act or by the Combined Act to be financed with bonds issued pursuant thereto, including without limitation, the aggregate principal amount of the Series 1955 Bonds being refunded, interest accrued or to accrue thereon, redemption premiums, and any costs and expenses of issuing the Series 1987 Bonds or of refunding the Series 1955 Bonds.

"Council" means the Council of the City or any other governing body of the City that succeeds to the functions thereof.

"Depository Bank" means any one or more state banking corporations or national banking associations, eligible under the laws of the State to receive deposits of state and municipal funds, insured by the FDIC, and designated by the Sanitary Board or the City as custodian of any one or more of the funds established by Article III hereof.

"Escrow Agreement" means an agreement among the City, the Bond Commission and an escrow agent to be appointed by Supplemental Resolution, providing for payment of the Series 1955 Bonds being refunded hereunder, in substantially such form as may be approved by Supplemental Resolution.

Event of Default" means any event specified in Section 7.01 hereof.

"FDIC" means the Federal Deposit Insurance Corporation or any successor to the functions thereof.

"Fiscal Year" means the twelve-month periods ending June 30, or such other periods as may become the fiscal year of the Sanitary Board.

"Government Obligations" means (i) direct obligations of the United States of America, (ii) obligations unconditionally guaranteed by the United States of America and (iii) securities which represent an interest in direct obligations of the United States of America (including obligations to pay principal or interest) in an amount sufficient to pay when due the face amount of such securities and interest thereon.

"Holder" or "Bondholder" or any similar term means any person who shall be the registered owner of any Outstanding Bond.

"Independent Accountants" when used with respect to the Waterworks System means Harman, Thompson & Mallory, Certified Public Accountants, or any other certified public accountant or firm of certified public accountants licensed to practice in the State and hereafter retained by the City to prepare an independent annual or special audit of the accounts of the Waterworks System or for any purpose except keeping the accounts of the Waterworks System in the normal operations of its business and affairs; and "Independent Accountants" when used with respect to the Sewerage System means Harman, Thompson & Mallory, Certified Public Accountants, or any other certified public accountant or firm of certified public accountants

licensed to practice in the State and hereafter retained by the Sanitary Board to prepare an independent annual or special audit of the accounts of the Sewerage System or for any purpose except keeping the accounts of the Sewerage System in the normal operations of its business and affairs;

"Ordinance," regardless of whether preceded by the article "the" or "this," means this Ordinance, as it may be amended or supplemented hereafter from time to time.

"Original Purchaser" means Williamstown National Bank as the purchaser of the Series 1987 Bonds from the City; provided, that such bank and the City shall agree to the purchase of the Series 1987 Bonds, including the exact principal amount and interest rates thereof as fixed by the Supplemental Resolution with the sale price thereof to be not less than a price which will be within the limitations set forth in the Act. In the event the City and said purchaser do not agree upon the sale of the Series 1987 Bonds to said purchaser, and with respect to subsequent series of Bonds, "Original Purchaser" shall mean the person, firm or corporation to whom the City sells such Bonds, at a sale price within the limits set forth in the Act or in the Water Act or in the Sewer Act, as applicable, pursuant to a Supplemental Resolution.

"Outstanding," means all Bonds issued and delivered as of any date, except (a) any Bond cancelled by the Registrar at or prior to said date; (b) any Bond for the payment of which moneys or Government Obligations equal to the principal amount thereof plus the premium payable thereon, if any, and the interest thereon accrued or to accrue to the date of maturity or prior redemption shall be set aside, whether at or prior to such maturity or prior redemption, held under this Ordinance for such payment; (c) any Bond deemed to have been paid pursuant to Section 9.01 hereof; and (d) with respect to determining the percentage of the principal amount of Bonds required for consents, notices and the like, any Bond registered to the City.

"Paying Agent" means the Registrar and any alternate or successor paying agent or co-paying agent for the Bonds appointed by Supplemental Resolution hereto.

"Prior Ordinance" means the Ordinance enacted by the City on October 18, 1955 authorizing issuance of the Series 1955 Bonds.

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

A. Government Obligations;

B. 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; the Federal National Mortgage Association (but only to the extent such obligations are guaranteed by the Government National Mortgage Association); or the Government National Mortgage Association;

C. Public housing bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America; temporary notes, preliminary loan notes or project notes issued by public agencies or municipalities, in each case fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;

D. Certificates of deposit or other similar banking arrangements permitted by law, with a member bank or member banks of the Federal Reserve System or banks the deposits of which are insured by the FDIC, upon the terms and conditions as follows:

(i) all moneys invested in each such interest-bearing time deposit, certificate of deposit or similar banking arrangement shall be continuously and fully secured by obligations of the types described in clauses A, B and C above of a market value equal at all times to the amount of the deposit, certificate or similar banking arrangement; and

(ii) each such interest-bearing time deposit, certificate of deposit or similar banking arrangement shall permit the moneys so placed to be available for use at the times provided with respect to the investment or reinvestment of such moneys;

E. Direct and general obligations of the State or any other state within the territorial United States, to the payment of the principal of and interest on which the full faith and credit of such state is pledged; provided, that, at the time of their purchase, such obligations are rated in either of the two highest rating categories by a nationally recognized bond rating agency;

F. The "consolidated fund" (or any distinct portion thereof) managed by the West Virginia State Board of Investments pursuant to Chapter 12, Article 6 of the Code of West Virginia, 1931, as amended, provided that investments by such fund (or portion thereof) on behalf of the City may only be in Qualified Investments other than those described in this paragraph F;

G. Repurchase agreements relating to any securities of the type described in clauses A or C above with any banking institution or association, including the Depository Bank, or any other financial institution, provided that the Depository Bank or the Bond Commission, as the case may be, or its agent have possession of the collateral, and that such collateral be free of claims of third parties.

"Record Date" means the fifteenth day of the month preceding any interest payment date with respect to the Bonds if such interest payment date is the first day of a month, or the first day of the month preceding any interest payment date if such interest payment date is the fifteenth day of that month, or in the event of a default in the payment of Bonds, that special record date to be fixed by the Registrar by notice given to the Holders not less than 10 days prior to said special record date.

"Register" means the books kept by the Registrar for the registration and transfer of Bonds.

"Registrar" means the registrar for the Bonds appointed by Supplemental Resolution.

"Sanitary Board" means the Sanitary Board of the City, a municipal agency created by Ordinance of the City adopted June 3, 1958, contained in Chapter 19, Article IV of the Code of the City, and continued by Article IV hereof pursuant to the Sewer Act and having the powers and duties therein specified.

"Series 1987 Bonds" means the City's Waterworks Refunding Revenue Bonds, Series 1987 and the City's Sewerage System Refunding Revenue Bonds, Series 1987, authorized to be issued pursuant to this Ordinance.

"Series 1955 Bonds" means the City's Water and Sewer Revenue Refunding and Improvement Bonds, Series 1955, dated December 1, 1955 upon original issuance and issued in aggregate principal amount of $320,000 pursuant to an ordinance enacted by the Council of the City on October 18, 1955.

"Series 1987 Waterworks Refunding Bonds" means the City's Waterworks Refunding Revenue Bonds, Series 1987, authorized to be issued pursuant to this Ordinance.

"Series 1987 Sewerage System Refunding Bonds" means the City's Sewerage System Refunding Revenue Bonds, Series 1987, authorized to be issued pursuant to this Ordinance.

"Sewer Act" means Chapter 16, Article 13 of the Code of West Virginia of 1931, as amended, and in effect on the date of enactment of this Ordinance.

"Sewerage System" means the complete existing sewerage system now owned by the City and established pursuant to Article IV of this Ordinance, in its entirety or any part thereof, both within and without the City and any extensions, improvements and betterments thereto hereafter constructed or acquired for said system from any sources whatsoever.

"Sewerage System Bondholder" means any person who shall be the registered owner of any Outstanding Sewerage System Bond.

"Sewerage System Bonds" means the Series 1987 Sewerage System Refunding Bonds and any additional parity Sewerage System Bonds hereafter issued within the terms, restrictions and conditions of this Ordinance.

"Sewerage System Depreciation Fund" means The City of Williamstown Sewerage System Depreciation Fund created by Section 3.01 hereof.

"Sewerage System Gross Revenues" or "Sewerage System Revenues" means the aggregate gross operating and non-operating revenues of the Sewerage System, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided, that "Sewerage System Gross Revenues" or "Sewerage System 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) or any fees paid by customers of the Sewerage System initially to connect therewith.

"Sewerage System Net Revenues" means Sewerage System Gross Revenues less Sewerage System Operating Expenses.

"Sewerage System Operating Expenses," unless qualified, means the current expenses, paid or accrued, of operation, repair and maintenance of the Sewerage System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, supplies, labor, wages, the cost of materials and supplies used for current operations, fees and expenses of fiscal agents and of the Registrar and any other Paying Agent, 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 "Sewerage System Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Sewerage System 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.

"Sewerage System Operation and Maintenance Fund" means The City of Williamstown Sewerage System Operation and Maintenance Fund created by Section 3.01 hereof.

"Sewerage System Reserve Account" means The City of Williamstown Sewerage System Bonds Reserve Account created in the Sewerage System Sinking Fund by Section 3.02 hereof.

"Sewerage System Reserve Account Requirement" means the average amount of principal and interest which will come due on the Sewerage System Bonds in the then current or any succeeding Fiscal Year.

"Sewerage System Revenue Fund" means The City of Williamstown Sewerage System Revenue Fund created by Section 3.01 hereof.

"Sewerage System Sinking Fund" means The City of Williamstown Sewerage System Bonds Sinking Fund created by Section 3.02 hereof.

"State" means the State of West Virginia.

"Supplemental Resolution" means any ordinance or resolution amendatory hereof or supplemental hereto and, when preceded by the article "the," refers specifically to any Supplemental Resolutions authorizing the sale of the Series 1987 Bonds to the Original Purchaser and setting forth other matters pertaining thereto.

"Water Act" means Chapter 8, Article 19 of the Code of West Virginia of 1931, as amended, and in effect on the date of enactment of this Ordinance.

"Waterworks Bondholder" means any person who shall be the registered owner of any Outstanding Waterworks Bond.

"Waterworks Bonds" means the Series 1987 Waterworks Refunding Bonds and any additional parity Waterworks Bonds hereafter issued within the terms, restrictions and conditions of this Ordinance.

"Waterworks Depreciation Fund" means The City of Williamstown Waterworks Depreciation Fund created by Section 3.01 hereof.

"Waterworks Gross Revenues" or "Waterworks Revenues" means the aggregate gross operating and non-operating revenues of the Waterworks System, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for

uncollectible accounts; provided, that "Waterworks Gross Revenues" or "Waterworks 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) or any fees paid by customers of the Waterworks System initially to connect therewith.

"Waterworks Net Revenues" means Waterworks Gross Revenues less Waterworks Operating Expenses.

"Waterworks Operating Expenses," unless qualified, means the current expenses, paid or accrued, of operation, repair and maintenance of the Waterworks System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, supplies, labor, wages, the cost of materials and supplies used for current operations, fees and expenses of fiscal agents and of the Registrar and any other Paying Agent, 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 "Waterworks Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Waterworks 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.

"Waterworks Operation and Maintenance Fund" means The City of Williamstown Waterworks Operation and Maintenance Fund created by Section 3.01 hereof.

"Waterworks Reserve Account" means The City of Williamstown Waterworks Bonds Reserve Account created in the Waterworks Sinking Fund by Section 3.02 hereof.

"Waterworks Reserve Account Requirement" means the maximum amount of principal and interest which will come due on the Waterworks Bonds in the then current or any succeeding Fiscal Year.

"Waterworks Revenue Fund" means The City of Williamstown Waterworks Revenue Fund created by Section 3.01 hereof.

"Waterworks Sinking Fund" means The City of Williamstown Waterworks Bonds Sinking Fund created by Section 3.02 hereof.

"Waterworks System" means the complete existing waterworks now owned by the City and established pursuant to Article IV of this Ordinance, in its entirety or any part thereof, both within and without the City and any extensions, improvements and betterments thereto hereafter constructed or acquired for said waterworks from any sources whatsoever.

Words importing the singular number shall include the plural number and vice versa; words importing persons shall include firms and corporations and vice versa; and words importing the masculine gender shall include the feminine and neuter genders and vice versa.

The terms "herein," "hereunder," "hereby," "hereto," "hereof" and any similar terms refer to the Ordinance, and the term "hereafter" refers to the period following enactment of the Ordinance.

Additional terms and phrases are defined in the Ordinance as they are used. Accounting terms not specifically defined herein shall be ascribed those meanings according with generally accepted accounting principles.

Articles, sections and subsections mentioned by number only are the respectively numbered articles, sections and subsections of the Ordinance.

Section 1.02. Authority for the Ordinance. The Ordinance is enacted pursuant to the provisions of the Act, the Sewer Act, the Water Act, the Combined Act and the Charter of the City and other applicable provisions of law.

Section 1.03. Findings. The Council hereby finds and determines as follows:

A. The City now owns a combined waterworks and sewerage system established by the Prior Ordinance.

B. The Prior Ordinance contains certain provisions which impose unnecessary and costly restrictions, conditions, and limitations upon the City, in that the Prior Ordinance makes it impossible to pledge water revenues and sewer revenues separately, in that the prior Ordinance requires unnecessarily costly debt service coverage as a prerequisite to the issuance of parity bonds; and in that the Prior Ordinance requires the accumulation of a depreciation fund beyond the reasonable requirement of the City.

C. The present sewage treatment facilities of the City are inadequate and the existing sewage treatment plant cannot meet State and Federal regulatory requirements for secondary sewage treatment.

D. In order to improve its sewage treatment facilities so as to meet Federal and State regulatory requirements at the lowest possible cost it is necessary for the City to enter into a loan agreement with the West Virginia Water Development Authority and to issue its Sewerage System Revenue Bonds to be purchased by the Water Development Authority.

E. The execution of such a loan agreement with the Water Development Authority, and the issuance of such Sewerage System Revenue Bonds cannot be accomplished so long as the City continues to have the Combined System.

F. It is in the best and public interests of the City and the inhabitants thereof and the users of the Combined System that the City sever the Combined System into a separate Waterworks System and a separate Sewerage System, so that necessary and desirable waterworks and sewage system improvements can be separately financed.

G. It is in the best and public interests of the City and the inhabitants thereof and the users of the Sewerage System and the Waterworks System of the City that the City issue its Series 1987 Bonds for the purpose of refunding its Series 1955 Bonds, so as to effect the termination of the restrictions, conditions, and limitations continued therein.

H. The Waterworks Gross Revenues estimated to be derived in each year hereafter will be sufficient to pay the expenses of operation, repair, replacements and maintenance of the Waterworks System; to set aside in the Waterworks Sinking Fund an amount sufficient to pay the interest upon the Waterworks Refunding Bonds as such interest becomes due and payable, the fiscal agency charges for paying the Waterworks Refunding Bonds and the interest thereon, and the principal of the Waterworks Refunding Bonds as and when the same becomes due; to maintain reasonable reserves therefor; to provide an adequate Waterworks Depreciation Fund and to make all other payments provided for in this Ordinance.

I. The Sewerage System Gross Revenues estimated to be derived in each year hereafter will be sufficient to pay the expenses of operation, repair, replacements and maintenance of the Sewerage System; to set aside in the Sewerage System Sinking Fund an amount sufficient to pay the interest upon the Sewerage System Refunding Bonds as such interest becomes due and payable, the fiscal agency charges for paying the Sewerage System Refunding Bonds and the interest thereon, and the principal of the Sewerage System Refunding Bonds as and when the same becomes due; to maintain reasonable reserves therefor; to provide an adequate Sewerage System Depreciation Fund and to make all other payments provided for in this Ordinance.

J. The Series 1987 Bonds are issued pursuant to the Act.

K. All permits, licenses and other authorizations presently required for the operation of the Waterworks System and the Sewerage System have been obtained.

L. It is in the best and public interests of the City and the inhabitants thereof and the users of the Waterworks System hereinafter established that the City issue the Series 1987 Waterworks Refunding Bonds and secure the Series 1987 Waterworks Refunding Bonds by a first pledge and assignment of the Waterworks Gross Revenues as hereinafter provided, all moneys in the Waterworks Sinking Fund, and moneys in the Waterworks Depreciation Fund (to the extent hereinafter provided) and the unexpended proceeds of the Series 1987 Waterworks Refunding Bonds.

M. It is in the best and public interests of the City and the inhabitants thereof and the users of the Sewerage System hereinafter established that the City issue the Series 1987 Sewerage System Refunding Bonds and secure the Series 1987 Sewerage System Refunding Bonds by a first pledge and assignment of the Sewerage System Net Revenues as hereinafter provided, all moneys in the Sewerage System Sinking Fund, and moneys in the Sewerage System Depreciation Fund (to the extent hereinafter provided) and the unexpended proceeds of the Series 1987 Sewerage System Refunding Bonds.

Section 1.04. Ordinance Constitutes Contract. In consideration of the acceptance of the Bonds by those who shall hold the same from time to time, this Ordinance shall be deemed to be and shall constitute a contract between the City and the Bondholders. The covenants and agreements herein set forth to be performed by the City relating to the Waterworks shall be for the equal benefit, protection and security of the Holders of any and all of the Waterworks Bonds, which Waterworks Bonds shall be of equal rank and without preference, priority or distinction between any one Waterworks Bond and any other Waterworks Bond by reason of priority of issuance or otherwise. The covenants and agreements herein set forth to be performed by the City relating to the Sewerage System shall be for the equal benefit, protection and security of the Holders of any and all of the Sewerage System Bonds, which Sewerage System Bonds shall be of equal rank and without preference, priority or distinction between any one Sewerage System Bond and any other Sewerage System Bond by reason of priority of issuance or otherwise.

ARTICLE II

BONDS

Section 2.01. Form and Payment of Bonds. The Bonds shall be issued as fully registered Bonds without coupons, in denominations of $500 and integral multiples thereof for any year of maturity. Any Bond issued prior to the first interest payment date of the series of which such Bond is a part shall be dated the date specified by Supplemental Resolution. Any Bond issued on or subsequent to the first interest payment date of the series of which such Bond is a part shall be dated as of the interest payment date next preceding the date of authentication thereof; unless such date of authentication is an interest payment date on which interest on said Bond shall have been paid in full or duly provided for, in which case said Bond shall be dated such date of authentication; or unless, as shown by the records of the Registrar, interest on such Bond shall be in default, in which case any Bond issued in exchange for a Bond surrendered for transfer or exchange shall be dated as of the date to which interest has been paid in full on the Bond surrendered. Interest on each Bond shall be payable from the date thereof.

The principal of, premium, if any, and interest on the Bonds shall be payable in any coin or currency which, on the date of payment, is legal tender for the payment of public and private debts under the laws of the United States of America. The principal of and premium, if any, on the Bonds shall be payable at the office of the Paying Agent. The interest on the Bonds shall be paid by check or draft made payable and mailed to the Holder thereof as of the Record Date at his address as it appears in the Register on the Record Date.

Interest on any Bond which is payable, but is not punctually paid or provided for, on any interest payment date ("Defaulted Interest") shall forthwith cease to be payable to the Holder as of the relevant regular Record Date, and such Defaulted Interest shall be paid to the Holder in whose name the Bond is registered at the close of business on a special Record Date to be fixed by the Registrar, such date to be not more than 15 nor less than 10 days (whether or not a business day) prior to the date of proposed payment. The Registrar shall cause notice of the proposed payment of Defaulted Interest and the special Record Date therefor to be mailed, first class postage prepaid, to each such Holder, at his address as it appears in the Register, not less than 10 days prior to such special Record Date.

In the event any Bond is redeemed in part, such Bond shall be surrendered to and cancelled by the Registrar, and the City shall execute, and the Registrar shall authenticate and deliver to the Holder thereof, another Bond in the principal amount of said surrendered Bond then Outstanding.

Section 2.02. Execution of Bonds. The Bonds shall be executed in the name of the City by the manual signature of its Mayor, and the seal of the City shall be affixed thereto and attested by the City Clerk of the City by manual signature. In case any one or more of the persons who shall have signed or sealed any Bond shall cease to hold such office before such Bond so signed and sealed shall have been delivered, such Bond nevertheless may be delivered as herein provided and may be issued as if such person had not ceased to hold such office. Any Bond may be signed, sealed and attested on behalf of the City by such person as at the time of such actions shall hold the requisite office, regardless of whether such person shall have held such office on the date of such Bond.

Section 2.03. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit hereof unless and until the Certificate of Authentication on such Bond shall have been duly executed by the Registrar. Any Certificate of Authentication upon any Bond so executed shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Ordinance. The Certificate of Authentication on any Bond shall be deemed to have been executed by the Registrar if signed by the manual signature of an authorized officer of the Registrar. It shall not be necessary that the same authorized officer sign the Certificate of Authentication on all of the Bonds or on all of the Bonds of any series.

Section 2.04. Negotiability and Registration. Subject to the requirements for transfer 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, and each successive Holder, in accepting any of the Bonds, shall be deemed conclusively to have agreed to the incontestability of the Bonds in the hands of a bona fide holder for value, subject to compliance by such holder with the registration provisions herein and therein provided.

So long as any of the Bonds remain Outstanding, the Registrar shall keep and maintain the Register for the registration and transfer of the Bonds.

A Bond shall be transferable only by transfer of registration upon the Register by the registered owner thereof in person or by his attorney or legal representative duly authorized in writing, upon surrender thereof, together with a

written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or such duly authorized attorney or legal representative. Upon transfer of a Bond, there shall be issued another Bond or Bonds (at the option of the transferee) of the same series, interest rate and maturity as said transferred Bond and of an aggregate principal amount equal to the unpaid principal amount of the transferred Bond.

In all cases in which the privilege of transferring or exchanging a Bond is exercised, Bonds shall be delivered in accordance with the provisions of this Ordinance. All Bonds surrendered in any such transfer or exchange shall be cancelled forthwith by the Registrar. Transfers of Bonds and exchanges of Bonds in the event of partial redemption shall be made by the Registrar without charge to the Holder or the transferee thereof, except as provided below. For exchanges of Bonds, except in the event of partial redemption, the Registrar may impose a service charge payable by the City. For every transfer or exchange of Bonds, except upon partial redemption, the Registrar may make a charge sufficient to reimburse its office for any tax or other governmental charge required to be paid with respect to such transfer or exchange. In the event of partial redemption of Bonds, the City shall pay such service charge, tax or other governmental charge. The Registrar shall not be obliged to make any such transfer or exchange of Bonds proposed to be redeemed after the selection of such Bonds to be redeemed.

Section 2.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the City may execute, and the Registrar shall authenticate, register and deliver, a new Bond of like series, maturity and principal amount as the Bond so mutilated, destroyed, stolen or lost, either in exchange for and upon surrender and cancellation of, such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, but only if the Holder shall furnish the City and the Registrar with proof of his ownership thereof and that said Bond has been destroyed, stolen or lost and shall comply with such other reasonable regulations and conditions as the City or the Registrar may stipulate. The name of the Holder listed in the Register shall constitute proof of ownership. All Bonds so surrendered shall be submitted to and cancelled by the Registrar, and evidence of such cancellation shall be given to the City. If any such Bond shall have matured or be about to mature, the City, by and through the Registrar, may pay the same without issuance of a substitute Bond therefor.

Section 2.06. Notice of Redemption. The Registrar shall give notice of any redemption of the Bonds to each Holder of Bonds to be redeemed in the name of the City by first class mail addressed to such Holder at his address appearing in the

Register, postage prepaid, not less than 30 days nor more than 60 days prior to the date fixed for redemption. Failure to receive such notice or any defect in the mailing thereof shall not affect the validity of any proceedings for the redemption of Bonds; and failure to mail such notice shall not affect the validity of any proceedings for the redemption of any Bond as to which no such failure occurred. Any such notice shall specify the series and maturities of Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all Bonds of any maturity within any series are to be redeemed, the letters and numbers of the Bonds to be redeemed. Notice of redemption having been given in the manner hereinabove provided, and moneys to pay the principal of, premium, if any, and interest on said Bonds having been deposited with the Bond Commission for payment thereof, on the date fixed for redemption the Bonds called for redemption shall be deemed paid, and interest thereon shall cease to accrue; and upon presentation and surrender of such Bonds at the office specified in such notice, such Bonds shall be paid at the designated redemption price.

Section 2.07. Persons Treated as Owners. The City, the Registrar and any agent of the City or the Registrar may treat the person in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of the principal of and interest on such Bond, and for all other purposes, whether or not such Bond is overdue.

Section 2.08. Temporary Bonds. Until Bonds of any series are ready for delivery in definitive form, the City may execute and the Registrar shall authenticate, register and deliver, subject to the provisions, limitations and conditions set forth in this Article II, one or more printed, lithographed, or typewritten Bonds in temporary form, substantially in the form of the definitive Bonds of such series, with appropriate omissions, variations and insertions, and in authorized denominations. Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the security of this Ordinance. Upon the request of a Holder of a Bond in temporary form, the City shall prepare, execute and deliver to the Registrar, and the Registrar shall authenticate, register and deliver in exchange therefor, a Bond or Bonds in definitive form. Such exchange shall be made by the Registrar without making any charge therefor to the Holder of such Bond in temporary form.

Section 2.09. Series 1987 Bonds. For the purposes of refunding in advance the Series 1955 Bonds, of funding the Waterworks Reserve Account (subject to the provisions of Section 3.04C hereof), of funding the Sewerage System Reserve Account (subject to the provisions of Section 3.04C hereof) and of paying the Costs of issuing the Series 1987 Bonds and of

refunding the Series 1955 Bonds, there shall be issued the Series 1987 Waterworks Bonds in aggregate principal amount not to exceed $59,000 and the Series 1987 Sewerage System Bonds in aggregate principal amount not to exceed $59,000. For each maturity of the Series 1955 Bonds, there shall be issued Series 1987 Waterworks Bonds in an aggregate principal amount equal to one-half (1/2) of the aggregate principal amount of such maturity and Series 1987 Sewerage System Bonds in an aggregate principal amount equal to one-half (1/2) of the aggregate principal amount of such maturity. The Series 1987 Waterworks Bonds shall be designated "Waterworks Refunding Revenue Bonds, Series 1987" and shall be numbered consecutively upwards, preceded by such prefix as the Original Purchaser may advise. The Series 1987 Sewerage System Bonds shall be designated "Sewerage System Refunding Revenue Bonds, Series 1987" and shall be numbered consecutively upwards, preceded by such prefix as the Original Purchaser may advise. The Series 1987 Bonds shall recite that the Series 1987 Bonds are issued pursuant to the Act. The Series 1987 Bonds shall be dated such date upon original issuance; shall be issued in such aggregate principal amounts not exceeding $59,000 of Series 1987 Waterworks Bonds and $59,000 of Series 1987 Sewerage System Bonds; shall bear interest at such rate or rates, not exceeding the then legally permissible rate, payable semiannually on such dates; shall mature on such dates and in such amounts; shall be subject to such redemption prior to maturity; and shall have such other terms, all as the City shall prescribe by the Supplemental Resolution.

Section 2.10. Form of Series 1987 Bonds. The Series 1987 Waterworks Refunding Bonds shall be issued in substantially the form set forth as Exhibit A hereto, with such appropriate variations, omissions and insertions as are permitted or required by this Ordinance or the Supplemental Resolution and are deemed necessary or advisable by the Registrar and the City. The Series 1987 Sewerage System Refunding Bonds shall be issued in substantially the form set forth as Exhibit B hereto, with such appropriate variations, omissions and insertions as are permitted or required by this Ordinance or the Supplemental Resolution and are deemed necessary or advisable by the Registrar and the City.

Section 2.11. Delivery of Series 1987 Bonds. The City shall execute and deliver to the Registrar, and the Registrar shall authenticate, register and deliver to the Original Purchaser the Series 1987 Bonds, upon payment therefor and receipt of the documents set forth below:

A. A request and authorization to the Registrar on behalf of the City, signed by an Authorized Officer, to authenticate and deliver to the Original Purchaser the Series 1987 Bonds; and

B. The unqualified approving opinion of bond counsel designated by the City and acceptable to the Original Purchaser.

ARTICLE III

BOND PROCEEDS; FUNDS AND ACCOUNTS; SANITARY BOARD

Section 3.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts hereby are established with one or more Depository Banks:

(1) The Cost of Issuance Fund;

(2) The Waterworks Revenue Fund;

(3) The Sewerage System Revenue Fund;

(4) The Waterworks Depreciation Fund;

(5) The Sewerage System Depreciation Fund;

(6) The Waterworks Operation and Maintenance Fund.

(7) The Sewerage System Operation and Maintenance Fund.

Section 3.02. Establishment of Funds and Accounts with Bond Commission. The Waterworks Sinking Fund, and within the Waterworks Sinking Fund the Waterworks Reserve Account, and the Sewerage System Sinking Fund, and within the Sewerage System Sinking Fund, the Sewerage System Reserve Account, hereby are established with the Municipal Bond Commission.

Section 3.03. Waterworks Gross Revenues and Application Thereof. So long as any of the Waterworks Bonds shall remain Outstanding, the City covenants as follows:

A. All Waterworks Gross Revenues shall be deposited by the City in the Waterworks Revenue Fund promptly upon receipt. The Waterworks Revenue Fund shall be kept separate and distinct from all other funds of the City and the Depository Bank. Funds on deposit in the Waterworks Revenue Fund shall be applied only in the following manner and order of priority (but subject to subparagraph 6 hereof):

1. (a) On the first day of each month, beginning on the first day of that month which is seven months prior to the first interest payment date on which interest is to be paid from Waterworks Revenues, as set forth by

Supplemental Resolution, the City shall apportion and set apart out of the Waterworks Revenue Fund and remit to the Bond Commission for deposit in the Waterworks Sinking Fund, a sum equal to one-sixth of the amount of interest which will become due on the Waterworks Bonds on the next ensuing semiannual interest payment date; provided, that "next ensuing semiannual interest payment date" shall not refer to the interest payment date on which any such deposit is made. The last monthly deposit to be made in each six-month period to pay interest on the next ensuing semiannual interest payment date may be reduced to the extent that deposits made for the five preceding months, together with any other moneys on deposit in the Waterworks Sinking Fund for the payment of interest, would be sufficient with such reduced monthly deposit to make the next ensuing semiannual interest payment.

(b) On the first day of each month, beginning on the first day of that month which is 13 months prior to the first principal payment of the Waterworks Bonds, the City shall apportion and set apart out of the Waterworks Revenue Fund and remit to the Bond Commission for deposit in the Waterworks Sinking Fund, a sum equal to one-twelfth of the amount of principal which will mature and become due on the Waterworks Bonds on the next ensuing principal payment.

(c) The City shall next, from the Waterworks Revenue Fund remit to the Bond Commission for deposit in the Waterworks Reserve Account within the Waterworks Sinking Fund an amount equal to one-twelfth of one-tenth of the Waterworks Reserve Account Requirement; provided that no further payments shall be made unto the Waterworks Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Waterworks Reserve Account Requirement.

(d) On such dates as the Bond Commission shall require, the City shall remit to the Bond Commission such additional sums from the Waterworks Revenue Fund as shall be necessary to pay the fiscal agency charges due for paying the Waterworks Bonds and the interest thereon.

Pending such application, moneys in the Waterworks Revenue Fund shall be invested in accordance with Article IV hereof.

Moneys on deposit in the Waterworks Sinking Fund shall be used only for the purposes of paying the principal of and the interest on the Waterworks Bonds as the same shall become due.

The City shall not be required to make further deposits into the Waterworks Sinking Fund and the Waterworks Reserve Account therein when the sum in the Waterworks Sinking

Fund and all accounts therein of cash, Government Obligations and interest to be earned on such Government Obligations, without reinvestment, is at least equal to the aggregate principal amount of Waterworks Bonds then Outstanding plus the amount of interest due or thereafter to become due thereon.

As and when additional Waterworks Bonds are issued, provision shall be made for additional deposits into the Waterworks Sinking Fund sufficient to pay the interest on such additional Waterworks Bonds and accomplish retirement thereof at or before maturity.

Deposits into the Waterworks Sinking Fund shall be made on the first day of each month, except that, when the first day of any month shall be a Saturday, Sunday or legal holiday, then such deposit shall be made on the next succeeding business day. All such deposits shall be remitted to the Bond Commission with appropriate instructions, consistent with the provisions of this Ordinance, as to the custody, use and application of the funds deposited.

2. The City shall restore any withdrawals from the Waterworks Reserve Account which have the effect of reducing the value of the funds therein below the Waterworks Reserve Account Requirement, first from moneys then remaining in the Waterworks Revenue Fund and next from funds deposited in the Waterworks Depreciation Fund and then from the first Waterworks Revenues available after all required deposits to the Waterworks Sinking Fund, including deposits in respect of deficiencies for prior deposits, have been made in full; provided, that the City shall not be required to restore any withdrawal when the sum in the Waterworks Sinking Fund and all accounts therein of cash, Government Obligations and interest to be earned on such Government Obligations, without reinvestment, is at least equal to the aggregate principal amount of Waterworks Bonds then Outstanding plus the amount of interest due or thereafter to become due thereon.

3. On the first day of each month, beginning with the first month in which interest shall be payable from the Waterworks Revenue Fund, the City shall apportion and set apart out of the Waterworks Revenue Fund and transfer to the Waterworks Depreciation Fund, a sum equal to 2-1/2% of Waterworks Gross Revenues, less any amount transferred to the Waterworks Reserve Account, received during the previous month. All funds in the Waterworks Depreciation Fund shall be kept separate and distinct from all other funds of the City and the Depository Bank.

Withdrawals and disbursements from the Waterworks Depreciation Fund shall be made by the City only for the following purposes and in the following order of priority:

(a) For the payment of the then payable principal of, premium, if any, and interest on the Waterworks Bonds if there are not sufficient funds therefor in the Waterworks Sinking Fund (including the Waterworks Reserve Account);

(b) To make up any deficiency in the Waterworks Reserve Account (so that the amount on deposit therein is at least equal to the Sewerage System Reserve Account Requirement), subject to the provisions of Section 3.03A(2);

(c) For the payment of the reasonable costs of land and depreciable renewals, repairs, extensions, improvements and additions to the Waterworks System; provided, that such depreciable items shall be depreciable over a period of not less than five years in accordance with generally accepted accounting principles; and

(d) For the payment of debt service on obligations not on a parity with the Waterworks Bonds, the proceeds of which obligations were used to finance such land, depreciable renewals, repairs, extensions, improvements and additions to the Waterworks System.

Pending such application, moneys in the Waterworks Depreciation Fund shall be invested in accordance with Article V hereof. Funds in the Waterworks Depreciation Fund exceeding the greater of (i) a sum which is sufficient for the purposes of capital replacements, additions or improvements for the Sewerage System System or any part thereof during the then current Fiscal Year and the next ensuing Fiscal Year, as determined by resolution of the Council of the City, or (ii) an amount equal to 10 percent of the aggregate principal amount of Waterworks Bonds Outstanding, may be used by the City to redeem Sewerage System Bonds Outstanding.

4. The City shall apportion and set apart out of the Waterworks Revenue Fund and transfer to the Waterworks Operation and Maintenance Fund all funds remaining in the Waterworks Revenue Fund. Moneys in the Waterworks Operation and Maintenance Fund may be withdrawn by the City at any time to pay current Waterworks Operating Expenses, and thereafter to make up any deficiencies in the Waterworks Sinking Fund to the extent not otherwise provided for above.

5. Whenever all the required transfers and deposits from the Waterworks Revenue Fund have been made and there remains on deposit in the Waterworks Operation and Maintenance Fund an amount exceeding the amounts estimated to be required to be paid for Waterworks Operating Expenses during the then current Fiscal Year and the next ensuing Fiscal Year, as determined by resolution of the Council of the City, such

excess may be transferred by the City to the Waterworks Depreciation Fund or may be used by the City to redeem Waterworks Bonds Outstanding.

6. The priority of application of funds established by this Section 3.03A notwithstanding, if at any time there shall be insufficient Gross Revenues deposited in the Waterworks Revenue Fund to pay Waterworks Operating Expenses as the same become due and payable (following the above-specified prior deposits into the Waterworks Sinking Fund, the Waterworks Reserve Account and the Waterworks Depreciation Fund), then during the continuation of such insufficiency, there shall be apportioned, set aside and transferred from the Waterworks Revenue Fund first to the Waterworks Operation and Maintenance Fund (before the above-specified deposits) such amounts of Waterworks Gross Revenues as the same are received as shall be requisitioned by certificate of the Mayor stating that such insufficiency exists and requisitioning that amount of Waterworks Gross Revenues equal to Waterworks Operating Expenses reasonably expected to be due and payable during the ensuing month. Each such certificate shall be presented to the Depository Bank, with a copy thereof forwarded by first class mail, postage prepaid, to the Original Purchaser. The Depository Bank shall transfer Waterworks Gross Revenues in accordance with any such requisition complying with the terms hereof, and shall have no responsibility for the truth or accuracy of the statements made therein.

7. If on any payment date Waterworks Gross Revenues are insufficient to make the transfers and deposits hereinabove provided, the deficient transfer or deposit shall be corrected on the next ensuing payment date by payments in addition to the payments otherwise required to be made on such payment date.

B. All Sewerage System Gross Revenues shall be deposited by the City in the Sewerage System Revenue Fund promptly upon receipt. The Sewerage System Revenue Fund shall be kept separate and distinct from all other funds of the City and the Depository Bank. Funds on deposit in the Sewerage System Revenue Fund shall be applied only in the following manner and order of priority:

1. On the first day of each month, the City shall apportion and set apart out of the Sewerage System Revenue Fund and transfer to the Sewerage System Operation and Maintenance Fund, an amount sufficient to pay Sewerage System Operating Expenses for the then current month.

2. (a) On the first day of each month, beginning on the first day of that month which is seven months prior to the first interest payment date on which interest is to be paid from Sewerage System Revenues, as set forth by Supplemental Resolution, the City shall apportion and set apart out of the Sewerage System Revenue Fund and remit to the Bond Commission for deposit in the Sewerage System Sinking Fund, a sum equal to one-sixth of the amount of interest which will become due on the Sewerage System Bonds on the next ensuing semiannual interest payment date; provided, that "next ensuing semiannual interest payment date" shall not refer to the interest payment date on which any such deposit is made. The last monthly deposit to be made in each six-month period to pay interest on the next ensuing semiannual interest payment date may be reduced to the extent that deposits made for the five preceding months, together with any other moneys on deposit in the Sewerage System Sinking Fund for the payment of interest, would be sufficient with such reduced monthly deposit to make the next ensuing semiannual interest payment.

(b) On the first day of each month, beginning on the first day of that month which is 13 months prior to the first principal payment of the Sewerage System Bonds, the City shall apportion and set apart out of the Sewerage System Revenue Fund and remit to the Bond Commission for deposit in the Sewerage System Sinking Fund, a sum equal to one-twelfth of the amount of principal which will mature and become due on the Sewerage System Bonds on the next ensuing principal payment.

(c) The City shall next, from the Sewerage System Revenue Fund remit to the Bond Commission for deposit in the Sewerage System Reserve Account within the Sewerage System Sinking Fund an amount equal to one-twelfth of one-tenth of the Sewerage System Reserve Account Requirement; provided that no further payments shall be made unto the Sewerage System Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Sewerage System Reserve Account Requirement.

(d) On such dates as the Bond Commission shall require, the City shall remit to the Bond Commission such additional sums from the Sewerage System Revenue Fund as shall be necessary to pay the fiscal agency charges due for paying the Sewerage System Bonds and the interest thereon.

Pending such application, moneys in the Sewerage System Revenue Fund shall be invested in accordance with Article V hereof.

Moneys on deposit in the Sewerage System Sinking Fund shall be used only for the purposes of paying the principal of and the interest on the Sewerage System Bonds as the same shall become due.

The City shall not be required to make further deposits into the Sewerage System Sinking Fund and the Sewerage System Reserve Account therein when the sum in the Sewerage System Sinking Fund and all accounts therein of cash, Government Obligations and interest to be earned on such Government Obligations, without reinvestment, is at least equal to the aggregate principal amount of Sewerage System Bonds then Outstanding plus the amount of interest due or thereafter to become due thereon.

As and when additional Sewerage System Bonds are issued, provision shall be made for additional deposits into the Sewerage System Sinking Fund sufficient to pay the interest on such additional Sewerage System Bonds and accomplish .etirement thereof at or before maturity.

Deposits into the Sewerage System Sinking Fund shall be made on the first day of each month, except that, when the first day of any month shall be a Saturday, Sunday or legal holiday, then such deposit shall be made on the next succeeding business day. All such deposits shall be remitted to the Bond Commission with appropriate instructions, consistent with the provisions of this Ordinance, as to the custody, use and application of the funds deposited.

2. The City shall restore any withdrawals from the Sewerage System Reserve Account which have the effect of reducing the value of the funds therein below the Sewerage System Reserve Account Requirement, first from moneys then remaining in the Sewerage System Revenue Fund and next from funds deposited in the Sewerage System Depreciation Fund and then from the first Sewerage System Revenues available after all required deposits to the Sewerage System Sinking Fund, including deposits in respect of deficiencies for prior deposits, have been made in full; provided, that the City shall not be required to restore any withdrawal when the sum in the Sewerage System Sinking Fund and all accounts therein of cash, Government Obligations and interest to be earned on such Government Obligations, without reinvestment, is at least equal to the aggregate principal amount of Sewerage System Bonds then Outstanding plus the amount of interest due or thereafter to become due thereon.

3. On the first day of each month, beginning with the first month in which interest shall be payable from the Sewerage System Revenue Fund, the City shall apportion and set apart out of the Sewerage System Revenue Fund

and transfer to the Sewerage System Depreciation Fund, a sum equal to 2-1/2% of Sewerage System Gross Revenues. All funds in the Sewerage System Depreciation Fund shall be kept separate and distinct from all other funds of the City and the Depository Bank.

Withdrawals and disbursements from the Sewerage System Depreciation Fund shall be made by the City only for the following purposes and in the following order of priority:

(a) For the payment of the then payable principal of, premium, if any, and interest on the Sewerage System Bonds if there are not sufficient funds therefor in the Sewerage System Sinking Fund (including the Sewerage System Reserve Account);

(b) To make up any deficiency in the Sewerage System Reserve Account (so that the amount on deposit therein is at least equal to the Sewerage System Reserve Account Requirement), subject to the provisions of Section 3.03B(2);

(c) For the payment of the reasonable costs of land and depreciable renewals, repairs, extensions, improvements and additions to the Sewerage System; provided, that such depreciable items shall be depreciable over a period of not less than five years in accordance with generally accepted accounting principles; and

(d) For the payment of debt service on obligations not on a parity with the Sewerage System Bonds, the proceeds of which obligations were used to finance such land, depreciable renewals, repairs, extensions, improvements and additions to the Sewerage System System.

Pending such application, moneys in the Sewerage System Depreciation Fund shall be invested in accordance with Article V hereof. Funds in the Sewerage System Depreciation Fund exceeding the greater of (i) a sum which is sufficient for the purposes of capital replacements, additions or improvements for the Sewerage System System or any part thereof during the then current Fiscal Year and the next ensuing Fiscal Year, as determined by resolution of the Sanitary Board, or (ii) an amount equal to 10 percent of the aggregate principal amount of Sewerage System Bonds Outstanding, may be used by the City to redeem Sewerage System Bonds Outstanding.

4. Moneys in the Sewerage System Operation and Maintenance Fund may be withdrawn by the City at any time to pay current Sewerage System Operating Expenses, and thereafter to make up any deficiencies in the Sewerage System Sinking Fund to the extent not otherwise provided for herein.

5. Whenever all the required transfers and deposits from the Sewerage System Revenue Fund have been made and there remains on deposit in the Sewerage System Revenue Fund an amount exceeding the amounts estimated to be required to be paid for Sewerage System Operating Expenses during the then current Fiscal Year and the next ensuing Fiscal Year. Such excess may be transferred by the City to the Sewerage System Depreciation Fund or may be used by the City to redeem Sewerage System Bonds Outstanding as directed by the Sanitary Board.

6. If on any payment date Sewerage System Gross Revenues are insufficient to make the transfers and deposits hereinabove provided, the deficient transfer or deposit shall be corrected on the next ensuing payment date by payments in addition to the payments otherwise required to be made on such payment date.

C. The Bond Commission hereby is designated as the fiscal agent for the administration of the Waterworks Sinking Fund and the Sewerage System Sinking Fund. All amounts to be deposited into the Waterworks Sinking Fund and the Sewerage System Sinking Fund shall be remitted by the City to the Bond Commission, as provided herein. All such remittances shall identify clearly the fund or account into which such remittance is to be deposited.

D. Funds on deposit in the Waterworks Revenue Fund and the Sewerage System Revenue Fund and the Waterworks Depreciation Fund and the Sewerage System Depreciation Fund in excess of the amount insured by the FDIC shall be secured at all times to the full extent of such excess by such Qualified Investments as are eligible under the laws of the State to secure deposits of municipal funds.

Section 3.04. Application of Bond Proceeds. The net proceeds of sale to the Original Purchaser of any series of Bonds shall be applied upon delivery of the said series, as follows:

A. The sum specified in the Escrow Agreement pertaining to the Series 1987 Bonds shall be applied in the manner provided therein to refund the Series 1955 Bonds.

B. The amount of the proceeds of said series representing interest accrued thereon from the date thereof, upon original issuance, through the day preceding the date of delivery thereof to the Original Purchaser shall be deposited in the Waterworks Sinking Fund, in the case of the Waterworks Bonds, and the Sewer System Sinking Fund, in the case of the Sewer System BOnds, and, in either case, used to pay the interest on the Bonds of said series next coming due.

To the extent that there are moneys representing accrued interest on deposit in the Waterworks Sinking Fund or the Sewer System Sinking Fund, payments required to be made by the City pursuant to Section 3.03A(1) and 3.03(B)(1) on account of interest shall be reduced proportionately.

C. An amount equal to the Waterworks Reserve Account Requirement and the Sewerage System Reserve Account Requirement, less the amount of other available funds provided therefor, shall be remitted to the Bond Commission for deposit in the Waterworks Reserve Account and the Sewerage System Reserve Account. Except as provided below, moneys in the Waterworks Reserve Account shall be applied only to pay the principal of, premium, if any, or interest on the Bonds as the same become due when other moneys in the Waterworks Sinking Fund are insufficient therefor. Except as provided below, moneys in the Sewerage System Reserve Account shall be applied only to pay the principal of, premium, if any, or interest on the Bonds as the same become due when other moneys in the Sewerage System Sinking Fund are insufficient therefor.

Pending such application, moneys in the Waterworks Reserve Account and the Sewerage System Reserve Account shall be invested and reinvested by the Bond Commission in accordance with Article IV hereof. The City shall withdraw semiannually from the Waterworks Reserve Account funds in excess of the Waterworks Reserve Account Requirement and deposit such funds into the Waterworks Revenue Fund. The City shall withdraw semiannually from the Sewerage System Reserve Account funds in excess of the Sewerage System Reserve Account Requirement and deposit such funds into the Sewerage System Revenue Fund.

As and when additional Waterworks Bonds or Sewerage System Bonds are issued, there shall be deposited in the Waterworks Reserve Account in the case of Waterworks Bonds and the Sewerage System Reserve Account in the case of Sewerage System Bonds an amount such that the balance on deposit therein equals the Waterworks Reserve Account Requirement in the case of Waterworks Bonds and the Sewerage System Reserve Account in the case of Sewerage System Bonds, taking into account such additional Bonds.

D. The balance of the proceeds of any series of Bonds shall be deposited by the City in the Cost of Issuance Fund, which fund shall be kept separate and distinct from all other funds of the City and the Depository Bank and shall be drawn out, used and applied by the City solely to pay Costs. Funds on deposit in the Cost of Issuance Fund in excess of the amount insured by the FDIC shall be secured at all times to the full extent of such excess by such Qualified Investments as are eligible under the laws of the State to secure deposits of municipal funds. Moneys not to be applied immediately to pay

Costs may be invested in accordance with Article IV hereof. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to, such purpose, one half of such unapplied proceeds shall be transferred by the City to the Waterworks Sinking Fund and the remainder of such proceeds shall be transferred to the Sewerage System Sinking Fund. All such proceeds shall constitute a trust fund for such purposes, and there hereby is created a lien upon such moneys until so applied in favor of the Holders of the series of Bonds from which such proceeds are derived.

ARTICLE IV

SEVERANCE OF COMBINED SYSTEM

Section 4.01. Severage of Combined System; Supervision. From and after the effective date of this Ordinance and upon the refunding of the Prior Bonds, the Combined System is hereby severed. From and after the effective date of this Ordinance and the refunding of the Prior Bonds, the City Waterworks shall be managed and operated under the general supervision and control of, separate and apart from the Sewerage System of the City.

Section 4.02. Sanitary Board . The Sanitary Board of the City, heretofore created and existing under the provisions of Chapter 19 Article IV of the Code of the City shall exercise general supervision and control of the Sewerage System pursuant to said Chapter 19, Article IV of the Code of the City.

ARTICLE V

INVESTMENTS; NON-ARBITRAGE; QUALIFIED TAX-EXEMPT OBLIGATION; REPORTING REQUIREMENTS

Section 5.01. Investments. The City shall invest and reinvest, and hereby instructs the Bond Commission and the Depository Bank to invest and reinvest, in Qualified Investments any moneys held as part of the funds and accounts created by this Ordinance to the fullest extent possible subject to applicable laws, this Ordinance and the need for such moneys for the purposes set forth herein. The City may direct the Bond Commission and the Depository Bank in writing as to what particular permitted investments shall be made.

Except as provided below, any investment shall be held in and at all times be deemed a part of the fund or account in which the moneys and investments are held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the corresponding

fund or account. The investments held by the Depository Bank shall be valued as of each January 1 and July 1 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; provided, that no investment shall be sold or reduced by reason of the current market value exceeding the cost thereof. The Bond Commission or the Depository Bank, 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 any loss on such liquidation. The City may invest funds on deposit with the Depository Bank through the trust department of the Depository Bank. The Depository Bank shall not be responsible for any losses from such investments, except losses due to its own gross negligence or willful misconduct.

Qualified Investments may be purchased for the Waterworks Sinking Fund and the Sewerage System Sinking Fund, including the Waterworks Reserve Account and the Sewerage System Reserve Account therein, and for the Waterworks Depreciation Fund and the Sewerage System Depreciation Fund, in the open market.

Qualified Investments acquired for the Waterworks Depreciation Fund and the Sewerage System Depreciation Fund shall mature or be subject to redemption at the option of the holder within three years from the date of such investment.

Qualified Investments acquired for the Waterworks Reserve Account and the Sewerage System Reserve Account shall mature or be subject to redemption at the option of the holder within five years from the date of such investment.

Section 5.02. Restrictions as to Arbitrage Bonds. The City hereby covenants, and hereby instructs the Bond Commission and the Depository Bank, that it shall not permit the proceeds of the Bonds or any other funds of the City to be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause any Bond to be an "arbitrage bond" as defined in Section 148 of the Internal Revenue Code of 1986, as amended. Upon original issuance of any series of Bonds, an Authorized Officer of the City shall certify certain facts and expectations tending to establish that such Bonds are not such arbitrage bonds.

Section 5.03. Arbitrage Covenants. The City hereby certifies, and covenants with the Bondholders that (i) it is a governmental unit with general taxing powers; (ii) the series 1987 Sewerage System Bonds and the Series 1987 Waterworks Bonds are not private activity bonds as defined in Section 141 of the

Code; (iii) not less than 95% of the proceeds of the Series 1987 Sewerage System Bonds and the Series 1987 Waterworks Bonds are to be used for local governmental activities of the City; and (iv)the face amount of all tax-exempt bonds (other than private activity bonds) issued or to be issued by the City during the calendar year 1987 is not as of the date hereof reasonably expected to exceed $5,000,000.

Unless otherwise excepted, the City will make, or cause to be made, all rebate calculations and payments in time, manner and as required in Section 148(f) of the Code. In the event of a failure to pay such amounts, the City will pay to the United States a penalty in 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 by the Secretary. The City shall maintain, and provide the bondholders requesting the same, records of such computations and payments.

Section 5.04. Qualified Tax-Exempt Obligation Covenants. The City hereby designates the Series 1987 Waterworks Bonds and the Series 1987 Sewerage System Bonds as qualified tax-exempt obligations as defined in Section 265(b)(3)(B) of the Code. The City further certifies and covenants with the Bondholders that (i) none of the Series 1987 Waterworks Bonds or the Series 1987 Sewerage System Bonds are private activity bonds; (ii) neither the City nor any agency, board, subdivision, nor other subordinate entity of the City during the calendar year 1987 has designated any tax exempt obligation issued by the City, or any such agency, board, subdivision or subordinate entity as a qualified tax-exempt obligation; (iii) the City, during the calendar year 1987, does not as of the date hereof reasonably expect to issue qualified tax-exempt obligations (other than private activity bonds) in excess of $10,000,000; and (iv) the City will not during calendar year 1987 designate any additional tax-exempt obligations (other than private activity bonds) as qualified, tax-exempt obligations, if the effect of such designation would be to cause the total aggregate amount of qualified tax-exempt obligations of the City or any agency, board, subdivision, or subordinate entity of the City issued during calendar year 1987 to exceed $10,000,000.

Section 5.05. Reporting Requirements. The City will fill all reports or statements necessary to insure the tax-exempt status of the Series 1987 Waterworks Bonds and the Series 1987 Sewerage System Bonds, including without limitation, the information return required under Section 149(e) of the Code.

ARTICLE VI

ADDITIONAL COVENANTS OF THE CITY

Section 6.01. General Covenants of the City. All the covenants, agreements and provisions of this Ordinance shall be and constitute valid and legally binding covenants of the City and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Bonds, as prescribed by Article VI hereof. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, for so long as any of the Bonds remain Outstanding.

Section 6.02. Bonds not to be Indebtedness of the City. The Bonds shall not be a corporate indebtedness of the City within the meaning of any statutory or constitutional limitation but shall be payable solely from Waterworks Gross Revenues as to the Waterworks Bonds and from Sewerage System Net Revenues as to the Sewerage System Bonds, the funds in the Waterworks Sinking Fund and all accounts therein as to the Waterworks Bonds and from funds in the Sewerage System Sinking Fund and all accounts therein as to the Sewerage System Bonds and from funds in the Waterworks Depreciation Fund as to the Waterworks Bonds and the Sewerage System Depreciation Fund, as to the Sewerage System Bonds and as to any series of Bonds, from the unexpended proceeds derived from the sale of that series. No Holder or Holders of any Bonds shall ever have the right to compel the exercise of the taxing power of the City to pay the principal of, premium, if any, or interest on the Bonds.

Section 6.03. Waterworks Bonds Secured by Pledge of Waterworks Gross Revenues, Funds and Unexpended Waterworks Bond Proceeds. The payment of the debt service of all of the Waterworks Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on and pledge of the Gross Revenues and the funds on deposit in the Waterworks Sinking Fund and the Waterworks Depreciation Fund. Waterworks Gross Revenues in an amount sufficient to pay the principal of, premium, if any, and interest on the Waterworks Bonds and to make the deposits into the Waterworks Sinking Fund and all other payments provided for in this Ordinance, and the funds on deposit in the Waterworks Sinking Fund and the Waterworks Depreciation Fund, are pledged irrevocably hereby in the manner provided in this Ordinance to the payment of the principal of, premium, if any, and interest on the Waterworks Bonds as the same become due and for the other purposes provided in this Ordinance. The City hereby pledges the unexpended proceeds of each series of Waterworks Bonds as additional security for payment of the principal of, premium, if any, and interest on the Waterworks Bonds of that series until expended in accordance with the provisions of this Ordinance.

Section 6.04. Sewerage System Bonds secured by Pledge of Sewerage System Net Revenues, Funds and Unexpended Sewerage System Bond Proceeds. The payment of the debt service of all of the Sewerage System Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on and pledge of the Net Revenues and the funds on deposit in the Sewerage System Sinking Fund and the Sewerage System Depreciation Fund. Sewerage System Net Revenues in an amount sufficient to pay the principal of, premium, if any, and interest on the Sewerage System Bonds and to make the deposits into the Sewerage System Sinking Fund and all other payments provided for in this Ordinance, and the funds on deposit in the Sewerage System Sinking Fund and the Sewerage System Depreciation Fund, are pledged irrevocably hereby in the manner provided in this Ordinance to the payment of the principal of, premium, if any, and interest on the Sewerage System Bonds as the same become due and for the other purposes provided in this Ordinance. The City hereby pledges the unexpended proceeds of each series of Sewerage System Bonds as additional security for payment of the principal of, premium, if any, and interest on the Sewerage System Bonds of that series until expended in accordance with the provisions of this Ordinance.

Section 6.05. Waterworks Rates. Just and equitable rates and charges for the use of and the service rendered by the Waterworks System shall be established, all in the manner and form required by law, and copies of such rates and charges so fixed and established at all times shall be kept on file in the offices of the City Clerk, open to inspection by all interested parties. The schedule of rates and charges shall produce in each year Waterworks Gross Revenues sufficient to make the required payments into the funds and accounts created hereunder and to pay Waterworks Operating Expenses. Such schedule of rates and charges shall be revised from time to time, 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 City hereby covenants and agrees that it will fix, establish and collect rates and charges which always shall provide Waterworks Gross Revenues equal to not less than one hundred ten percent (110%) of the average annual amount required to pay the interest and principal as the same become due and accomplish retirement of all Waterworks Bonds or other obligations for the payment of which Waterworks Gross Revenues have or shall have been pledged, charged or otherwise encumbered and leave a balance, after said one hundred ten percent 110%, at least sufficient to provide for all reasonable Waterworks Operating Expenses.

Section 6.06. Sewerage System Rates. Just and equitable rates and charges for the use of the service rendered by the Sewerage System shall be established, all in the manner and form required by law, and copies of such rates and charges so fixed and established at all times shall be kept on file in the offices of the City Clerk of the City and of the Secretary of the Sanitary Board, open to inspection by all interested parties. The schedule of rates and charges shall produce in each year Sewerage System Gross Revenues sufficient to make the required payments into the funds and accounts created hereunder and to pay Operating Expenses. Such schedule of rates and charges shall be revised from time to time, 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 City hereby covenants and agrees that it will fix, establish and collect rates and charges which always shall provide Sewerage System Gross Revenues equal to not less than One hundred ten percent 110% of the average annual amount required to pay the interest and principal as the same become due and accomplish retirement of all Sewerage System Bonds or other obligations for the payment of which Sewerage System Gross Revenues have or shall have been pledged, charged or otherwise encumbered and leave a balance, after said 110%, at least sufficient to provide for all reasonable Operating Expenses of the Sewerage System.

Section 6.07. Operation and Maintenance. The City will maintain the Waterworks System and the Sewerage System in good condition and will operate both as revenue-producing enterprises in an efficient and economical manner, making expenditures for equipment and for the economical operation and maintenance thereof from Waterworks Gross Revenues, and Sewerage System Gross Revenues, as the case may be, as provided in this Ordinance.

Section 6.08. Sale of the Waterworks System and the Sewerage System. Neither the Waterworks System nor the Sewerage System may 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 defease the pledge created by this Ordinance as provided by Section 8.01 hereof. The proceeds from such sale, mortgage, lease or other disposition of either the Waterworks System or the Sewerage System immediately shall be remitted to the Bond Commission for deposit in the Waterworks Sinking Fund in the case of a sale of the Waterworks System, and in the Sewerage System Sinking Fund in the case of the sale of the Sewerage System, and otherwise as prescribed by Section 8.01. Any balance remaining after such defeasance shall be remitted to the City by the Bond Commission unless necessary for the

payment of other obligations of the City payable out of Waterworks Gross Revenues or Sewerage System Gross Revenues, as the case may be. No such sale, lease or other disposition shall be made by the City if the proceeds to be derived therefrom shall be insufficient to defease the pledge created by this Ordinance, as provided by Section 8.01 hereof, without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of Bonds then Outstanding.

Section 6.09. Issuance of Other Obligations Payable out of Waterworks Gross Revenues or Sewerage System Net Revenues and General Covenant Against Encumbrances. The City shall not issue any other obligations whatsoever, except additional parity Bonds as provided in Sections 6.10 and 6.11, payable from Waterworks Net Revenues or Sewerage System Net Revenues which, as to lien, security and source of payment, rank prior or equal to the Waterworks Bonds or the Sewerage System Bonds, as the case may be; and all obligations hereafter issued by the City payable from either Waterworks Net Revenues or Sewerage System Gross Revenues, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate to the Waterworks Bonds or the Sewerage System Bonds, as the case may be, as to lien, security and source of payment.

The City shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over, or except with respect to said additional parity Waterworks Bonds, being on a parity with, the lien of the Waterworks Bonds and the interest thereon, upon Waterworks Gross Revenues.

The City shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over, or except with respect to said additional parity Sewerage System Bonds, being on a parity with, the lien of the Sewerage System Bonds and the interest thereon, upon Sewerage System Net Revenues.

Section 6.10. Additional Parity Waterworks Bonds. No additional parity Waterworks Bonds, as in this Section defined, shall be issued after the issuance of any Waterworks Bonds except under the conditions and in the manner herein provided.

No additional parity Waterworks Bonds shall be issued except for the purpose of financing the Costs of the construction of additions, betterments or improvements to the Waterworks System, or of refunding the entirety or a portion of one or more or all series of Waterworks Bonds then Outstanding, or both.

Except as hereinafter provided, no additional parity Bonds shall be issued unless and until there has been procured and filed with the City Clerk of the City a written statement by Independent Accountants, based upon the necessary investigation and certification by the Consulting Engineers, reciting the conclusion that the Waterworks Net Revenues actually derived, subject to the adjustments hereinafter provided, during any 12 consecutive months within the 18 months immediately preceding the date of issuance of such additional parity Waterworks Bonds, plus the average of the estimated increase in annual Waterworks Net Revenues to be received in each of the three succeeding years after the completion of the improvements to be financed by such additional parity Bonds, shall not be less than one hundred ten percent 110% of the average annual amount which will become due for principal of and interest on the following:

1. The Series 1987 Waterworks Refunding Bonds then Outstanding, if any;

2. Any additional parity Waterworks Bonds theretofore issued then Outstanding, if any; and

3. The additional parity Waterworks Bonds then proposed to be issued.

The "estimated increase in annual Waterworks Net Revenues to be received in each of the three succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from the improvements to be financed by such additional parity Waterworks Bonds and any increase in rates enacted by the City, the time for appeal of which shall have expired prior to the date of delivery of such additional parity Waterworks Bonds. The Net Revenues actually derived during any 12 consecutive months, as referred to above, may be adjusted by adding thereto such additional Net Revenues as would have been received, as certified by the Consulting Engineers and the Independent Accountants, on account of increased rates, rentals, fees and charges for the System enacted by the City or ordered by the Public Service Commission of the State, as the case may be, the time for appeal of which shall have expired prior to issuance of such additional parity Waterworks Bonds.

Upon or prior to the delivery of such additional parity Waterworks Bonds, the City shall have entered into written contracts for the immediate construction of such additions, betterments or improvements to the Waterworks System as are to be financed by such additional parity Waterworks Bonds.

The City may issue additional parity Waterworks Bonds for refunding purposes without obtaining the above-referenced statement of Independent Accountants regarding Net Revenues if the aggregate debt service on said additional parity refunding Waterworks Bonds and such Waterworks Bonds as will remain Outstanding following issuance of said additional parity refunding Waterworks Bonds (the "Prior Waterworks Bonds") will not exceed, in any year that the Prior Waterworks Bonds remain Outstanding, the debt service which would have been required in such year had the Waterworks Bonds to be refunded by said additional parity refunding Waterworks Bonds not been refunded.

The term "additional parity Waterworks Bonds," as used in this Section, shall be deemed to mean additional Waterworks Bonds issued under the provisions and within the limitations of this Section, payable from Waterworks Gross Revenues on a parity with the Waterworks Bonds, and all the covenants and other provisions of this Ordinance (except as to details of such additional parity Waterworks Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Series 1987 Waterworks Bonds and the Holders of any additional parity Waterworks Bonds theretofore or subsequently issued from time to time within the limitations of and in compliance with this Section. All Waterworks Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on Gross Revenues and the funds in the Waterworks Sinking Fund and the Waterworks Depreciation Fund, without preference of any Waterworks Bond over any other. The City shall make increased payments into the various funds and accounts created in this Ordinance as required for and on account of such additional parity Waterworks Bonds, both from the proceeds of such additional parity Waterworks Bonds and from Waterworks Gross Revenues, in addition to the payments required for Outstanding Waterworks Bonds theretofore issued pursuant to this Ordinance.

No additional parity Waterworks Bonds shall be valid unless authenticated pursuant to Section 2.03. Prior to authentication, registration and delivery of such additional parity Waterworks Bonds, the Registrar shall receive those documents prescribed by Section 2.01 with respect to the Series 1987 Waterworks Refunding Bonds, modified as deemed necessary by the Registrar to reflect the issuance of such additional parity Waterworks Bonds.

The term "additional parity Waterworks Bonds," as used in this Section, shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on Waterworks Gross Revenues is subject and junior to the prior and superior lien thereon of the Waterworks Bonds.

No additional parity Waterworks Bonds shall be issued at any time unless all the payments into the respective funds and accounts provided for in this Ordinance on account of the Waterworks Bonds then Outstanding, and any other payments provided for in this Ordinance, shall have been made in full as required to the date of delivery of the additional parity Waterworks Bonds.

Section 6.11. Additional Sewerage System Parity Bonds. As recited in Section 1.03 hereof, the City intends to issue sewerage system revenue bonds on a parity with the Series 1987 Sewerage System Refunding Revenue Bonds to be purchased by the West Virginia Water Development Authority. Except for said parity bonds to be purchased by the Water Development Authority, no additional parity Sewerage System Bonds, as in this Section defined, shall be issued after the issuance of any Sewerage System Bonds except under the conditions and in the manner herein provided.

No additional parity Sewerage System Bonds shall be issued except for the purpose of financing the Costs of the construction of additions, betterments or improvements to the Sewerage System, or of refunding the entirety or a portion of one or more or all series of Sewerage System Bonds then Outstanding, or both.

Except as hereinafter provided, no additional parity Sewerage System Bonds shall be issued unless and until there has been procured and filed with the City Clerk of the City a written statement by Independent Accountants, based upon the necessary investigation and certification by the Consulting Engineers, reciting the conclusion that the Sewerage System Net Revenues actually derived, subject to the adjustments hereinafter provided, during any 12 consecutive months within the 18 months immediately preceding the date of issuance of such additional parity Sewerage System Bonds, plus the average of the estimated increase in annual Sewerage System Net Revenues to be received in each of the three succeeding years after the completion of the improvements to be financed by such additional parity Sewerage System Bonds, shall not be less than 110% of the average annual amount which will become due for principal of and interest on the following:

1. The Series 1987 Sewerage System Refunding Bonds then Outstanding, if any;

2. Any additional parity Sewerage System Bonds theretofore issued then Outstanding, if any; and

3. The additional parity Sewerage System Bonds then proposed to be issued.

The"estimated increase in annual Sewerage System Net Revenues to be received in each of the three succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Sewerage System Net Revenues estimated to be derived from the improvements to be financed by such additional parity Sewerage System Bonds and any increase in rates enacted by the City, the time for appeal of which shall have expired prior to the date of delivery of such additional parity Sewerage System Bonds. The Sewerage System Net Revenue actually derived during any 12 consecutive months as referred to above, may be adjusted by adding thereto such additional Sewerage System Net Revenues as would have been received, as certified by the Consulting Engineers and the Independent Accountants, on account of increased rates, rentals, fees and charges for the Sewerage System enacted by the City or ordered by the Public Service Commission of the State, as the case may be, the time for appeal of which shall have expired prior to issuance of such additional parity Sewerage System Bonds.

Upon or prior to the delivery of such additional parity Sewerage System Bonds, the City shall have entered into written contracts for the immediate construction of such additionas, betterments or improvements to the Sewerage System as are to be financed by such additional parity Sewerage System Bonds.

The City may issue additional parity Sewerage System Bonds for refunding purposes without obtaining the above-referenced statement of Independent Accountants regarding Sewerage System Net Revenues if the aggregate debt service on said additional parity refunding Sewerage System Bonds and such Sewerage System Bonds as will remain Outstanding following issuance of said additional parity refunding Sewerage System Bonds (the "Prior Sewerage System Bonds") will not exceed, in any year that the Prior Sewerage System Bonds remain Outstanding, the debt service which would have been required in such year had the Sewerage System Bonds to be refunded by said additional parity refunding Sewerage System Bonds not been refunded.

The term "additional parity Sewerage System Bonds," as used in this Section, shall be deemed to mean additional Sewerage System Bonds issued under the provisions and within the limitations of this Section, payable from Sewerage System Net Revenues on a parity with the Sewerage System Bonds, and all the covenants and other provisions of this Ordinance (except as to details of such additional parity Sewerage System Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Series 1987 Sewerage System Refunding Bonds and the Holders of any additional parity Sewerage System Bonds theretofore or

subsequently issued from time to time within the limitations of and in compliance with this Section. All Sewerage System Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on Net Revenues and the funds in the Sewerage System Sinking Fund and the Sewerage System Depreciation Fund, without preference of any Sewerage System Bond over any other. The City shall make increased payments into the various funds and accounts created in this Ordinance as required for and on account of such additional parity Sewerage System Bonds, both from the proceeds of such additional parity Sewerage System Bonds and from Sewerage System Gross Revenues, in addition to the payments required for Outstanding Bonds theretofore issued pursuant to this Ordinance.

No additional parity Sewerage System Bonds shall be valid unless authenticated pursuant to Section 2.03. Prior to authentication, registration and delivery of such additional parity Sewerage System Bonds, the Registrat shall receive those documents prescribed by Section 2.01 with respect to the Series 1987 Sewerage System Refunding Bonds, modified as deemed necessary by the Registrar to reflect the issuance of such additional parity Sewerage System Bonds.

The term "additional parity Sewerage System Bonds," as used in this Section, shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on Sewerage System Net Revenues is subject and junior to the prior and superior lien thereon of the Sewerage System Bonds.

No additional parity Sewerage System Bonds shall be issued at any time unless all the payments into the respective funds and accounts provided for in this Ordinance on account of the Sewerage System Bonds then Outstanding, and any other payments provided for in this Ordinance, shall have been made in full as required to the date of delivery of the additional parity Sewerage System Bonds.

Section 6.12. Insurance. The City shall carry with a reputable insurance carrier or carriers such insurance as is customarily carried with respect to works and properties similar to the Waterworks System and the Sewerage System, against loss or damage by fire, explosion, hurricane, earthquake, cyclone, occupancy or other hazards and risks. In time of war, the City also shall carry such insurance as may be available against loss or damage by the risks and hazards of war. Such insurance at all times shall be maintained in an amount equal to the fair appraisal value of the buildings, properties, furniture, fixtures and equipment of the Waterworks System and the Sewerage System. The proceeds of all such insurance policies shall be placed in the Waterworks Depreciation Fund or the Sewerage System Depreciation Fund and

used only for repairs to and restoration of damaged or destroyed properties of the Waterworks System and the Sewerage System, as the case may be, or for the other purposes herein for which moneys in the Depreciation Fund may be applied. The City also shall carry liability insurance for injury or damage to persons or property in such amounts as are adequate for such purposes and customarily carried with respect to works and properties similar to the Waterworks System and the Sewerage System.

Section 6.13. Service Rendered to the City. The City will not render or cause to be rendered any free services of any nature by the Waterworks System or the Sewerage System; and, in the event the City or any department, agency, instrumentality, officer or employee of the City shall avail itself or himself of the facilities or services provided by the Waterworks System or the Sewerage 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 City and any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue, and the City shall transfer from its general funds sufficient sums to pay such charges. The revenues so received shall be deemed to be Waterworks Gross Revenues or Sewerage System Gross Revenues, as the case may be, and shall be deposited and accounted for in the same manner as other Waterworks Gross Revenues and Sewerage System Gross Revenues.

Section 6.14. Enforcement of Collections. The City diligently will enforce and collect all fees, rates, rentals or other charges for the services and facilities of the Waterworks and the Sewerage System and take all steps, actions and proceedings for the enforcement and collection of such fees, rates, rentals or other charges as shall become delinquent to the full extent permitted or authorized by the Water Act or the Sewer Act or otherwise by the laws of the State. Subject to applicable State law and regulations, and under such reasonable rules and regulations as may be prescribed by the City, the City shall discontinue both water and sewer service to all delinquent users of either water service or sewer service and shall not resume such services until all such delinquent amounts, including reasonable interest and penalty charges, have been paid in full.

Section 6.15. No Competing Franchise. To the extent legally allowable, the City will not grant or cause, consent to, or allow the granting of any franchise or permit to any person, firm, corporation or body, or agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the Waterworks or the Sewerage System.

Section 6.16. Books and Records. The City will keep books and records of the Waterworks System and the Sewerage System, which shall be separate and apart from all other books, records and accounts of the City, in which complete and correct entries shall be made of all transactions relating to the Waterworks System and the Sewerage System, and any Holder of either Waterworks Bonds or Sewerage System Bonds shall have the right at all reasonable times to inspect the Waterworks System or the Sewerage System, as the case may be, and all parts thereof, and all records, accounts and data of the City relating thereto.

The accounting system for the Waterworks System and the Sewerage System shall follow current generally accepted accounting principles, to the extent allowable under and in accordance with the rules and regulations of the Public Service Commission of the State, the Water Act and the Sewer Act.

The City shall mail in each year to any Holder of Waterworks Bonds requesting the same, a statement of Waterworks Gross Revenues, Waterworks Operating Expenses and Waterworks Net Revenues; and a balance sheet statement showing all deposits in all the funds and accounts provided for in this Ordinance with respect to the Waterworks System, and the status of all said funds. The City shall mail in each year to any Holder of Sewerage System Bonds requesting the same, a statement of Sewerage System Gross Revenues, Sewerage System Operating Expenses and Sewerage System Net Revenues; and balance sheet statement showing all deposits in all the funds and accounts provided for in this Ordinance with respect to the Sewerage System, and the status of all said funds.

The City also, at least once a year, shall cause the books, records and accounts of the Waterworks System and the Sewerage System to be completely audited by Independent Accountants, shall mail upon request, and make available generally, the report of said Independent Accountants, or a summary thereof, to any Holder of Waterworks Bonds or Sewerage System Bonds, as the case may be, and shall file said report with the Original Purchaser. Said reports shall be completed and made available within 120 days following the conclusion of each Fiscal Year. Such audit reports shall include mention of any failure of the City to observe the covenants and duties herein provided.

Section 6.17. Initial Schedule of Rates. The rates, fees and other charges for the use of the services and facilities of the Waterworks System and the Sewerage System, established under ordinances enacted by the Council on or before the effective date of this Ordinance and in full force and effect, or ordered by the Public Service Commission of the State, the time for appeal of such rates, fees and other

charges having expired, shall constitute the initial schedule, rates, fees and charges to be collected for use of the services and facilities of the Waterworks System and the Sewerage System.

Section 6.18. Operating Budget. Annually, at least 30 days preceding the beginning of each Fiscal Year, or at such earlier date required by the Charter of the City, the City shall prepare and adopt by resolution detailed budgets of the estimated expenditures for operation and maintenance of the Waterworks System and the Sewerage System during the succeeding Fiscal Year. The City shall mail copies of such annual budgets and all resolutions authorizing increased expenditures for operation and maintenance to the Original Purchaser and shall make available such budget and all such resolutions at all reasonable times to the Original Purchaser and, upon request, to any Holder of Waterworks Bonds or Sewerage System Bonds, as the case may be.

Section 6.19. Mandatory Sewer Connections. The mandatory use of the Sewerage System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants of, and the economy of, the City and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory serviced by the Sewerage System. Accordingly, within the geographic limits of the City and subject to applicable State laws and regulations, every owner, tenant and occupant of every lot,parcel and tract of land that abuts on a street, alley or other public way in which any sewer line, main or facility is located, or which is located within a reasonable distance thereof, not exceeding two hundred fifty (250) feet, and is reasonably accessible thereto, and upon which lot,parcel or tract a building or other habitable structure has been or shall be erected for residential, commercial or industrial use, shall connect the waste or sewerage lines of such building or structure with the Sewerage System if sewage will flow by gravity from such building or structure into the System and shall thereupon and thereafter refrain from using and shall cease to use any other method for the disposal of sewage or water-borne waste matter and shall pay all charges, fees and rates lawfully provided for use of the System.

Within the geographic limits of the city and subject to applicable State laws and regulations, any such building or structure from which emantes sewage or water-borne waste matter and is not so connected with the Sewerage System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the City and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

Section 6.20. The covenants contained in this Ordinance with respect to the Sewerage System Refunding Bonds are intended to correspond with covenants to be included in an Ordinance supplemental and amendatory hereof, pursuant to which the City will issue its Sewerage System Revenue Bonds to the West Virginia Water Development Authority on a parity with the Series 1987 Sewerage System Refunding Revenue Bonds. To the extent that the covenants contained in this Ordinance shall be inconsistent with the covenants contained in the said supplemental and amendatory ordinance issuing parity Sewerage System Bonds to be purchased by the Water Development Authority, the covenants contained in the said supplemental and amendatory ordinance issuing bonds to be purchased by the Water Development Authority shall control as to such Sewerage System Revenue Bonds to be purchased by the Water Development Authority.

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.01. Events of Default. Occurrence of any of the following events shall constitute an "Event of Default" with respect to the Waterworks Bonds:

A. Default in the due and punctual payment of the principal of, premium, if any, or interest on any Waterworks Bond;

B. Default in the observance by the City of any of the covenants, agreements or conditions on its part in this Ordinance or any Supplemental Resolution or in the Waterworks Bonds contained with respect to the Waterworks Bonds (except as provided in paragraph A above), and continuance thereof for a period of 30 days after written notice specifying such default and requiring that the same be remedied shall have been given to the City by any Holder; or

C. The filing by the City of a petition seeking bankruptcy, reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America or of the State.

Occurrence of any of the following events shall constitute an "Event of Default" with respect to the Sewerage System Bonds:

D. Default in the due and punctual payment of the principal or, premium, if any, or interest on any Sewerage System Bond;

E. Default in the observance by the City of any of the covenants, agreements or conditions on its part in this Ordinance or any Supplemental Resolution or in the Sewerage System Bonds contained with respect to the Sewerage System Bonds (except as provided in paragraph D above), and continuance thereof for a period of 30 days after written notice specifying such default and requiring that the same be remedied shall have been given to the City by and Holder; or

F. The filing by the City of a petition seeking bankruptcy, reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America or of the State.

Section 7.02. Enforcement. Upon the occurrence and during the continuance of any Event of Default, any Holder may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his rights. Without limiting the generality of the foregoing, a Holder may:

A. Bring suit for any unpaid principal, premium or interest then due;

B. By mandamus or other appropriate proceeding enforce all rights of the Holders, including the performance by the City of its duties under the Act and this Ordinance;

C. Bring suit upon the Waterworks Bonds or the Sewerage System Bonds, as the case may be;

D. By action at law require the City to account as if it were the trustee of an express trust for the Holders; and

E. By action enjoin any acts in violation of this Ordinance or of the rights of the Holders.

No remedy by the terms of this Ordinance conferred upon or reserved to the Holders is intended to be exclusive of any other remedy, but each and every remedy shall be cumulative and shall be in addition to any other remedy given to the Holders hereunder or now or hereafter existing at law or by statute.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Event of Default hereunder by the Holders shall extend to or affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

Section 7.03. Appointment of Receiver. If any Event of Default shall have occurred and be continuing, in addition to all other remedies or rights, any Holder shall have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the Waterworks System in the case of a default of the Waterworks Bonds or the Sewerage System in the case of a default of the Sewerage System Bonds on behalf of the City, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the principal of, premium, if any, and interest on the Bonds, the deposits into the funds and accounts hereby established as herein provided and the payment of Waterworks Operating Expenses or Sewerage System Operating Expenses, as the case may be, and to apply such rates, rentals, fees, charges and any other Waterworks Gross Revenues or Sewerage System Gross Revenues, as the case may be in conformity with the provisions of this Ordinance and the Act.

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

Whenever all that is due upon the Waterworks Bonds or the Sewerage System Bonds, as the case may be, and interest thereon, and under any covenants of this Ordinance for the funds and accounts hereby established, and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the Waterworks Gross Revenues or the Sewerage System Gross Revenues, as the case may be, shall have been paid and made good, and all defaults under the provisions of this Ordinance shall have been cured and made good, possession of the Waterworks System or the Sewerage System, as the case may be, shall be surrendered to the City upon the entry of an order of the court to that effect. Upon any subsequent Event of Default, any Holder shall have the same right to secure the further appointment of a receiver.

Such receiver, in the performance of the powers hereinabove conferred, 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 appointed at

the direction 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 Waterworks System or the Sewerage System, as the case may be, in the name of the City and for the joint protection and benefit of the City and the Holders of the Waterworks Bonds or the Sewerage System Bonds, as the case may be. 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 Waterworks System or the Sewerage System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the Waterworks System or the Sewerage System, as the case may be, for the sole purpose of the protection of both the City and the Holders, and the curing and making good of any default under the provisions of this Ordinance, and the title to and ownership of the Waterworks System or the Sewerage System, as the case may be, shall remain in the City, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage or otherwise dispose of any assets of the Waterworks System or the Sewerage System, as the case may be.

Section 7.04. Restoration of City and Holder. In case any Holder shall have proceeded to enforce any right under this Ordinance by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the claims of such Holder, then and in every such case the City and such Holder shall be restored to their former positions and rights hereunder, and all rights and remedies of such Holder shall continue as if no such proceedings had been taken, subject to such adverse determination as the court in such proceedings shall have made.

ARTICLE VIII

REGISTRAR; PAYING AGENT

Section 8.01. Appointment of Registrar. The Registrar shall be appointed by Supplemental Resolution and shall be a bank, national banking association or trust company which will enable the Series 1987 Bonds, and Bonds of other series if required by Supplemental Resolution, to be DTC-eligible. Any Authorized Officer of the City is authorized hereby to enter into an agreement with the Registrar upon such terms as such Authorized Officer shall determine advisable.

Section 8.02. Responsibilities of Registrar. The recitals of fact in the Bonds shall be taken as statements of the City, and the Registrar shall not be responsible for their accuracy. The Registrar shall not be deemed to make any representations as to, and shall not incur any liability on account of, the validity of the execution of any Bonds by the City; provided, however, that the Registrar shall be responsible for the representations in its Certificate of Authentication. The Registrar shall agree to perform and accept all the duties and responsibilities imposed upon the Registrar herein, and any other duties and responsibilities incident thereto, all as provided by the agreement described in Section 7.01.

Section 8.03. Evidence on which Registrar May Act. Except as otherwise provided by Section 9.02 hereof, the Registrar shall be protected in acting upon any notice, resolution, request, consent, order, certificate, opinion or other document believed by it to be genuine and to have been signed or presented by the proper party or parties. Whenever the Registrar shall deem it necessary or desirable that a fact or matter be proved or established prior to taking or suffering any action, such fact or matter, unless other evidence is specifically prescribed, may be deemed to be proved and established conclusively by a certificate of an Authorized Officer of the City, but in its discretion the Registrar may instead accept or require other evidence of such fact or matter.

Section 8.04. Compensation and Expenses. The City shall pay the Registrar from time to time reasonable compensation of all services and reimbursement of its expenses, including the transfer of registration of Bonds and the exchange of Bonds in the event of partial redemption, incurred in the performance of its duties hereunder. The City shall indemnify and save the Registrar harmless against any liabilities which it may incur in the exercise and performance of its power and duties and which are not due to the gross negligence or willful misconduct of the Registrar.

Section 8.05. Certain Permitted Acts. The Registrar may become the owner of or may deal in Bonds with the same rights as it would have were it not the Registrar. To the extent permitted by law, the Registrar may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Holders or effect or aid in any reorganization growing out of the enforcement of the Bonds or this Ordinance, whether or not any such committee shall represent the Holders of a majority in principal amount of the Bonds Outstanding.

Section 8.06. Resignation of Registrar. The Registrar may at any time resign and be discharged of its duties and obligations under this Ordinance by giving not less than 60 days' written notice to the City and the Bondholders. Such resignation shall take effect upon the day specified in such notice unless a successor shall have been previously appointed pursuant to Section 7.08, in which event such resignation shall take effect upon such appointment.

Section 8.07. Removal. The Registrar may be removed at any time by the City, or by the Holders of a majority in principal amount of the Bonds then Outstanding, by an instrument or concurrent instruments in writing signed and duly acknowledged by the City or by such Holders or their attorneys duly authorized in writing and delivered to the City. Copies of each such instrument shall be delivered by the City to the Registrar.

Section 8.08. Appointment of Successor. In case the Registrar shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Registrar or of its property shall be appointed, or if any public officer or court shall take charge or control of the Registrar or of its property or affairs, then the office or Registrar shall become vacant and a successor may be appointed by the Holders of a majority in principal amount of the Bonds then Outstanding by an instrument or concurrent instruments duly authorized in writing and delivered to the City and such successor Registrar, upon notification in writing thereof being given to the predecessor Registrar. Pending such appointment, the City forthwith shall appoint a Registrar to fill such vacancy until a successor Registrar shall be appointed by the Holders. The City shall notify the Bondholders as such appointment within 20 days after the effective date of such appointment. Any successor Registrar appointed by the City shall be superseded immediately and without further act by the Registrar appointed by the Holders. If no appointment of a successor Registrar shall be made within 45 days after the Registrar shall have given to the City written notice of resignation or after the occurrence of any other event requiring such appointment, the Registrar or any Holder may apply to any court of competent jurisdiction to appoint a successor. Any Registrar appointed under the provisions of this Section shall be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Ordinance which will enable the Series 1987 Bonds, and Bonds of other series if required by Supplemental Resolution, to be DTC-eligible.

Section 8.09. Transfer of Rights and Property to Successor. Any predecessor Registrar shall pay over, assign and deliver any funds held by it to its successor.

Section 8.10. Merger or Consolidation. Any company into which the Registrar may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party, or any company to which the Registrar or any public officer or court may sell or transfer all or substantially all of its corporate trust business, shall be the successor to such Registrar without the execution or filing of any paper or the performance of any further act; provided, however, that such company shall be a bank, trust company or national banking association meeting the requirements set forth in Section 7.08.

Section 8.11. Adoption of Authentication. In case any of the Bonds shall have been authenticated but not delivered, any successor Registrar may adopt a Certificate of Authentication executed by any predecessor Registrar and deliver such Bonds so authenticated, and, in case any Bonds shall have been prepared but not authenticated, any successor Registrar may authenticate such Bonds in the name of the predecessor Registrar or in its own name.

Section 8.12. Paying Agent. The Registrar shall serve also as the Paying Agent. The Registrar's acceptance of the duties and responsibilities of the Registrar expressed in Section 7.02 shall include also the trusts and the duties of Paying Agent. Any alternate or successor alternate Paying Agent shall be a bank, trust company or national banking association which will enable the Series 1987 Bonds, and Bonds of any other series if required by Supplemental Resolution, to be DTC-eligible. Such alternate Paying Agent shall signify its acceptance of the duties and obligations imposed upon it pursuant hereto by executing and delivering to the City a written acceptance thereof.

Each Paying Agent shall be entitled to payment and reimbursement for reasonable fees for its services rendered hereunder and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by such Paying Agent in connection with such services solely from moneys available therefor.

Any bank, trust company or national banking association with or into which any Paying Agent may be merged or consolidated, or to which the assets and business of such Paying Agent may be sold, shall be deemed, subject to the foregoing provisions of this Section, the successor of such Paying Agent for the purposes of this Ordinance. If the position of Paying Agent shall become vacant for any reason, within 30 days thereafter the City shall appoint, subject to the requirements of this Section, a bank, trust company or national banking association located in the same city as such

Paying Agent to fill such vacancy; provided, however, that, if the City shall fail to appoint such Paying Agent within said period, a court of competent jurisdiction or a majority of the Holders may make such appointment.

The Paying Agents shall enjoy the same protective provisions in the performance of their duties hereunder as are specified in this Article VII with respect to the Registrar, insofar as such provisions may be applicable.

Notice of the appointment of successor or additional Paying Agents or fiscal agents shall be given in the same manner as provided by Section 7.08 hereof with respect to the appointment of a successor Registrar.

All moneys received by the Paying Agents, until used or applied as provided in this Ordinance, shall be held in trust for the purposes for which they were received.

ARTICLE IX

DEFEASANCE; DISCHARGE OF PLEDGE

Section 9.01. Defeasance; Discharge of Pledge. If the City shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Bonds the principal of, premium, if any, and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Ordinance, then this Ordinance and the pledges of Gross Revenues and other moneys and securities pledged hereunder, and all covenants, agreements and other obligations of the City on behalf of the Holders of the Bonds made hereunder, shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds for the payment of which either moneys in an amount which shall be sufficient, or Government Obligations the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of, premium, if any, and interest on such Bonds, shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this Section. Prior to the maturity thereof all Bonds shall 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 Bond Commission or its agent either moneys in an amount which shall be sufficient, or Government Obligations the principal of and the interest on which, when due, without reinvestment, will provide moneys which, together with the moneys, if any,

deposited with the Bond Commission or its agent at the same or earlier time will be sufficient, to pay when due the principal of, premium, if any, and interest due and to become due on the Bonds on and prior to the maturity date thereof. Neither Government Obligations nor moneys deposited with the Bond Commission or its agent pursuant to this Section, nor principal or interest payments on any such Government Obligations, shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of, premium, if any, and interest on said Bonds; provided, that any cash received from such principal or interest payments on such Government Obligations deposited with the Bond Commission or its agent, if not then needed for such purpose, to the extent practicable shall be reinvested in Government Obligations maturing at times and in amounts sufficient to pay when due the principal of, premium, if any, and interest to become due on the Bonds on and prior to the maturity dates thereof.

ARTICLE X

DEFEASANCE OF SERIES 1955 BONDS

Section 10.01. The Series 1955 Bonds outstanding as of the date of the initial delivery of the Series 1987 Bonds hereby are ordered to be refunded in advance in whole on November 1, 1987 pursuant to the terms of the Escrow Agreement. Immediately upon delivery of the Series 1987 Bonds, there shall be deposited irrevocably in trust with that escrow agent designated by the Escrow Agreement such amount of the proceeds of the Series 1987 Bonds, plus such amount of other moneys legally available therefor, as shall be specified in the Escrow Agreement. As shall be provided in the Escrow Agreement, the escrow agent shall invest and hold a portion of the funds so deposited in Government Obligations, the principal of and the interest on which, when due, will provide moneys which, together with the amount of such deposit retained as cash, will be sufficient to pay when due the principal of, premium, and interest due and to become due on the Series 1955 Bonds on November 1, 1987 prior to the maturity dates thereof. Neither the Government Obligations nor the initial cash on deposit with said escrow agent, nor the investment proceeds thereof, shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of, premium, and interest on the Series 1955 Bonds on November 1, 1987.

Upon such deposit, the respective liens of the Series 1955 Bonds imposed on the Combined Gross Revenues of the Combined System, the proceeds of the Series 1955 Bonds, if any, and the funds and accounts pertaining thereto, and all

covenants, agreements and other obligations of the City to the holders of the Series 1955 Bonds, shall cease, terminate and become void and be discharged and satisfied.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment of Ordinance. No amendment or modification to this Ordinance or to any Supplemental Resolution which is materially adverse to the Holder of any Bond, may be made without the prior written consents, filed with the City Clerk of the City before any such modification or amendment may be made, of the Holders of sixty percent in aggregate principal amount of the Bonds then Outstanding. No such modification or amendment shall extend the maturity of or reduce the interest rate on, or otherwise alter the terms of payment of the principal of, premium, if any, or interest on, any Bond without the express written consent of the Holder of such Bond, nor reduce the percentage of Bonds required for consent to any such modification or amendment.

Section 11.02. Evidence of Signatures of Holders and Ownership of Bonds. Any request, consent, revocation of consent or other instrument which this Ordinance may require or permit to be signed and executed by Holders may be in one or more instruments of similar tenor, and shall be signed or executed by such Holders in person or by their attorneys duly authorized in writing. Proof of the execution of any such instrument, or of an instrument appointing or authorizing any such attorney, shall be sufficient for any purpose of this Ordinance if made in the following manner, or in any other manner satisfactory to the City or the Registrar, as the case may be, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable.

A. The fact and date of the execution by any Holder or his attorney of any such instrument may be proved (i) by the certificate of a notary public or other officer authorized to take acknowledgments of deeds to be recorded in the jurisdiction in which he purports to act that the person signing such instrument acknowledged to him the execution thereof, or by the affidavit of a witness of such execution, duly sworn before such a notary public or other officer, or (ii) by the certificate, which need not be acknowledged or verified, of an officer of a bank, trust company or financial firm or corporation satisfactory to the City or the Registrar, as the case may be, that the person signing such instrument acknowledged to such bank, trust company, firm or corporation the execution thereof.

B. The authority of a person or persons to execute any such instrument on behalf of a corporate Holder may be established without further proof if such instrument is signed by a person purporting to be the president or treasurer or a vice-president or an assistant treasurer of such corporation with a corporate seal affixed and attested by a person purporting to be its secretary or assistant secretary.

C. The amount of Bonds held by a person executing any instrument as a Holder, the date of his holding such Bonds and the numbers and other identification thereof, shall be confirmed by the Register.

Any request, consent or other instrument executed by the Holder of any Bond shall bind all future Holders and owners of such Bond in respect of anything done or suffered to be done hereunder by the City or the Registrar in accordance therewith.

Section 11.03. Preservation and Inspection of Documents. To the extent allowed under law, all reports, certificates, statements and other documents received by the Registrar under the provisions of this Ordinance shall be retained in its possession and shall be available at all reasonable times for the inspection of the City or any Holder, their agents and representatives, but, at the election of the Registrar, any such reports, certificates, statements or other documents may be destroyed or otherwise disposed of at any time after such date as the pledge created by this Ordinance shall be discharged as provided in Section 8.01.

Section 11.04. Cancellation of Bonds. All Bonds purchased or paid and surrendered to the City shall be cancelled and delivered to the Registrar, or if surrendered to the Registrar, shall be cancelled by it. No such cancelled Bonds shall be deemed Outstanding under this Ordinance and no Bonds shall be issued in lieu thereof. All such Bonds shall be cancelled and upon order of the City shall be destroyed, and a certificate evidencing such destruction shall be delivered to the City.

Section 11.05. Failure To Present Bonds. Anything in this Ordinance to the contrary notwithstanding, any moneys held by the Bond Commission or a Paying Agent in trust for the payment and discharge of any of the Bonds which remain unclaimed for one year after the date on which such Bonds have become due and payable, whether by maturity or upon call for redemption, shall at the written request of the City be paid by the Bond Commission or said Paying Agent to the City as its absolute property and free from trust, subject to applicable law on escheat, and the Bond Commission or said Paying Agent thereupon shall be released and discharged with respect thereto, and the Holders of such Bonds shall look only to the

City for the payment of such Bonds; provided, however, that before making any such payment to the City, at the request of either the Bond Commission or such Paying Agent, the Registrar shall send to the Holder by certified mail, at the address listed on the Register, a notice that such moneys remain unclaimed and that, after a date stated in said notice, which date shall be not less than 30 days after the date on which such notice is mailed, the balance of such moneys then unclaimed will be returned to the City.

Section 11.06. Notices, Demands and Requests. Unless otherwise expressly provided, all notices, demands and requests to be given or made hereunder to or by the City, the Registrar or the Depository Bank shall be in writing and shall be properly made if sent by United States mail, postage prepaid, and addressed as follows or if hand-delivered to the individual to whom such notice, demand or request is required to be directed as indicated below:

A. The City:

The City of Williamstown
Williamstown, West Virginia 26187
Attention: Mayor; and to

B. Registrar - as shall be set out in the Supplemental Resolution

Any party listed above may change the address given for it at any time upon written notice thereof sent by United States mail, postage prepaid, to the other parties.

Section 11.07. No Personal Liability. No member of the Council of the City or official or employee of the City shall be individually or personally liable for the payment of the principal of, premium, if any, or interest on any Bond, but nothing herein contained shall relieve any such member, official or employee of any duty provided by law or this Ordinance.

Section 11.08. Law Applicable. The laws of the State shall govern the construction of this Ordinance and of all Bonds issued hereunder.

Section 11.09. Parties Interested Herein. Nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon, or give to, any person or corporation, other than the City, the Registrar, the Paying Agent, the Bond Commission, an escrow agent, the Depository Bank, the Holders of the Bonds and the Original Purchaser, any right, remedy or claim under or by reason of this Ordinance. All the covenants, stipulations, promises and agreements

contained in this Ordinance by and on behalf of the City shall be for the sole and exclusive benefit of the City, the Registrar, the Paying Agent, the Bond Commission, an escrow agent, the Depository Bank, the Holders of the Bonds and the Original Purchaser.

Section 11.10. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Ordinance.

Section 11.11. Table of Contents and Headings. The Table of Contents and headings of the articles and sections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 11.12. Publication of Ordinance; Public Hearing. The City Clerk of the City hereby is authorized and directed to publish an abstract of this Ordinance and a notice of public hearing in substantially the form appended hereto as Exhibit C as a Class II legal advertisement in compliance with the provisions of Chapter 59, Article III, of the Code of West Virginia of 1931, as amended, in The Parkersburg News, a newspaper of general circulation in the City. Said abstract and notice shall be published twice, the first such publication being not less than 10 days prior to the date of public hearing, and the second such publication being not less than seven days nor more than 13 days following said first publication but prior to the date of public hearing.

It hereby is determined that said abstract in such form contains sufficient information of the contents of this Ordinance.

The Council of the City shall conduct a public hearing on the date stated in said abstract and notice and shall permit any person interested in the Ordinance and the proposed issuance of the Series 1987 Bonds to present protests, objections and suggestions relevant thereto.

This Ordinance shall become effective upon adoption, following public hearing and otherwise in the manner prescribed by law.

Section 11.13. Conflicting Ordinances Repealed. All other Ordinances and all orders or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed.

EXHIBIT A
[FRONT OF BOND]

No. R-_____ UNITED STATES OF AMERICA _____Dollars
STATE OF WEST VIRGINIA
THE CITY OF WILLIAMSTOWN
WATERWORKS REFUNDING REVENUE BOND, SERIES 1987

Original Issuance Date	Interest Rate	Maturity Date	Bond Date

Registered Owner:
Principal Sum:

THE CITY OF WILLIAMSTOWN, a municipal corporation organized and existing under the laws of the State of West Virginia (the "City"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, the Principal Sum specified above to the Registered Owner named above or registered assigns (the "Registered Owner"), on the Maturity Date specified above and solely from such special funds also to pay interest on said Principal Sum from the Bond Date specified above at the Interest Rate per annum specified above semiannually, on the first day of _____ and the first day of _____ in each year, beginning _____ 1, 1987 for Bonds dated the date of initial issuance thereof, except as the provisions hereinafter set forth as to redemption may become applicable hereto.

The principal of this Bond, and the premium hereon, if any, are payable in any coin or currency which, on the date of payment thereof, is legal tender for the payment of public and private debts under the laws of the United States of America at the principal corporate trust department office of _____, as paying agent and registrar (the "Registrar"). The interest so payable, and punctually paid or duly provided for, on any interest payment date will be paid to the registered owner as of the close of business on the Regular Record Date for such interest, which shall be the fifteenth day (whether or not a business day) of the calendar month next preceding such interest payment date. Any such interest not so punctually paid or duly provided for forthwith shall cease to be payable to the Registered Owner as of such Regular Record Date, and may be paid to the Registered Owner hereof at the close of business on a Special Record Date for the payment of defaulted interest to be fixed by the Registrar, notice whereof such shall be given to the Registered Owners not less than 10 days prior to such Special Record Date. Interest shall be paid by check or draft mailed to the address of such Registered Owner at the address as it appears on the books of the Registrar (the "Bond Register").

REFERENCE HEREBY IS MADE TO THE FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE HEREOF, WHICH FURTHER PROVISIONS FOR ALL PURPOSES SHALL HAVE THE SAME EFFECT AS IF SET FORTH HEREIN.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, to happen and to 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 City, 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 Waterworks System has been pledged to and will be set aside into said special funds by the City for the prompt payment of the principal of, premium, if any, and interest on the Bonds.

This Bond is designated by the city in the Ordinance as a "qualified tax exempt obligation" as defined in Section 265(b)(3)(B) of the Internal Revenue Code of 1986.

This Bond, under the provisions 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, but may be transferred only by transfer of registration hereof with the Registrar.

This Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance and the 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, in the manner provided in the Ordinance, The City of Williamstown has caused this Bond to be signed by the manual signature of its Mayor and the seal of said City to be imprinted hereon and attested by the manual signature of the City Clerk, and has caused this Bond to be dated as of the Bond Date shown above.

[SEAL]

_____
Mayor

ATTEST:

_____
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Bonds described in the within-mentioned Ordinance and has been duly registered in the name set forth above.

THE WILLIAMSTOWN NATIONAL BANK, as Registrar

By_____
Its Authorized Officer

ASSIGNMENT

For value received, the undersigned Registered Owner do(es) hereby sell, assign and transfer unto _____

_____
(name, address and social security number or other identifying number of assignee)
the within Bond and hereby irrevocably constitute(s) and appoint(s) and _____ to transfer the said Bond on the books kept for registration of the within Bond with full power of substitution in the premises.

Dated: _____ _____
Registered Owner

Signature Guaranteed: _____

Notice: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of this Bond in every particular, without alteration or any change whatever.

[REVERSE OF BOND]

This Bond is one of a series of bonds in the aggregate principal amount of $_____ (the "Bonds") of like tenor and effect, except as to bond date, number, denomination and maturity date, dated the Original Issuance Date set forth above, issued to refund in advance the City's Water and Sewer Revenue Refunding Improvement Bonds, Series 1955 presently outstanding, all under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 13, Article 2E of the West Virginia Code, 1931, as amended, and the Charter of the City, as amended (collectively, the "Act"), and an ordinance duly enacted by the Council of the City on the ____ day of _____, 1987, and as supplemented by a resolution of said Council duly adopted on the ____ day of _____, 1987 (collectively, the "Ordinance"), and is subject to all the terms and conditions of the Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, which 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 Ordinance.

The Bonds shall be redeemable prior to their stated dates of maturity, at the option of the City, in whole at any time or in part on any interest payment date, in inverse order of maturity and by lot within a maturity, at the principal amount thereof, plus accrued interest to the redemption date.

Notice of any redemption of this Bond shall be given by the Registrar in the name of the City by first class mail, postage prepaid, not less than thirty days nor more than sixty days prior to the date fixed for redemption to the Registered Owner, addressed to the Registered Owner at his address appearing in the Bond Register. Failure to receive such notice or any defect in the mailing thereof shall not affect the validity of any proceedings for the redemption of the Bonds; and failure to mail such notice shall not affect the validity of any proceedings for the redemption of any Bonds as to which no such failure has occurred. Notice of redemption having been given in the manner hereinabove provided, and moneys to pay the redemption price of Bonds called for redemption having been deposited with the Bond Commission for payment thereof, the Bonds specified in such notice shall on the date fixed for redemption be deemed paid, and from and after the date fixed for redemption interest on such Bonds shall cease to accrue, and upon presentation and surrender of such Bonds at the office specified in such notice such Bonds shall be paid at the designated redemption price.

The Bonds and the interest thereon are payable only from and are secured by the net revenues derived from the Waterworks System, all funds in the Waterworks Sinking Fund and the Waterworks Depreciation Fund, both established under the Ordinance, and the unexpended proceeds of the Bonds, and the City hereby and in the Ordinance pledges such net revenues and funds to such payment, and the net revenues of the Waterworks System shall be set aside as a special fund hereby pledged for such purpose. Waterworks Gross revenues shall be sufficient to pay the expenses of operating and maintaining the Waterworks System and the principal of, premium, if any, and interest on all Bonds issued pursuant to the Ordinance, and to make the other payments required by the Ordinance. This Bond does not constitute a corporate indebtedness of the City within the meaning of any statutory or constitutional limitation, nor shall the City be obligated to pay the same or the interest hereon except from said special fund provided from the net revenues of the Waterworks System, all moneys in said Waterworks Sinking Fund and in the Waterworks Depreciation Fund,

and said unexpended Bond proceeds. No recourse shall be had for the payment of this Bond, the premium, if any, or the interest hereon, against the general fund of the City, nor shall the credit or taxing power of the City be deemed to be pledged thereto. Under the Ordinance, the City has covenanted and agreed to fix, establish and collect such just and equitable rates and charges for the use of the services and facilities of the Waterworks System, and to revise the same from time to time, as will always provide gross revenues equal to at least one hundred ten percent of the average annual amount required to pay the principal of and the interest on the Bonds as the same become due and to accomplish retirement of all obligations for the payment of which such revenues have or shall have been pledged, charged or otherwise encumbered and to leave a balance, after said one hundred ten percent, at least sufficient to provide for all reasonable expenses of repair, maintenance and operation of the Waterworks System. All required payments of the principal of, premium, if any, and interest on the Bonds shall constitute a first charge upon all the net revenues of the Waterworks System. The City has entered into certain further covenants with the Registered Owners of the Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All moneys received from the sale of the Bonds shall be applied solely to refund in advance the above-referenced Series 1955 Bonds, and to pay other costs in connection therewith, 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.

EXHIBIT B
[FRONT OF BOND]

No. R-_____ UNITED STATES OF AMERICA _____Dollars
STATE OF WEST VIRGINIA
THE CITY OF WILLIAMSTOWN
SEWERAGE SYSTEM REFUNDING REVENUE BOND, SERIES 1987

Original Issuance Date	Interest Rate	Maturity Date	Bond Date

Registered Owner:
Principal Sum:

THE CITY OF WILLIAMSTOWN, a municipal corporation organized and existing under the laws of the State of West Virginia (the "City"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, the Principal Sum specified above to the Registered Owner named above or registered assigns (the "Registered Owner"), on the Maturity Date specified above and solely from such special funds also to pay interest on said Principal Sum from the Bond Date specified above at the Interest Rate per annum specified above semiannually, on the first day of _____ and the first day of _____ in each year, beginning _____ 1, 1987 for Bonds dated the date of initial issuance thereof, except as the provisions hereinafter set forth as to redemption may become applicable hereto.

The principal of this Bond, and the premium hereon, if any, are payable in any coin or currency which, on the date of payment thereof, is legal tender for the payment of public and private debts under the laws of the United States of America at the principal corporate trust department office of _____, as paying agent and registrar (the "Registrar"). The interest so payable, and punctually paid or duly provided for, on any interest payment date will be paid to the registered owner as of the close of business on the Regular Record Date for such interest, which shall be the fifteenth day (whether or not a business day) of the calendar month next preceding such interest payment date. Any such interest not so punctually paid or duly provided for forthwith shall cease to be payable to the Registered Owner as of such Regular Record Date, and may be paid to the Registered Owner hereof at the close of business on a Special Record Date for the payment of defaulted interest to be fixed by the Registrar, notice whereof such shall be given to the Registered Owners not less than 10 days prior to such Special Record Date. Interest shall be paid by check or draft mailed to the address of such Registered Owner at the address as it appears on the books of the Registrar (the "Bond Register").

REFERENCE HEREBY IS MADE TO THE FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE HEREOF, WHICH FURTHER PROVISIONS FOR ALL PURPOSES SHALL HAVE THE SAME EFFECT AS IF SET FORTH HEREIN.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, to happen and to 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 City, 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 Sewerage System has been pledged to and will be set aside into

said special funds by the City for the prompt payment of the principal of, premium, if any, and interest on the Bonds.

This Bond is designated by the city in the Ordinance as a "qualified tax exempt obligation" as defined in Section 265(b)(3)(B) of the Internal Revenue Code of 1986.

This Bond, under the provisions 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, but may be transferred only by transfer of registration hereof with the Registrar.

This Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance and the 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, in the manner provided in the Ordinance, The City of Williamstown has caused this Bond to be signed by the manual signature of its Mayor and the seal of said City to be imprinted hereon and attested by the manual signature of the City Clerk, and has caused this Bond to be dated as of the Bond Date shown above.
[SEAL]

_____
Mayor

ATTEST:

_____
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Bonds described in the within-mentioned Ordinance and has been duly registered in the name set forth above.

THE WILLIAMSTOWN NATIONAL BANK, as Registrar

By_____
Its Authorized Officer

ASSIGNMENT

For value received, the undersigned Registered Owner do(es) hereby sell, assign and transfer unto _____

_____
(name, address and social security number or other identifying number of assignee)
the within Bond and hereby irrevocably constitute(s) and appoint(s) _____ to transfer the said Bond on the books kept for registration of the within Bond with full power of substitution in the premises.

Dated: _____ _____
Registered Owner

Signature Guaranteed: _____

Notice: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of this Bond in every particular, without alteration or any change whatever.

[REVERSE OF BOND]

This Bond is one of a series of bonds in the aggregate principal amount of $_____ (the "Bonds") of like tenor and effect, except as to bond date, number, denomination and maturity date, dated the Original Issuance Date set forth above, issued to refund in advance the City's Water and Sewer Revenue Refunding Improvement Bonds, Series 1955 presently outstanding, all under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 13, Article 2E of the West Virginia Code, 1931, as amended, and the Charter of the City, as amended (collectively, the "Act"), and an ordinance duly enacted by the Council of the City on the ____ day of _____, 1987, and as supplemented by a resolution of said Council duly adopted on the ____ day of _____, 1987 (collectively, the "Ordinance"), and is subject to all the terms and conditions of the Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, which 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 Ordinance.

The Bonds shall be redeemable prior to their stated dates of maturity, at the option of the City, in whole at any time or in part on any interest payment date, in inverse order of maturity and by lot within a maturity, at the principal amount thereof, plus accrued interest to the redemption date.

Notice of any redemption of this Bond shall be given by the Registrar in the name of the City by first class mail, postage prepaid, not less than thirty days nor more than sixty days prior to the date fixed for redemption to the Registered Owner, addressed to the Registered Owner at his address appearing in the Bond Register. Failure to receive such notice or any defect in the mailing thereof shall not affect the validity of any proceedings for the redemption of the Bonds; and failure to mail such notice shall not affect the validity of any proceedings for the redemption of any Bonds as to which no such failure has occurred. Notice of redemption having been given in the manner hereinabove provided, and moneys to pay the redemption price of Bonds called for redemption having been deposited with the Bond Commission for payment thereof, the Bonds specified in such notice shall on the date fixed for redemption be deemed paid, and from and after the date fixed for redemption interest on such Bonds shall cease to accrue, and upon presentation and surrender of such Bonds at the office specified in such notice such Bonds shall be paid at the designated redemption price.

The Bonds and the interest thereon are payable only from and are secured by the net revenues derived from the Sewerage System, all funds in the Sewerage System Sinking Fund and the Sewerage System Depreciation Fund, both established under the Ordinance, and the unexpended proceeds of the Bonds, and the City hereby and in the Ordinance pledges such net revenues and funds to such payment, and the net revenues of the Sewerage System System shall be set aside as a special fund hereby pledged for such purpose. Sewerage System Gross revenues shall be sufficient to pay the expenses of operating and maintaining the Sewerage System and the principal of, premium, if any, and interest on all Bonds issued pursuant to the Ordinance, and to make the other payments required by the Ordinance. This Bond does not constitute a corporate indebtedness of the City within the meaning of any statutory or constitutional limitation, nor shall the City be obligated to pay the same or the interest hereon except from said special fund provided from the net revenues of the Sewerage System,

all moneys in said Sewerage Sinking Fund and in the Sewerage System Depreciation Fund, and said unexpended Bond proceeds. No recourse shall be had for the payment of this Bond, the premium, if any, or the interest hereon, against the general fund of the City, nor shall the credit or taxing power of the City be deemed to be pledged thereto. Under the Ordinance, the City has covenanted and agreed to fix, establish and collect such just and equitable rates and charges for the use of the services and facilities of the Sewerage System, and to revise the same from time to time, as will always provide gross revenues equal to at least one hundred ten percent of the average annual amount required to pay the principal of and the interest on the Bonds as the same become due and to accomplish retirement of all obligations for the payment of which such revenues have or shall have been pledged, charged or otherwise encumbered and to leave a balance, after said one hundred ten percent, at least sufficient to provide for all reasonable expenses of repair, maintenance and operation of the Sewerage System. All required payments of the principal of, premium, if any, and interest on the Bonds shall constitute a first charge upon all the net revenues of the Sewerage System. The City has entered into certain further covenants with the Registered Owners of the Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All moneys received from the sale of the Bonds shall be applied solely to refund in advance the above-referenced Series 1955 Bonds, and to pay other costs in connection therewith, 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.

EXHIBIT "C"

THE CITY OF WILLIAMSTOWN NOTICE OF PUBLIC HEARING

Notice is given hereby that the Council of The City of Williamstown, West Virginia adopted on April 7, 1987 its Ordinance, which Ordinance (i) authorizes the issuance of the City's Waterworks Refunding Revenue Bonds, Series 1987 in aggregate principal amount not to exceed $59,000 for the purpose of refunding in whole and in advance of the maturities thereof the City's Water and Sewer Revenue Refunding and Improvement Bonds, Series 1955, dated December 1, 1955 upon original issuance and presently outstanding in the aggregate principal amount of $118,000; (ii) authorizes the issuance of the City's Sewerage System Refunding Revenue Bonds, Series 1987 in aggregate principal amount not to exceed $59,000 for the purpose of refunding in whole and in advance of the maturities thereof the City's Water and Sewer Revenue Refunding and Improvement Bonds, Series 1955, dated December 1, 1955 upon original issuance and presently outstanding in the aggregate principal amount of $118,000; (iii) authorizes the Council to determine by supplemental resolution the aggregate principal amount, the interest rates, the schedule of principal and interest payments, the provisions regarding redemption prior to maturity and other matters, all pertaining to the Series 1987 Waterworks Refunding Revenue Bonds and Series 1987 Sewerage Refunding Revenue System Bonds; (iv) provides that payment of the Series 1987 Waterworks Refunding Revenue Bonds will be secured by the gross revenues of the City's Waterworks and by certain other funds and accounts established under the Ordinance; (v) provides that payment of the Series 1987 Sewerage System Refunding Revenue Bonds will be secured by the net revenues of the City's Sewerage System and by certain other funds and accounts established under the Ordinance; (vi) requires that the City collect water and sewer rates and charges to produce certain stated gross revenues; and (vii) authorizes and determines certain other matters pertaining thereto.

The City contemplates issuance of the Series 1987 Bonds described in the Ordinance. The Ordinance has been adopted.

Any person interested may appear before the Council of the City at a public hearing to be conducted during its meeting at 10:00 a.m., on April 25, 1987, in the Council Chambers in the Municipal Building, Williamstown, and present protests, objections and suggestions to be heard by the Council as to the matters set forth in the Ordinance.

If at such public hearing written protest is filed by 30% or more of the owners of real estate situate in the City, then the Council shall not take further action pursuant to the Ordinance unless four-fifths of the members of the Council assent thereto.

A certified copy of the Ordinance is on file in the office of the City Clerk for review by interested persons during regular office hours, to-wit: 8:00 a.m. to 4:30 p.m., Mondays through Fridays.

_____

City Clerk of the City of
Williamstown, West Virginia

City of Williamstown

R. E. Leach, Mayor

City Hall
100 West Fifth Street
Williamstown, West Virginia 26187-1597
Telephone 375-7761

C E R T I F I C A T I O N

I, William W. Cutlip, City Clerk of the City of Williamstown, West Virginia, do hereby certify that the attached is a true and accurate copy of the Supplemental Resolution of the City of Williamstown, adopted on June 8, 1987.

Dated this 25th day of June, 1987.

Wm. W. Cutlip
City Clerk

SEAL

4305P

A RESOLUTION SUPPLEMENTING AN ORDINANCE ADOPTED APRIL 7, 1987, WHICH AUTHORIZES ISSUANCE BY THE CITY OF WILLIAMSTOWN OF ITS WATERWORKS REFUNDING REVENUE BONDS, SERIES 1987, AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1987, BY AUTHORIZING THE SALE OF THE WATERWORKS REFUNDING REVENUE BONDS AND THE SEWERAGE SYSTEM REFUNDING REVENUE BONDS TO THE WILLIAMSTOWN NATIONAL BANK;AUTHORIZING THE EXECUTION OF AN ESCROW AGREEMENT; DESIGNATING AN ESCROW AGENT AND REGISTRAR; AUTHORIZING THE TRANSFER OF CERTAIN FUNDS; DETERMINING THE AGGREGATE PRINCIPAL AMOUNT, THE PRINCIPAL MATURITY SCHEDULE, THE INTEREST RATES AND INTEREST PAYMENT DATES, THE OPTIONAL REDEMPTION SCHEDULE AND OTHER DETAILS PERTAINING TO THE REFUNDING BONDS; AND SPECIFYING AND DETERMINING OTHER MATTERS PERTAINING TO THE WATERWORKS REFUNDING REVENUE BONDS, THE SEWERAGE SYSTEM REFUNDING REVENUE BONDS AND THE BONDS TO BE REFUNDED.

WHEREAS, the City of Williamstown, West Virginia (the "City") issued its $320,000 Water and Sewer Revenue Refunding and Improvement Bonds, Series 1955, dated as of June 1, 1955 upon original issuance (the "Prior Bonds"), pursuant to an Ordinance of the City, adopted on November 1, 1955 (the "Prior Ordinance"); and

WHEREAS, the City has determined to issue its Waterworks Refunding Revenue Bonds, Series 1987, in aggregate principal amount not to exceed $59,000 and its Sewerage System Refunding Revenue Bonds, Series 1987, in aggregate principal amount not to exceed $59,000 (collectively the "Refunding Bonds"), both pursuant to Chapter 13, Article 2E of the Code of West Virginia of 1931, as amended (the "Act"), and an Ordinance of the City, adopted on second reading on April 7, 1987 (the "Ordinance"), for the purpose of refunding in advance the Prior Bonds; and

WHEREAS, this Council conducted a public hearing on April 25, 1987 to receive protests, objections and suggestions regarding the matters set forth in the Ordinance; and

WHEREAS, The Williamstown National Bank has agreed to purchase the Refunding Bonds; and

WHEREAS, in order to authorize the issuance and sale of the Refunding Bonds, it is necessary under the Ordinance, the Act and other applicable law that this Council make the findings, determinations and authorizations set forth herein;

NOW, THEREFORE, be it resolved by this Council of The City of Williamstown, that:

1. This Council hereby finds and determines that:

(a) At the above referenced public hearing, all interested persons were permitted to appear and to present protests, objections and suggestions to be heard by this council as to the matters set forth in the Ordinance; and no written protest was filed by 30% of more of the owners of real estate situate in the City; and

(b) The period of usefulness of the City's waterworks extends beyond June 1, 1996, the date of the final maturity of the Refunding Bonds, as hereinafter established; and

(c) The sale of the Refunding Bonds to Williamstown National Bank by private negotiated sale upon the terms set forth herein is for the best interests of the City; and

(d) Upon delivery of the Refunding Bonds in accordance herewith, the limitations imposed by the Act upon the issuance of refunding bonds shall have been met.

2. The Waterworks Refunding Revenue Bonds, Series 1987 shall be issued in the aggregate principal amount of $50,500 and shall be dated upon original issuance as of June 1, 1987.

The Sewerage System Refunding Revenue Bonds, Series 1987 shall be issued in the aggregate principal amount of $50,500 and shall be dated upon original issuance as of June 1, 1987.

The Waterworks Refunding Revenue Bonds shall mature on June 1 of the years in the respective aggregate principal amounts, and shall bear interest at the respective interest rates, set forth in Exhibit A attached hereto.

The Sewerage System Refunding Revenue Bonds shall mature on June 1 of the years in the respective aggregate principal amounts, and shall bear interest at the respective interest rates, set forth in Exhibit B attached hereto.

Interest on the Refunding Bonds at the rates set out in Exhibit A and Exhibit B shall be paid semiannually, on the first day of December and the first day of June in each year, beginning December 1, 1987 for Refunding Bonds dated as of June 1, 1987.

3. The sale of the Refunding Bonds to The Williamstown National Bank, at a sale price equal to the par value thereof hereby is authorized, directed and approved.

4. The form of Escrow Agreement pertaining to the defeasance of the Prior Bonds submitted to the Council and filed with the minutes of this meeting hereby is approved. The Mayor of the City hereby is authorized to execute, and the Clerk of the City hereby is authorized to seal and attest, the Escrow Agreement in such form, but with such modifications, additions and deletions therein as the Mayor and the Clerk shall determine to be necessary or advisable (such determination to be witnessed conclusively by the execution thereof). The City hereby designates the Municipal Bond Commission to be the Escrow Agent under said Escrow Agreement.

5. The application of the sum of the proceeds of the sale of the Refunding Bonds specified in the Escrow Agreement in the manner provided by the Escrow Agreement to refund the Prior Bonds, and the transfer of the securities and moneys from the funds and accounts of the City to the funds and accounts established under the Ordinance or under the Escrow Agreement, or the other application of such securities and moneys specified in the Escrow Agreement, hereby is authorized and directed, subject to such modification in such sum and manner as is provided hereby with respect to modifications, additions and deletions to the Escrow Agreement.

6. Until the first interest payment date, the City shall make 5 equal monthly payments into the Waterworks Sinking Fund and the Sewerage System Sinking Fund in amounts which, taking into account (1) accrued interest received from the purchaser of the Refunding Bonds and (2) any moneys which are transferred into the Waterworks Sinking Fund and the Sewerage System Sinking Fund from the sinking fund established by the Prior Ordinance, will be sufficient to pay principal and interest due on the first principal and interest payment date.

Interest on the Waterworks Refunding Revenue Bonds shall be payable from Waterworks Gross Revenues, as defined in the Ordinance, on and from the first interest payment date of the Waterworks Refunding Revenue Bonds.

Interest on the Sewerage System Refunding Revenue Bonds shall be payable from Sewerage System Gross Revenues, as defined in the Ordinance, on and from the first interest payment date of the Sewerage System Refunding Revenue Bonds.

The Williamstown National Bank, a national banking association, hereby is appointed Registrar and Paying Agent of the Refunding Bonds. The form of agreement with the Registrar submitted to the Council and filed with the minutes of this meeting hereby is approved. The Mayor of the City hereby is authorized and directed to execute an agreement with the Registrar in such form, with such modifications, additions or deletions therein as the Mayor shall determine to be necessary or advisable (such determination to be witnessed conclusively by execution thereof). Subject to the provisions of the Ordinance regarding change of address, all notices, demands and requests to be given to the Registrar shall be addressed to The Williamstown National Bank, Williamstown, West Virginia 26187.

7. The City hereby irrevocably elects to redeem on December 1, 1987 and calls for redemption prior to their maturity, the Prior Bonds maturing after December 1, 1987 at a redemption price equal to the par value thereof, and accrued interest to the date of redemption, together with a premium of three per centum of the par value thereof.

8. The Mayor and the Clerk and the other officers of the City hereby are authorized and directed to perform any and all acts contemplated by the Ordinance, this Supplemental Resolution, or as otherwise may be necessary or advisable, to effect the issuance, sale and delivery of the Refunding Bonds.

9. The Clerk of the City hereby is authorized and directed to notify the West Virginia Municipal Bond Commission in the manner provided by law (i) prior to the issuance of the Refunding Bonds of the proposed sale thereof, and (ii) within 30 days after the issuance of the Refunding Bonds of the terms of the sale thereof, which latter notification shall be accompanied by copies of the Ordinance and this Supplemental Resolution.

10. The Mayor, the Clerk and the other officers of the City hereby are authorized and directed to execute any and all instruments and perform any and all acts as, in their discretion, may be necessary or advisable in effecting the purposes of this Supplemental Resolution or the Ordinance.

11. This resolution shall take effect immediately.

THE CITY OF WILLIAMSTOWN,

By _____
Raymond E. Leach, Mayor

[SEAL]

Attest:

_____
William Cutlip, Clerk

4221P

City of Williamstown

R. E. Leach, Mayor

City Hall
100 West Fifth Street
Williamstown, West Virginia 26187-1597
Telephone 375-7761

C E R T I F I C A T I O N

I, William W. Cutlip, City Clerk of the City of Williamstown, West Virginia, do hereby certify that the attached is a true and accurate copy of the Supplemental and Amendatory Ordinance, adopted May 28, 1987, of the City of Williamstown, as amended.

Dated this 25th day of June, 1986.

Wm. W. Cutlip
City Clerk

SEAL

4305P

THE CITY OF WILLIAMSTOWN, WEST VIRGINIA

Sewerage System Revenue Bonds.
Series 1987 A and Series 1987 B

SUPPLEMENTAL AND AMENDATORY BOND ORDINANCE

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AN ORDINANCE SUPPLEMENTING AND AMENDING THE ORDINANCE OF THE CITY OF WILLIAMSTOWN ENTITLED:

> AN ORDINANCE AUTHORIZING THE REFUNDING OF THE WATER AND SEWER REVENUE REFUNDING AND IMPROVEMENT BONDS, SERIES 1955, OF THE CITY OF WILLIAMSTOWN, WEST VIRGINIA THROUGH THE ISSUANCE BY THE CITY OF WILLIAMSTOWN, WEST VIRGINIA OF WATERWORKS REFUNDING REVENUE BONDS, SERIES 1987, IN AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $59,000 AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1987 IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $59,000; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH WATERWORKS REVENUE BONDS AND SEWERAGE SYSTEM REVENUE BONDS; PROVIDING FOR THE SEVERING OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF WILLIAMSTOWN INTO A SEPARATE WATERWORKS SYSTEM OF THE CITY OF WILLIAMSTOWN AND A SEPARATE SEWERAGE SYSTEM OF THE CITY OF WILLIAMSTOWN; CONTINUING THE SANITARY BOARD AND ENACTING OTHER PROVISION RELATING THERETO:

AUTHORIZING THE CONSTRUCTION AND ACQUISITION OF CERTAIN PUBLIC SERVICE PROPERTIES FOR THE COLLECTION, TREATMENT, PURIFICATION AND DISPOSAL OF LIQUID OR SOLID WASTES, SEWAGE AND INDUSTRIAL WASTES IN THE CITY OF WILLIAMSTOWN, WOOD COUNTY, WEST VIRGINIA, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREFOR, THROUGH THE ISSUANCE BY THE CITY OF WILLIAMSTOWN OF SEWERAGE SYSTEM REVENUE BONDS, SERIES 1987 A AND SERIES 1987 B IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $900,000; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDERS OF SUCH SEWERAGE SYSTEM REVENUE BONDS; AUTHORIZING THE SALE OF SUCH SEWERAGE SYSTEM REVENUE BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS; ADOPTING OTHER PROVISIONS RELATING THERETO; AND REPEALING AN ORDINANCE OF THE CITY ADOPTED ON APRIL 14, 1987

The Council of the City of Williamstown hereby ordains:

ARTICLE I

DEFINITIONS, STATUTORY AUTHORITY AND FINDINGS

Section 1.01. Definitions. All capitalized terms used in this Supplemental and Amendatory Ordinance shall have the meanings set forth in the Prior Ordinance, and in addition,

the following terms shall have the meanings specified below with respect to the Series 1987 A Bonds and the Series 1987 B Bond, notwithstanding the fact that such terms may have different meanings under the Prior Ordinance:

"Authority" means the West Virginia Water Development Authority or any other agency of the State of West Virginia that succeeds to the functions of the Authority.

"Authorized Officer" means the Mayor of the City, as hereinafter defined, or any other officer of the City of Williamstown specifically designated by resolution of the City, as hereinafter defined, as such.

"Bond 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.

"Bonds" means collectively, the Prior Bonds, Series 1987 A Bonds and Series 1987 B Bond, as hereinafter defined, and any additional Bonds hereafter issued within the terms, restrictions and conditions contained herein and in the Prior Ordinance.

"Bonds Capitalized Interest Account" means the Sewerage System Revenue Bonds Capitalized Interest Account established in the Bond Construction Trust Fund.

"Bond Construction Trust Fund" means the City of Williamstown Project Bond Construction Trust Fund established by Section 4.02 hereof.

"Consulting Engineers" means any qualified engineers or firm of engineers that at any time may be retained by the City as consulting engineers for the System.

"Cost of the Project" or similar phrases mean those costs described in Section 1.03 hereof to be part of the costs of construction and acquisition of the Project, as hereinafter defined.

"Depository Bank" means any one or more state banking corporations or national banking associations, eligible under the laws of the State to receive deposits of state and municipal funds, insured by the Federal Deposit Insurance Corporation, and designated by the Sanitary Board of the City as custodian of any one or more of the funds established by Article IV hereof.

"EPA" means the United States Environmenatal Protection Agency and any successor to the functions of the EPA.

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

"Government Obligations" means (i) direct obligations of the United States of America, (ii) obligations unconditionally guaranteed by the United States of America, and (iii) securities which represent an interest in direct obligations of the United States of America (including obligations to pay principal or interest) in an amount sufficient to pay when due the face amount of such securities and interest thereon.

"Grant" means an amount expected to be received by the City from the EPA, in aid of financing a certain portion of the Cost of the Project.

"Gross Revenues" means the Sewerage System Gross Revenues as that term is defined in the Prior Ordinance.

"Loan Agreement" means the loan agreement between the City and the Authority, pursuant to which the Authority has agreed to purchase the Series 1987 A Bonds as hereinafter defined.

"Net Revenues" means the Gross Revenues of the System less Operating Expenses of the System.

"Operating Expenses" means the Sewerage System Operating Expenses as that term is defined in the Prior Ordinance.

"Paying Agent" means the paying agent or co-paying agent for the Bonds appointed by Supplemental Resolution hereto.

"Plans and Specifications" means the plans and specifications for the construction of the Project prepared by the Consulting Engineers on file in the office of the City.

"Prior Bonds" means the Series 1987 Sewerage System Refunding Revenue Bonds issued by the City pursuant to the Prior Ordinance.

"Prior Ordinance" means the Ordinance enacted by the City on April 7, 1987, authorizing the issuance of the Series 1987 Sewerage System Refunding Revenue Bonds.

"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 public service properties for the collection, treatment, purification and disposal of liquid or solid wastes, sewage or industrial wastes of the City under the supervision and control of a sanitary board, as described in Exhibit A attached hereto and incorporated herein by reference.

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

A. Government Obligations;

B. 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; the Federal National Mortgage Association (but only to the extent such obligations are guaranteed by the Government National Mortgage Association); or the Government National Mortgage Association;

C. Public housing bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America; temporary notes, preliminary loan notes or project notes issued by public agencies or municipalities, in each case fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;

D. Certificates of deposit or other similar banking arrangements permitted by law, with a member bank or member banks of the Federal Reserve System or banks the deposits of which are insured by the FDIC, upon the terms and conditions as follows:

(i) all moneys invested in each such interest-bearing time deposit, certificate of deposit or similar banking arrangement shall be continuously and fully secured by obligations of the types described in clauses A, B and C above of a market value equal at all times to the amount of the deposit, certificate or similar banking arrangement; and

(ii) each such interest-bearing time deposit, certificate of deposit or similar banking arrangement shall permit the moneys so placed to be available for use at the times provided with respect to the investment or reinvestment of such moneys;

E. Direct and general obligations of the State or any other state within the territorial United States, to the payment of the principal of and interest on which the full faith and credit of such state is pledged; provided, that, at the time of their purchase, such obligations are rated in either of the two highest rating categories by a nationally recognized bond rating agency;

F. The "consolidated fund" (or any distinct portion thereof) managed by the West Virginia State Board of Investments pursuant to Chapter 12, Article 6 of the Code of West Virginia, 1931, as amended;

G. Repurchase agreements relating to any securities of the type described in clauses A or C above with any banking institution or association, including the Depository Bank, or any other financial institution, provided that the Depository Bank or the Bond Commission, as the case may be, or its agent have possession of the collateral, and that such collateral be free of claims of third parties.

"Sanitary Board" means the Sanitary Board of the City, as such term is defined in the Prior Ordinance.

"Series 1987 A Bonds" means the Series 1987 A Bonds of the City described in Sections 3.02 and 3.03 hereof.

"Series 1987 A Bonds Reserve Account" means The City of Williamstown Sewerage System Bond Reserve Account created in the Series 1987 A Sinking Fund by Section 4.01B hereof.

"Series 1987 A Bonds Reserve Account Requirement" means the maximum amount of principal and interest which will come due on the Series 1987 A Bonds in the then current or any succeeding Fiscal Year.

"Series 1987 A Sinking Fund" means The City of Williamstown Sewerage System Series 1987 A Bonds Sinking Fund created in the Sewerage System Sinking Fund by Section 4.01B hereof.

"Series 1987 B Bond" means the Series 1987 B Bond of the City described in Sections 3.02 and 3.03 hereof.

"Series 1987 B Bond Reserve Account" means The City of Williamstown Sewerage System 1987 B Bond Reserve Account created in the Series 1987 B Sinking Fund by Section 4.01E hereof.

"Series 1987 B Bond Reserve Account Requirement" means the maximum amount of principal which will come due on the Series 1987 B Bond in the then current or any succeeding Fiscal Year.

"Series 1987 B Sinking Fund" means The City of Williamstown Sewerage System Series 1987 B Bond Sinking Fund created in the Sewerage System Sinking Fund by Section 4.01E hereof.

"Sewer Act" means Chapter 16, Article 13 of the Code of West Virginia of 1931, as amended, and in effect on the date of enactment of this Supplemental and Amendatory Ordinance.

"Sewerage System Depreciation Fund" means the City of Williamstown Sewerage System Depreciation Fund created by Section 3.01 of the Prior Ordinance and Section 4.01C hereof.

"State" means the State of West Virginia.

"Supplemental Loan Agreement" means the supplemental loan agreement between the City and the Authority, pursuant to which the Authority has agreed to purchase the Series 1987 B Bond.

"Supplemental Resolution" means any resolution of the City amending or supplementing this Supplemental and Amendatory Ordinance.

"System" means the Project, in its entirety or any integral part thereof, and any improvements, extensions or betterments thereto hereafter constructed or acquired for the public services properties from any sources whatsoever, both within and without the City.

"Water Development Act" means Chapter 20, Article 5C, of the Code of West Virginia of 1931, as amended, and in effect on the date of adoption of this Supplemental and Amendatory Ordinance.

Additional terms and phrases are defined in this Supplemental and Amendatory Ordinance as they are used. Accounting terms not specifically defined herein shall be given meaning in accordance with generally accepted accounting principles.

Words importing singular number include the plural number in each case and vice versa; words importing the masculine gender include every other gender; and words importing persons include firms, partnerships, associations and corporations.

The terms "herein," "hereunder," "hereby," "hereto," "hereof" and any similar terms refer to this Supplemental and Amendatory Ordinance; and the term "hereafter" means after the date of adoption of this Supplemental and Amendatory Ordinance.

Articles, sections and subsections mentioned by number only are the respective articles, sections and subsections of this Supplemental and Amendatory Ordinance so numbered.

Section 1.02. Authority for this Supplemental and Amendatory Ordinance. This Supplemental and Amendatory Ordinance is adopted pursuant to the provisions of the Sewer Act, the Prior Ordinance, and other applicable provisions of law.

Section 1.03. Findings. The Council hereby finds and determines as follows:

A. The City of Williamstown is a municipal corporation and political subdivison of the State of West Virginia situated in Wood County of the State. The City of Williamstown owns and operates a municipal sewerage system and has heretofore financed the acquisition and construction of the System and certain additions, extensions and improvements to the System by issuance of several series of revenue bonds and refunding bonds, of which there is presently outstanding the City's Water and Sewer Revenue Refunding and Improvement Bonds, Series 1955, dated December 1, 1955 upon original issuance and issued in aggregate principal amount of $320,000.00 pursuant to an Ordinance enacted by the Council of the City on October 18, 1955, which is to be refunded upon the issuance of the Prior Bonds and the Waterworks Refunding Revenue Bonds Series 1987 as authorized by the Prior Ordinance, to be issued concurrently with the Series 1987 A Bonds and Series 1987 B Bond.

B. The present sewage treatment facility of the City is inadequate and the existing sewage treatment plant cannot meet State and Federal regulatory requirements for secondary sewage treatment.

C. It is deemed necessary and desirable for the health, welfare and safety of the inhabitants of the City that the Project be constructed at an estimated cost of $2,708,295. The Cost of the Project shall be deemed to include the construction of a secondary sewer treatment plant and the necessary appurtances thereto to augment the City's present primary treatment capacity at Williamstown, Wood County, West Virginia. Expenses incurred will include, but not be limited to, the cost of all property, rights, easements and franchises deemed necessary or convenient therefor and for the

improvements determined upon as provided in the Sewer Act, interest upon the Series 1987 A Bonds prior to and during construction or acquisitions and six months after the completion of constructin or acquisition of the Project, costs and expenses of the Authority related and incidental to the Project and the issuance of the Series 1987 A Bonds and the Series 1987 B Bond, engineering and legal expenses, expenses for estimates of costs and of revenues, expenses for plan specifications and surveys, expenses necessary or incident to determining the feasibility or practicability of the Project, administrative expenses and other obligations necessary to implement the Project; and such other expenses as may be necessary or incident to the financing authorized by this Supplemental and Amendatory Ordinance and the Sewer Act, the construction and acquisition of the Project and the placing of the same in operation and the performance of the things herein required or permitted in connection with any thereof, including with respect to the Series 1987 A Bonds and Series 1987 B Bond, any commitment fees to the Authority; provided, that reimbursement to the City for any amounts expended by it for allowable costs of the Project prior to the issuance of the Series 1987 A Bonds and Series 1987 B Bond, as the case may be, or the repayment of indebtedness incurred by the City for such purposes shall be deemed a Cost of the Project.

D. The City has received certain grants for the construction and acquisition of the Project, including a grant from the EPA in the approximate amount of $1,863,538. The Distict has entered into a Step II/III grant agreement with the EPA, pursuant to which the EPA will reimburse the City for approximately seventy-five percent (75%) of the Cost of the Project incurred by the City which is eligible for reimbursement by EPA.

E. Other than the Prior Bonds described herein, the City does not have any bonds or other obligations outstanding or to be outstanding as of the date hereof which have a lien on the Net Revenues derived from the operation of the System.

The estimated Gross Revenues to be derived from the operation of the System in each year after the construction of the Project will be sufficient to pay all Operating Expenses and to pay the principal of and interest on the Bonds and all Sinking Fund, Reserve Account, Sewerage System Depreciation Fund and other payments provided for in the Prior Ordinance and this Supplemental and Amendatory Ordinance with respect to the Bonds.

F. The Authority has agreed to purchase the Series 1987 A Bonds and Series 1987 B Bond pursuant to the terms and provisions of the Loan Agreement and the Supplemental Loan Agreement.

G. It is in the best interests of the City that its Series 1987 A Bonds and Series 1987 B Bond be sold to the Authority pursuant to the Loan Agreement and the Supplemental Loan Agreement as soon after the adoption of this Supplemental and Amendatory Ordinance as may be practicable and authorized and permitted by applicable law.

H. The period of usefulness of the System after completion of the Project is not less than forty (40) years.

I. The City has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Series 1987 A Bonds and Series 1987 B Bond, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a Certificate of Convenience and Necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired.

Section 1.04. Supplemental and Amendatory Ordinance Constitutes Contract. In consideration of the acceptance of the Series 1987 A Bonds and Series 1987 B Bond by those who shall be the registered owners of the same from time to time, this Supplemental and Amendatory Ordinance shall be deemed to be and shall constitute a contract between the City and such holders of the Series 1987 A Bonds and Series 1987 B Bond, and the covenants and agreements herein set forth to be performed by the City shall be for the equal benefit, protection and security of the registered owners of any and all of such Series 1987 A Bonds and Series 1987 B Bond, all which shall be of equal rank and without preference, priority or distinction between any one bond of a series and any other bonds of the same series by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

ARTICLE II

AUTHORIZATION OF THE PROJECT; APPROVAL OF ACTIONS: APPROVAL AND EXECUTION OF DOCUMENTS

Section 2.01. Authorization of the Project. There is hereby authorized the construction and acquisition of the Project described in Exhibit A hereto.

Section 2.02. Approval of Application, Loan Agreement, Amended Application, and Supplemental Loan Agreement. The application for a construction loan to the Authority executed by an Authorized Officer of the City on February 2, 1987; the Loan Agreement, the amended application for a construction loan to the Authority, executed by an Authorized Officer of the City on February 2, 1987, and the Supplemental Loan Agreement are hereby approved. An Authorized Officer of the City and the City Clerk of the City are hereby authorized to execute the Loan Agreement and the Supplemental Agreement, and all other documents required to be executed by or on behalf of the City by the terms of the Loan Agreement or the Supplemental Loan Agreement. All stipulations, covenants and agreements contained in the Loan Agreement and the Supplemental Loan Agreement are incorporated herein and made a part hereof as fully as if herein set out in full.

Section 2.03. Approval of Actions. An Authorized Officer and the City Clerk of the City and the other officers of the City hereby are authorized and directed to execute any and all instruments and perform any and all acts as, in their discretion, may be necessary or advisable in effecting the purposes of this Supplemental and Amendatory Ordinance, the Loan Agreement, or the Supplemental Loan Agreement.

ARTICLE III

BONDS

Section 3.01. Authorization of Series 1987 A Bond and Series 1987 B Bond. For the purposes of capitalizing interest on the Series 1987 A Bonds paying the Cost of the Project not otherwise provided for, funding the Series 1987 A Bonds Reserve Account and Series 1987 B Bond Reserve Account, and paying certain costs of issuance and related costs, there shall be issued negotiable bonds of the City, in an aggregate principal amount not to exceed $900,000. The bonds shall be designated "Series 1987 A Bond" in the aggregate principal amount of not more than $900,000 and "Series 1987 B Bond" in the aggregate principal amount of not more than $900,000, and shall have such terms as set forth hereinafter, or in a Supplemental Resolution. The proceeds of the Series 1987 A Bonds and Series 1987 B Bond remaining, if any, after funding of the respective reserve accounts and capitalization of interest shall be deposited in the Bond Construction Trust Fund established by Section 4.02 hereof.

Section 3.02. Terms of the Series 1987 A Bond and Series 1987 B Bond. The Series 1987 A Bonds and Series 1987 B Bond shall bear interest, if any, 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 City shall prescribe in a Supplemental Resolution. The Series 1987 A Bonds shall be numbered consecutively upward beginning with Number 1. The Series 1987 A Bonds and Series 1987 B Bond shall be payable as to principal at the office of the Bond Commission, as Paying Agent, in any coin or currency which, on the dates of payment of prinicpal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 1987 A Bonds and Series 1987 B Bond 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 Registrar, or by such other method as shall be mutually agreeable as long as the Authority is the holder thereof.

Section 3.03. Form of the Series 1987 A Bond and Series 1987 B Bond. The Series 1987 A Bonds shall be issued in substantially the form set forth as Exhibit B hereto, with such appropriate corrections, ommissions and insertions as are permitted or required by this Supplemental and Amendatory Ordinance or any Supplemental Resolution and are deemed advisable by the City.

The Series 1987 B Bond shall be issued in substantially the form set forth as Exhibit C hereto, with such appropriate corrections, ommissions and insertions as are permitted or required by this Supplemental and Amendatory Ordinance or any Supplemental Resolution and are deemed advisable by the City.

Section 3.04. Execution of Bonds. The Series 1987 A Bonds and Series 1987 B Bond shall be executed in the name of the City by the manual signature of an Authorized Officer thereof, and the seal of the City shall be affixed thereto or imprinted thereon and attested by the City Clerk by manual signature. In case any one or more of the persons who shall have signed or sealed any Series 1987 A Bonds and Series 1987 B Bond shall cease to hold such office before such Series 1987 A Bonds and Series 1987 B Bond so signed and sealed shall have been delivered, such Series 1987 A Bonds and Series 1987 B Bond nevertheless may be delivered as herein provided and may be issued as if such person had not ceased to hold such office. Any Series 1987 A Bonds and Series 1987 B Bond may be signed, sealed and attested on behalf of the City by such person who at the time of such actions shall hold the requisite office, regardless of whether such person shall have held such office on the date of such Series 1987 A Bonds and Series 1987 B Bond.

Section 3.05. Authentication and Registration. No Series 1987 A Bond and Series 1987 B Bond shall be valid or obligatory for any purpose or entitled to any security or benefit hereof unless and until the Certificate of Authentication on such Series 1987 A Bond and Series 1987 B Bond shall have been duly executed by the Registrar. Any Certificate of Authentication upon any Series 1987 A Bond and Series 1987 B Bond so executed shall be conclusive evidence that such Series 1987 A Bond and Series 1987 B Bond has been authenticated, registered and delivered under this Supplemental and Amendatory Ordinance. The Certificate of Authentication on any Series 1987 A Bond and Series 1987 B Bond shall be deemed to have been executed by the Registrar if signed by the manual signature of an authorized officer of the Registrar. It shall not be necessary that the same authorized officer sign the Certificate of Authentication on each Series 1987 A Bond and Series 1987 B Bond.

Section 3.06. Negotiability and Registration. Subject to the requirements for transfer set forth below, the Series 1987 A Bonds and Series 1987 B Bond shall be, and have all of the qualities and incidents of, negotiable instruments under the Uniform Commercial Code of the State, and each successive holder, in accepting each Series 1987 A Bond or Series 1987 B Bond, shall be deemed conclusively to have agreed to the incontestability of the Series 1987 A Bonds and Series 1987 B Bond in the hands of a bona fide holder for value, subject to compliance by such holder with the registration provisions herein and therein provided.

As long as any of the Series 1987 A Bonds and Series 1987 B Bond remain outstanding, the Registrar shall keep and maintain the Register for the registration and transfer of any Series 1987 A Bonds and Series 1987 B Bond.

A Series 1987 A Bond or Series 1987 B Bond shall be transferable only by transfer of registration upon the Register by the registered owner thereof in person or by his attorney or legal representative duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or such duly authorized attorney or legal representative. Upon transfer of a Series 1987 A Bond or Series 1987 B Bond, there shall be issued another Series 1987 A Bond or Series 1987 B Bond (at the option of the transferee) of the same series, interest rate, if any, and maturity as the transferred Series 1987 A Bond or Series 1987 B Bond and of an aggregate principal amount equal to the unpaid principal amount of the transferred Series 1987 A Bond or Series 1987 B Bond.

In all cases in which the privilege of transferring or exchanging a Series 1987 A Bond or Series 1987 B Bond is exercised, a Series 1987 A Bond or Series 1987 B Bond shall be delivered in accordance with the provisions of this Supplemental and Amendatory Ordinance. Any Series 1987 A Bond or Series 1987 B Bond surrendered in any such transfer or exchange shall be cancelled forthwith by the Registrar. Any transfer of a Series 1987 A Bond or Series 1987 B Bond and any exchange of a Series 1987 A Bond or Series 1987 B Bond in the event of partial redemption shall be made by the Registrar without charge to the holder or the transferee thereof. For every transfer or exchange of a Series 1987 A Bond or Series 1987 B Bond, the Registrar may make a charge sufficient to reimburse its office for any tax or other governmental charge required to be paid with respect to such transfer or exchange. The City shall pay such service charge, tax or other governmental charge. The Registrar shall not be obliged to make any such transfer or exchange of a Series 1987 A Bond or Series 1987 B Bond proposed to be redeemed after the selection of such bonds to be redeemed.

Section 3.07. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 1987 A Bond or Series 1987 B Bond shall become mutilated or be destroyed, stolen or lost, the City may execute, and the Registrar shall authenticate, register and deliver, a new Series 1987 A Bond or Series 1987 B Bond of like series, maturity and principal amount as the Series 1987 A Bond or Series 1987 B Bond so mutilated, destroyed, stolen or lost, either in exchange for and upon surrender and cancellation of, such mutilated Series 1987 A Bond or Series 1987 B Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, but only if the holder shall furnish the City and the Registrar with proof of his ownership thereof and that the Series 1987 A Bond or Series 1987 B Bond has been destroyed, stolen or lost and shall comply with such other reasonable regulations and conditions as the City or the Registrar may stipulate. The name of the holder listed in the Register shall constitute proof of ownership. Any Series 1987 A Bond and Series 1987 B Bond so surrendered shall be submitted to and cancelled by the Registrar, and evidence of such cancellation shall be given to the City. If any such Series 1987 A Bond or Series 1987 B Bond shall have matured or be about to mature, the City, by and through the Registrar, may pay the same without issuance of a substitute Series 1987 A Bond or Series 1987 B Bond therefor.

Section 3.08. Person Treated as Owners. The City, the Registrar and any agent of the City or the Registrar may treat the person in whose name any Series 1987 A Bond or Series 1987 B Bond is registered as the owner of such Series 1987 A

"Series 1987 B Bond Reserve Account Requirement" means the maximum amount of principal which will come due on the Series 1987 B Bond in the then current or any succeeding Fiscal Year.

"Series 1987 B Sinking Fund" means The City of Williamstown Sewerage System Series 1987 B Bond Sinking Fund created in the Sewerage System Sinking Fund by Section 4.01E hereof.

"Sewer Act" means Chapter 16, Article 13 of the Code of West Virginia of 1931, as amended, and in effect on the date of enactment of this Supplemental and Amendatory Ordinance.

"Sewerage System Depreciation Fund" means the City of Williamstown Sewerage System Depreciation Fund created by Section 3.01 of the Prior Ordinance and Section 4.01C hereof.

"State" means the State of West Virginia.

"Supplemental Loan Agreement" means the supplemental loan agreement between the City and the Authority, pursuant to which the Authority has agreed to purchase the Series 1987 B Bond.

"Supplemental Resolution" means any resolution of the City amending or supplementing this Supplemental and Amendatory Ordinance.

"System" means the Project, in its entirety or any integral part thereof, and any improvements, extensions or betterments thereto hereafter constructed or acquired for the public services properties from any sources whatsoever, both within and without the City.

"Water Development Act" means Chapter 20, Article 5C, of the Code of West Virginia of 1931, as amended, and in effect on the date of adoption of this Supplemental and Amendatory Ordinance.

Additional terms and phrases are defined in this Supplemental and Amendatory Ordinance as they are used. Accounting terms not specifically defined herein shall be given meaning in accordance with generally accepted accounting principles.

Words importing singular number include the plural number in each case and vice versa; words importing the masculine gender include every other gender; and words importing persons include firms, partnerships, associations and corporations.

The terms "herein," "hereunder," "hereby," "hereto," "hereof" and any similar terms refer to this Supplemental and Amendatory Ordinance; and the term "hereafter" means after the date of adoption of this Supplemental and Amendatory Ordinance.

Articles, sections and subsections mentioned by number only are the respective articles, sections and subsections of this Supplemental and Amendatory Ordinance so numbered.

Section 1.02. Authority for this Supplemental and Amendatory Ordinance. This Supplemental and Amendatory Ordinance is adopted pursuant to the provisions of the Sewer Act, the Prior Ordinance, and other applicable provisions of law.

Section 1.03. Findings. The Council hereby finds and determines as follows:

A. The City of Williamstown is a municipal corporation and political subdivison of the State of West Virginia situated in Wood County of the State. The City of Williamstown owns and operates a municipal sewerage system and has heretofore financed the acquisition and construction of the System and certain additions, extensions and improvements to the System by issuance of several series of revenue bonds and refunding bonds, of which there is presently outstanding the City's Water and Sewer Revenue Refunding and Improvement Bonds, Series 1955, dated December 1, 1955 upon original issuance and issued in aggregate principal amount of $320,000.00 pursuant to an Ordinance enacted by the Council of the City on October 18, 1955, which is to be refunded upon the issuance of the Prior Bonds and the Waterworks Refunding Revenue Bonds Series 1987 as authorized by the Prior Ordinance, to be issued concurrently with the Series 1987 A Bonds and Series 1987 B Bond.

B. The present sewage treatment facility of the City is inadequate and the existing sewage treatment plant cannot meet State and Federal regulatory requirements for secondary sewage treatment.

C. It is deemed necessary and desirable for the health, welfare and safety of the inhabitants of the City that the Project be constructed at an estimated cost of $2,708,295. The Cost of the Project shall be deemed to include the construction of a secondary sewer treatment plant and the necessary appurtances thereto to augment the City's present primary treatment capacity at Williamstown, Wood County, West Virginia. Expenses incurred will include, but not be limited to, the cost of all property, rights, easements and franchises deemed necessary or convenient therefor and for the

improvements determined upon as provided in the Sewer Act, interest upon the Series 1987 A Bonds prior to and during construction or acquisitions and six months after the completion of constructin or acquisition of the Project, costs and expenses of the Authority related and incidental to the Project and the issuance of the Series 1987 A Bonds and the Series 1987 B Bond, engineering and legal expenses, expenses for estimates of costs and of revenues, expenses for plan specifications and surveys, expenses necessary or incident to determining the feasibility or practicability of the Project, administrative expenses and other obligations necessary to implement the Project; and such other expenses as may be necessary or incident to the financing authorized by this Supplemental and Amendatory Ordinance and the Sewer Act, the construction and acquisition of the Project and the placing of the same in operation and the performance of the things herein required or permitted in connection with any thereof, including with respect to the Series 1987 A Bonds and Series 1987 B Bond, any commitment fees to the Authority; provided, that reimbursement to the City for any amounts expended by it for allowable costs of the Project prior to the issuance of the Series 1987 A Bonds and Series 1987 B Bond, as the case may be, or the repayment of indebtedness incurred by the City for such purposes shall be deemed a Cost of the Project.

D. The City has received certain grants for the construction and acquisition of the Project, including a grant from the EPA in the approximate amount of $1,863,538. The Distict has entered into a Step II/III grant agreement with the EPA, pursuant to which the EPA will reimburse the City for approximately seventy-five percent (75%) of the Cost of the Project incurred by the City which is eligible for reimbursement by EPA.

E. Other than the Prior Bonds described herein, the City does not have any bonds or other obligations outstanding or to be outstanding as of the date hereof which have a lien on the Net Revenues derived from the operation of the System.

The estimated Gross Revenues to be derived from the operation of the System in each year after the construction of the Project will be sufficient to pay all Operating Expenses and to pay the principal of and interest on the Bonds and all Sinking Fund, Reserve Account, Sewerage System Depreciation Fund and other payments provided for in the Prior Ordinance and this Supplemental and Amendatory Ordinance with respect to the Bonds.

F. The Authority has agreed to purchase the Series 1987 A Bonds and Series 1987 B Bond pursuant to the terms and provisions of the Loan Agreement and the Supplemental Loan Agreement.

G. It is in the best interests of the City that its Series 1987 A Bonds and Series 1987 B Bond be sold to the Authority pursuant to the Loan Agreement and the Supplemental Loan Agreement as soon after the adoption of this Supplemental and Amendatory Ordinance as may be practicable and authorized and permitted by applicable law.

H. The period of usefulness of the System after completion of the Project is not less than forty (40) years.

I. The City has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Series 1987 A Bonds and Series 1987 B Bond, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a Certificate of Convenience and Necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired.

Section 1.04. Supplemental and Amendatory Ordinance Constitutes Contract. In consideration of the acceptance of the Series 1987 A Bonds and Series 1987 B Bond by those who shall be the registered owners of the same from time to time, this Supplemental and Amendatory Ordinance shall be deemed to be and shall constitute a contract between the City and such holders of the Series 1987 A Bonds and Series 1987 B Bond, and the covenants and agreements herein set forth to be performed by the City shall be for the equal benefit, protection and security of the registered owners of any and all of such Series 1987 A Bonds and Series 1987 B Bond, all which shall be of equal rank and without preference, priority or distinction between any one bond of a series and any other bonds of the same series by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

ARTICLE II

AUTHORIZATION OF THE PROJECT; APPROVAL OF ACTIONS: APPROVAL AND EXECUTION OF DOCUMENTS

Section 2.01. Authorization of the Project. There is hereby authorized the construction and acquisition of the Project described in Exhibit A hereto.

Section 2.02. Approval of Application, Loan Agreement, Amended Application, and Supplemental Loan Agreement. The application for a construction loan to the Authority executed by an Authorized Officer of the City on February 2, 1987; the Loan Agreement, the amended application for a construction loan to the Authority, executed by an Authorized Officer of the City on February 2, 1987, and the Supplemental Loan Agreement are hereby approved. An Authorized Officer of the City and the City Clerk of the City are hereby authorized to execute the Loan Agreement and the Supplemental Agreement, and all other documents required to be executed by or on behalf of the City by the terms of the Loan Agreement or the Supplemental Loan Agreement. All stipulations, covenants and agreements contained in the Loan Agreement and the Supplemental Loan Agreement are incorporated herein and made a part hereof as fully as if herein set out in full.

Section 2.03. Approval of Actions. An Authorized Officer and the City Clerk of the City and the other officers of the City hereby are authorized and directed to execute any and all instruments and perform any and all acts as, in their discretion, may be necessary or advisable in effecting the purposes of this Supplemental and Amendatory Ordinance, the Loan Agreement, or the Supplemental Loan Agreement.

ARTICLE III

BONDS

Section 3.01. Authorization of Series 1987 A Bond and Series 1987 B Bond. For the purposes of capitalizing interest on the Series 1987 A Bonds paying the Cost of the Project not otherwise provided for, funding the Series 1987 A Bonds Reserve Account and Series 1987 B Bond Reserve Account, and paying certain costs of issuance and related costs, there shall be issued negotiable bonds of the City, in an aggregate principal amount not to exceed $900,000. The bonds shall be designated "Series 1987 A Bond" in the aggregate principal amount of not more than $900,000 and "Series 1987 B Bond" in the aggregate principal amount of not more than $900,000, and shall have such terms as set forth hereinafter, or in a Supplemental Resolution. The proceeds of the Series 1987 A Bonds and Series 1987 B Bond remaining, if any, after funding of the respective reserve accounts and capitalization of interest shall be deposited in the Bond Construction Trust Fund established by Section 4.02 hereof.

Section 3.02. Terms of the Series 1987 A Bond and Series 1987 B Bond. The Series 1987 A Bonds and Series 1987 B Bond shall bear interest, if any, 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 City shall prescribe in a Supplemental Resolution. The Series 1987 A Bonds shall be numbered consecutively upward beginning with Number 1. The Series 1987 A Bonds and Series 1987 B Bond shall be payable as to principal at the office of the Bond Commission, as Paying Agent, in any coin or currency which, on the dates of payment of prinicpal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 1987 A Bonds and Series 1987 B Bond 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 Registrar, or by such other method as shall be mutually agreeable as long as the Authority is the holder thereof.

Section 3.03. Form of the Series 1987 A Bond and Series 1987 B Bond. The Series 1987 A Bonds shall be issued in substantially the form set forth as Exhibit B hereto, with such appropriate corrections, ommissions and insertions as are permitted or required by this Supplemental and Amendatory Ordinance or any Supplemental Resolution and are deemed advisable by the City.

The Series 1987 B Bond shall be issued in substantially the form set forth as Exhibit C hereto, with such appropriate corrections, ommissions and insertions as are permitted or required by this Supplemental and Amendatory Ordinance or any Supplemental Resolution and are deemed advisable by the City.

Section 3.04. Execution of Bonds. The Series 1987 A Bonds and Series 1987 B Bond shall be executed in the name of the City by the manual signature of an Authorized Officer thereof, and the seal of the City shall be affixed thereto or imprinted thereon and attested by the City Clerk by manual signature. In case any one or more of the persons who shall have signed or sealed any Series 1987 A Bonds and Series 1987 B Bond shall cease to hold such office before such Series 1987 A Bonds and Series 1987 B Bond so signed and sealed shall have been delivered, such Series 1987 A Bonds and Series 1987 B Bond nevertheless may be delivered as herein provided and may be issued as if such person had not ceased to hold such office. Any Series 1987 A Bonds and Series 1987 B Bond may be signed, sealed and attested on behalf of the City by such person who at the time of such actions shall hold the requisite office, regardless of whether such person shall have held such office on the date of such Series 1987 A Bonds and Series 1987 B Bond.

Section 3.05. Authentication and Registration. No Series 1987 A Bond and Series 1987 B Bond shall be valid or obligatory for any purpose or entitled to any security or benefit hereof unless and until the Certificate of Authentication on such Series 1987 A Bond and Series 1987 B Bond shall have been duly executed by the Registrar. Any Certificate of Authentication upon any Series 1987 A Bond and Series 1987 B Bond so executed shall be conclusive evidence that such Series 1987 A Bond and Series 1987 B Bond has been authenticated, registered and delivered under this Supplemental and Amendatory Ordinance. The Certificate of Authentication on any Series 1987 A Bond and Series 1987 B Bond shall be deemed to have been executed by the Registrar if signed by the manual signature of an authorized officer of the Registrar. It shall not be necessary that the same authorized officer sign the Certificate of Authentication on each Series 1987 A Bond and Series 1987 B Bond.

Section 3.06. Negotiability and Registration. Subject to the requirements for transfer set forth below, the Series 1987 A Bonds and Series 1987 B Bond shall be, and have all of the qualities and incidents of, negotiable instruments under the Uniform Commercial Code of the State, and each successive holder, in accepting each Series 1987 A Bond or Series 1987 B Bond, shall be deemed conclusively to have agreed to the incontestability of the Series 1987 A Bonds and Series 1987 B Bond in the hands of a bona fide holder for value, subject to compliance by such holder with the registration provisions herein and therein provided.

As long as any of the Series 1987 A Bonds and Series 1987 B Bond remain outstanding, the Registrar shall keep and maintain the Register for the registration and transfer of any Series 1987 A Bonds and Series 1987 B Bond.

A Series 1987 A Bond or Series 1987 B Bond shall be transferable only by transfer of registration upon the Register by the registered owner thereof in person or by his attorney or legal representative duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or such duly authorized attorney or legal representative. Upon transfer of a Series 1987 A Bond or Series 1987 B Bond, there shall be issued another Series 1987 A Bond or Series 1987 B Bond (at the option of the transferee) of the same series, interest rate, if any, and maturity as the transferred Series 1987 A Bond or Series 1987 B Bond and of an aggregate principal amount equal to the unpaid principal amount of the transferred Series 1987 A Bond or Series 1987 B Bond.

In all cases in which the privilege of transferring or exchanging a Series 1987 A Bond or Series 1987 B Bond is exercised, a Series 1987 A Bond or Series 1987 B Bond shall be delivered in accordance with the provisions of this Supplemental and Amendatory Ordinance. Any Series 1987 A Bond or Series 1987 B Bond surrendered in any such transfer or exchange shall be cancelled forthwith by the Registrar. Any transfer of a Series 1987 A Bond or Series 1987 B Bond and any exchange of a Series 1987 A Bond or Series 1987 B Bond in the event of partial redemption shall be made by the Registrar without charge to the holder or the transferee thereof. For every transfer or exchange of a Series 1987 A Bond or Series 1987 B Bond, the Registrar may make a charge sufficient to reimburse its office for any tax or other governmental charge required to be paid with respect to such transfer or exchange. The City shall pay such service charge, tax or other governmental charge. The Registrar shall not be obliged to make any such transfer or exchange of a Series 1987 A Bond or Series 1987 B Bond proposed to be redeemed after the selection of such bonds to be redeemed.

Section 3.07. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 1987 A Bond or Series 1987 B Bond shall become mutilated or be destroyed, stolen or lost, the City may execute, and the Registrar shall authenticate, register and deliver, a new Series 1987 A Bond or Series 1987 B Bond of like series, maturity and principal amount as the Series 1987 A Bond or Series 1987 B Bond so mutilated, destroyed, stolen or lost, either in exchange for and upon surrender and cancellation of, such mutilated Series 1987 A Bond or Series 1987 B Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, but only if the holder shall furnish the City and the Registrar with proof of his ownership thereof and that the Series 1987 A Bond or Series 1987 B Bond has been destroyed, stolen or lost and shall comply with such other reasonable regulations and conditions as the City or the Registrar may stipulate. The name of the holder listed in the Register shall constitute proof of ownership. Any Series 1987 A Bond and Series 1987 B Bond so surrendered shall be submitted to and cancelled by the Registrar, and evidence of such cancellation shall be given to the City. If any such Series 1987 A Bond or Series 1987 B Bond shall have matured or be about to mature, the City, by and through the Registrar, may pay the same without issuance of a substitute Series 1987 A Bond or Series 1987 B Bond therefor.

Section 3.08. Person Treated as Owners. The City, the Registrar and any agent of the City or the Registrar may treat the person in whose name any Series 1987 A Bond or Series 1987 B Bond is registered as the owner of such Series 1987 A

Bond or Series 1987 B Bond for the purpose of receiving payment of the principal of and interest, if any, on such Series 1987 A Bond or Series 1987 B Bond, and for all other purposes, whether or not such Series 1987 A Bond or Series 1987 B Bond is overdue.

Section 3.09. Delivery of the Series 1987 A Bond and the Series 1987 B Bond. The City shall execute and deliver to the Registrar, and the Registrar shall authenticate, register and deliver to the Authority the Series 1987 A Bonds and the Series 1987 B Bond, upon payment therefor and receipt of the documents set forth below:

A. A request and authorization to the Registrar on behalf of the City, signed by an Authorized Officer, to authenticate and deliver to the Authority the Series 1987 A Bonds and the Series 1987 B Bond; and

B. The unqualified approving opinion of bond counsel designated by the City and acceptable to the Authority.

Section 3.10. Application of Proceeds of Series 1987 A Bond and Series 1987 B Bond. The proceeds received from the sale of the Series 1987 A Bonds and Series 1987 B Bond shall be used to fund the Bonds Capitalized Interest Account, Series 1987 A Bonds and Series 1987 B Bond Reserve Accounts and to repay the Authority any interim loans advanced to the City, and any remaining proceeds shall be deposited in the Bond Construction Trust Fund and applied to the payment of the Cost of the Project, including the costs of issuance of the Series 1987 A Bonds and Series 1987 B Bond, and the holders of the Series 1987 A Bonds and Series 1987 B Bond shall have a lien upon the proceeds until such proceeds are applied in the manner herein described.

ARTICLE IV

SERIES 1987 A BOND AND SERIES 1987 B BOND PROCEEDS; REVENUES; FUNDS; AND ACCOUNTS

Section 4.01. Revenues; Funds and Accounts.

A. The Gross Revenues from the operation of the System shall be deposited upon receipt in the Depository Bank in the Sewerage System Revenue Fund, established by the Prior Ordinance. The Revenue Fund shall constitute a trust fund for the purposes provided in the Prior Ordinance and in this

Supplemental and Amendatory Ordinance and shall be kept separate and distinct from all other funds of the Depository Bank or of the City and used solely for the purposes and in the manner provided in the Prior Ordinance and herein. All revenues on deposit in the Revenue Fund shall first each month be used to pay all reasonable Operating Expenses of the System. Thereafter, disbursements shall be made from the Revenue Fund in the order and priority set forth in Section 3.03 B of the Prior Ordinance and in Subsections B, C, D and E of this Section 4.01 and shall be used only for the purposes and in the manner therein and herein provided.

B. (1) On the first day of each month, beginning on the first day of that month which is seven months prior to the first interest payment date on which interest on the Series 1987 A Bonds is to be paid from Revenues, the City shall apportion and set apart out of the Revenue Fund and remit to the Bond Commission for deposit in a sub account within the Sewerage System Sinking Fund which sub account is hereby created and established with the Bond Commission, to be designated the "Series 1987 A Sinking Fund" a sum equal to one-sixth of the amount of interest which will become due on the Series 1987 A Bonds on the next ensuing semiannual interest payment date; provided, that "next ensuing semiannual interest payment date" shall not refer to the interest payment date on which any such deposit is made. The last monthly deposit to be made in each six-month period to pay interest on the next ensuing semiannual interest payment date may be reduced to the extent that deposits made for the five preceding months, together with any other moneys on deposit the in the Series 1987 A Sinking Fund for the payment of interest would be sufficient with such reduced monthly deposit to make the next ensuing semiannual interest payment. All remittances of funds from the Revenue Fund to the Series 1987 A Sinking Fund pursuant to this Section shall be made on a parity basis with all remittances of funds to the Sewerage System Sinking Fund pursuant to Section 3.03 B(2)(a) of the Prior Ordinance and no payments required under either such Section of the Prior Ordinance or this Section shall have any preference or priority over the other.

(2) On the first day of each month, beginning on the first day of that month which is 13 months prior to the first principal payment date of the Series 1987 A Bonds, the City shall apportion and set apart out of the Revenue Fund and remit to the Bond Commission for deposit in the Series A Sinking Fund, a sum equal to one-twelfth of the amount of principal which will mature and become due on the Series 1987 A Bonds on the next ensuing principal payment date; provided, that "next ensuing principal payment date" shall not refer to the

principal payment date on which any such deposit is made. The last monthly deposit to be made in each twelve-month period to pay principal on the next ensuing annual principal payment date may be reduced to the extent that deposits made for the eleven preceding months, together with any other moneys on deposit in the Series 1987 A Sinking Fund for the payment of principal, would be sufficient with such reduced monthly deposit to make the next ensuing annual principal payment. All remittances of funds from the Revenue Fund to the Series 1987 A Sinking Fund pursuant to this Section shall be made on a parity basis with all remittances of funds to the Sewerage System Sinking Fund pursuant to Section 3.03 B(2)(b) of the Prior Ordinance and no payments required under either such Section of the Prior Ordinance or this Section shall have any preference or priority over the other. So long as there is on deposit in the Series 1987 A Bond Reserve Account an amount equal to the Series 1987 A Bond Reserve Requirement, the Bond Commission shall transfer to the City and deposit in the Revenue Fund for payment into the Series 1987 A Sinking Fund semi-annually all investment earnings on the Series 1987A Bond Reserve Account.

(3) Unless the City has funded the Series 1987 A Bonds Reserve Account with Bond proceeds, the City shall next, from the Revenue Fund, remit to the Bond Commission for deposit in an account to be designated the "Series 1987 A Bonds Reserve Account," which is hereby created and established in the Series 1987 A Sinking Fund, on the first day of each month of each year, beginning with and including the month in which the payments required by Section 4.01 B (2) are commenced, an amount equal to 1/12th of 1/10th of the Series 1987 A Bonds Reserve Account Requirement; provided that no further payments shall be made into the Series 1987 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 1987 A Bonds Reserve Account Requirement. All remittances of funds from the Revenue Fund to the Series 1987 A Sinking Fund pursuant to this Section shall be made on a parity basis with all remittances of funds to the Sewerage System Sinking Fund pursuant to Section 3.03B(2)(6) of the Prior Ordinance and no payments required under either such Section shall have any preference or priority over the other.

Moneys in the Series 1987 A Bonds Reserve Account shall be used only for the purpose of paying principal of or interest on the Series 1987 A Bonds, as the same shall come due, when other moneys in the Series 1987 A Sinking Fund are insufficient therefor, and for no other purpose.

C. On the first day of each month, beginning with the first month in which interest shall be payable from the Revenue Fund, the City shall apportion and set apart out of the Revenue Fund and transfer to the Depository Bank, for deposit in the Sewerage System Depreciation Fund, a sum equal to 2-1/2% of Gross Revenues, less any amount transferred to the Series 1987 A Bonds Reserve Account received during the previous month. All funds in the Sewerage System Depreciation Fund shall be kept separate and distinct from all other funds of the City and the Depository Bank.

Withdrawals and disbursements from the Sewerage System Depreciation Fund shall be made by the City only for the following purposes and in the following order of priority:

(1) For the payment of the then payable principal of, premium, if any, and interest on the Prior Bonds and the Series 1987 A Bonds if there are not sufficient funds therefor in the Sewerage System Sinking Fund and the Series 1987 A Sinking Fund (including the Sewerage System Reserve Account and the Series 1987 A Bonds Reserve Account);

(2) To make up any deficiency in the Sewerage System Reserve Account and the Series 1987 A Bonds Reserve Account (so that the amount on deposit therein are at least equal to the Sewerage System Reserve Account Requirement and the Series 1987 A Bonds Reserve Account Requirement), subject to the provisions of the Prior Ordinance and Section 4.01 hereof; and

(3) For the payment of the reasonable costs of replacements, emergency repairs, improvements or extensions to the System;

D. The City shall restore any withdrawals from the Sewerage System Reserve Account and the Series 1987 A Bonds Reserve Account which have the effect of reducing the value of the funds therein below the Sewerage System Reserve Account Requirement and the Series 1987 A Bonds Reserve Account Requirement, first from moneys then remaining in the Revenue Fund and next from funds deposited in the Sewerage System Depreciation Fund and then from the first Net Revenues available after all required deposits to the Sewerage System Sinking Fund and the Series 1987 A Sinking Fund therein, including deposits in respect of deficiencies for prior deposits, have been made in full; provided, that the City shall not be required to restore any withdrawal when the sum in the Sewerage System Sinking Fund and the Series 1987 A Sinking Fund therein, and all accounts therein of cash, Government Obligations and interest to be earned on such Government Obligations, without reinvestment, is at least equal to the

principal amount of the Prior Bonds and the Series 1987 A Bonds then outstanding plus the amount of interest due or thereafter to become due thereon.

E. (1) On the first day of each month, beginning on the first day of that month which is 13 months prior to the first principal payment date of the Series 1987 B Bond, the City shall apportion and set apart out of the Revenue Fund and remit to the Bond Commission for deposit in a subaccount in the Sewerage System Sinking Fund an account to be designated the "Series 1987 B Sinking Fund" which is hereby created and established with the Bond Commission, a sum equal to one-twelfth of the amount of principal which will mature and become due on the Series 1987 B Bond on the next ensuing principal payment date; provided, that "next ensuing principal payment date" shall not refer to the principal payment date on which any such deposit is made. The last monthly deposit to be made in each twelve-month period to pay principal on the next ensuing annual principal payment date may be reduced to the extent that deposits made for the eleven preceding months, together with any other moneys on deposit in the Series 1987 B Sinking Fund for the payment of principal, would be sufficient with such reduced monthly deposit to make the next ensuing annual principal payment.

(2) Unless the City has funded the Series 1987 B Bond Reserve Account with Bond proceeds, the City shall next, from the Revenue Fund, remit to the Bond Commission for deposit in an account to be designated the "Series 1987 B Bond Reserve Account," which is hereby created and established in the Series 1987 B Sinking Fund, on the first day of each month of each year, beginning with and including the month in which the payments required by Section 4.01 E (1) are commenced, an amount equal to 1/12th of 1/10th of the Series 1987 B Bond Reserve Account Requirement; provided that no further payments shall be made into the Series 1987 B Bond 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 B Bond Reserve Account Requirement. So long as there is on deposit in the Series 1987 A Bond Reserve Account an amount equal to the Series 1987 A Bond Reserve Requirement, the Bond Commission shall transfer to the City and deposit in the Revenue Fund for payment into the Series 1987 A Sinking Fund semi-annually all investment earnings on the Series 1987 A Bond Reserve Account.

Moneys in the Series 1987 B Bond Reserve Account shall be used only for the purpose of paying the principal of the Series 1987 B Bond as the same shall become due, when other moneys in the Series 1987 B Sinking Fund are insufficient therefor, and for no other purpose.

Any withdrawals from the Series 1987 B Bond Reserve Account shall be subsequently restored from the first Net Revenues available after all required payments to the Sewerage System Sinking Fund, including all required payments to the Series 1987 A Sinking Fund, the Sewerage System Reserve Account and the Series 1987 A Bonds Reserve Account therein, Sewerage System Depreciation Fund, Series 1987 B Sinking Fund, including any deficiencies for prior payments, have been made in full.

F. On such dates as the Bond Commission shall require, the City shall remit to the Bond Commission such additional sums from the Revenue Fund as shall be necessary to pay the fiscal agency charges due for paying the Prior Bonds and the Series 1987 A Bonds and the interest thereon and the Series 1987 B Bond.

Pending such application, moneys in the Revenue Fund shall be invested in accordance with Article VI hereof.

Moneys on deposit in the Series 1987 A Sinking Fund shall be used only for the purposes of paying the principal of and the interest on the Series 1987 A Bonds, as the same shall become due. Moneys on deposit in the Series 1987 B Sinking Fund shall be used only for the purpose of paying principal of the Series 1987 B Bond as the same shall become due.

The City shall not be required to make further deposits into the Sewerage System Sinking Fund, including the Series 1987 A Sinking Fund, the Sewerage System Reserve Account and the Series 1987 A Bonds Reserve Account therein, and the Series 1987 B Sinking Fund and the Series 1987 B Bond Reserve Account therein when the sums of cash, Government Obligations and interest to be earned on such Government Obligations, without reinvestment, in the Sewerage System Sinking Fund, the Series 1987 A Sinking Fund and the Series 1987 B Sinking Fund and Reserve Accounts therein are at least equal to the respective principal amounts of the Prior Bonds, the Series 1987 A Bonds and Series 1987 B Bond then outstanding plus the amount of any interest due or thereafter to become due thereon.

As and when additional bonds are issued, provision shall be made for additional deposits into the respective Sinking Funds sufficient to pay the interest on such additional Bonds and accomplish retirement thereof at or before maturity.

Deposits into the respective Sinking Funds shall be made on the first day of each month, except that, when the first day of any month shall be a Saturday, Sunday or legal holiday, then such deposit shall be made on the next succeeding business day. All such deposits shall be remitted to the Bond

Commission with appropriate instructions, consistent with the provisions of this Supplemental and Amendatory Ordinance, as to the custody, use and application of the funds deposited.

G. Whenever all the required transfers and deposits from the Revenue Fund have been made and there remains on deposit in the Revenue fund an amount exceeding the amount estimated to be required to be paid for Operating Expenses during the then current Fiscal Year and the next ensuing Fiscal Year, as determined by resolution of the Sanitary Board, such excess may be transferred to the Sewerage System Depreciation Fund or used for any lawful purpose of the System, including payment on other obligations junior, subordinate and inferior to the Prior Bonds, the Series 1987 A Bonds and the Series 1987 B Bond, as directed by the Sanitary Board.

H. If on any payment date Net Revenues are insufficient to make the transfers and deposits hereinabove provided, the deficient transfer or deposit shall be corrected on the next ensuing payment date by payments in addition to the payments otherwise required to be made on such payment date.

I. The Bond Commission hereby is designated as the fiscal agent for the administration of the respective Sinking Funds. All amounts to be deposited into the respective Sinking Funds shall be remitted by the City to the Bond Commission, as provided herein. All such remittances shall identify clearly the fund or account into which such remittance is to be deposited.

J. Funds on deposit in the Revenue Fund, excess proceeds of the Series 1987 A Bonds and Series 1987 B Bond and the Sewerage System Depreciation Fund in excess of the amount insured by the FDIC shall be secured at all times to the full extent of such excess by such Qualified Investments as are eligible under the laws of the State to secure deposits of municipal funds.

K. Gross Revenues will be used only for the lawful purposes of the System.

Section 4.02. Bond Construction Trust Fund. There is hereby created and established with the Depository Bank a special fund, to be designated the "City of Williamstown Project Bond Construction Trust Fund," which fund shall be segregated from all other funds and accounts of the Depository Bank or the City and used solely for the purposes provided herein.

Disbursements from the Bond Construction Trust Fund, except for the costs of issuance of the Series 1987 A Bonds and Series 1987 B Bond which shall be made upon request of the City, 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.

No moneys shall be disbursed from the Bond Construction Trust Fund except to pay the Cost of the Project. Withdrawals from the Construction Fund, except for legal, fiscal expenses and expenses in connection with the issuance and sale of the Series 1987 A Bonds and Series 1987 B Bond, shall be made only after submission to the Depository Bank of a certificate, signed by the Consulting Engineers and an Authorized Officer of the City, stating that such costs have been properly incurred, that such costs are part of the Cost of the Project, and that payment is then due and owing.

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

The Bond Construction Trust Fund shall constitute a trust fund for the purposes described above, and there is hereby created a lien upon such moneys until so applied first in favor of the holders of the Series 1987 A Bonds, without preference or priority of one over the other and second in favor of the holders of the Series 1987 B Bond.

After completion of the Project, as certified by the Consulting Engineers, any moneys remaining in the Bond Construction Trust Fund shall be applied to (i) the Series 1987 A Bonds Reserve Account, up to the amount of the Series 1987 A Bonds Reserve Account Requirement, (ii) the Series 1987 B Bond Reserve Account up to the amount of the Series 1987 B Bond Reserve Account Requirement, and (iii) any remaining amount to the Revenue Fund with the City to apply such moneys in full first, to the next ensuing interest payments due on the Series 1987 A Bonds, second, to the next ensuing principal payment due on the Series 1987 A Bonds, and, third, to the next ensuing principal payment on the Series 1987 B Bond.

Section 4.03. Tap Fee Account. All proceeds from any Tap fees imposed and collected by the City shall be deposited in a special account, to be designated the "City of Williamstown Project Tap Fee Account" (the "Tap Fee Account"), which is hereby created and established in the Bond Construction Trust Fund. The City shall pay promptly out of the Tap Fee Account the costs of connection to the System. Any amounts remaining in the Tap Fee Account after connections have been made for all customers who paid such Tap Fees shall be considered excess and shall be transferred by the Depository Bank to the Bond Construction Trust Fund and used for authorized purposes thereof for as long as such Construction Fund remains in existence, and thereafter to the Revenue Fund.

Section 4.04. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of any or all of the Series 1987 A Bonds and Series 1987 B Bond, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1987 A Bonds, there shall be deposited with the Bond Commission in the Series 1987 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 1987 A Bonds for the period commencing on the date of issuance of the Bond and ending six (6) months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 1987 A Bonds, there shall be deposited with the Bond Commission in the Series 1987 A Bonds Reserve Account and from the proceeds of the Series 1987 B Bond there shall be deposited with the Bond Commission in the Series 1987 B Bond Reserve Account the respective sums, if any, set forth in the Supplemental Resolution for funding of the Reserve Accounts.

C. The remaining moneys derived from the sale of the Series 1987 A Bonds and Series 1987 B Bond shall be deposited with the Depository Bank in the Bond Construction Trust Fund and applied solely to payment of the Cost of the Project in the manner set forth in Section 4.02 above.

D. The Depository Bank shall act as a trustee and fiduciary for the holder of the Series 1987 A Bonds and Series 1987 B Bond 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 this Supplemental and Amendatory Ordinance. Moneys in the Bond Construction Trust Fund shall be used solely to pay the Cost of the Project and until so expended, are hereby pledged as additional security for the Series 1987 A Bonds, and thereafter for the Series 1987 B Bond. In the event that Notes are issued, the disposition of funds in the Bond Construction Trust Fund may be modified from that set forth herein, with the written consent of the Authority.

ARTICLE V

ADDITIONAL COVENANTS OF THE CITY

Section 5.01. General Covenants of the City. All covenants, agreements and provisions of this Supplemental and Amendatory Ordinance shall be and constitute valid and legally binding covenants of the City and shall be enforceable in any court of competent jurisdiction by any holder or holders of the Series 1987 A Bonds and the Series 1987 B Bond, as prescribed by Article VII hereof. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, for as long as the Series 1987 A Bonds and the Series 1987 B Bond remain outstanding.

Section 5.02. Series 1987 A Bonds and Series 1987 B Bond not to be Indebtedness of the City. The Series 1987 A Bonds and Series 1987 B Bond shall not be a corporate indebtedness of the City within the meaning of any statutory or

constitutional limitation but shall be payable solely from Sewerage System Net Revenues, the funds in the Sewerage System Sinking Fund and all accounts therein and from funds in the Sewerage System Depreciation Fund, and as to any series of Bonds, from the unexpended proceeds derived from the sale of that series. No Holder or Holders of any of the Series 1987 A Bonds or the Series 1987 B Bond shall ever have the right to compel the exercise of the taxing power of the City to pay the principal of, premium, if any, or interest on the Series 1987 A Bonds or the Series 1987 B Bond.

Section 5.03. Series 1987 A Bonds and Series 1987 B Bond Secured by Pledge of Net Revenues, Funds and Unexpended Bond Proceeds. The payment of the debt service of the Series 1987 A Bonds issued hereunder shall be secured forthwith by a first lien on and pledge of the Net Revenues on a parity with the Prior Bonds and any other parity bonds hereafter issued and outstanding under the Prior Ordinance or this Supplemental and Amendatory Ordinance. The payment of the debt service of the Series 1987 B Bond issued hereunder shall be secured forthwith by a second lien on and pledge of the Net Revenues. Net Revenues in an amount sufficient to pay the principal of, premium, if any, and interest on first, the Prior Bonds and the Series 1987 A Bonds, equally and without priority of one over the other, and second, the Series 1987 B Bond, and to make the deposits into the respective Sinking Funds and all other payments provided for in this Supplemental and Amendatory Ordinance, and the funds on deposit in the respective Sinking Funds and the Sewerage System Depreciation Fund, are pledged irrevocably hereby in the manner provided in this Supplemental and Amendatory Ordinance to the payment of the principal of, premium, if any, and interest on first, the Prior Bonds and Series 1987 A Bonds, equally and without priority of one over the other, and second, the Series 1987 B Bond, as the same becomes due and for the other purposes provided in this Supplemental and Amendatory Ordinance. The City hereby pledges the unexpended proceeds, if any, of the Series 1987 A Bonds and Series 1987 B Bond as additional security for payment of the principal of, premium, if any, and interest on first, the Series 1987 A Bonds, and second the Series 1987 B Bond, until expended in accordance with the provisions of this Supplemental and Amendatory Ordinance.

Section 5.04. Rates. The City hereby covenants and agrees that as long as either the Series 1987 A Bonds or the Series 1987 B Bond is outstanding it will fix, establish and collect System rates and charges which always shall provide Net Revenues along with other revenues of the System, after paying all Operating Expenses, equal to not less than one hundred fifteen percent (115%) of the maximum annual amount required to

pay the interest and principal as the same become due and accomplish retirement of all Bonds, or other obligations for the payment of which Net Revenues have or shall have been pledged, charged or otherwise encumbered provided, however, that as long as there is on deposit in (i) the Sewerage System Reserve Account in the Sewerage System Sinking Fund established by Section 3.03 B of the Prior Ordinance, an amount equal to the Sewerage System Reserve Account Requirement, (ii) the Series 1987 A Bonds Reserve Account in the Series A Sinking Fund established by Section 4.01B of this Supplemental and Amendatory Ordinance an amount equal to the Series 1987 A Bonds Reserve Account Requirement, (iii) the Series 1987 B Bond Reserve Account in the Series B Sinking Fund established by Section 4.01E of this Supplemental and Amendatory Ordinance an amount equal to the Series 1987 B Bond Reserve Account Requirement, and (iv) any other reserve account requirements, the foregoing percentage may be adjusted by the City to one hundred ten percent (110%).

Section 5.05. Completion, Operation and Maintenance, Right of Access. The City will expeditiously complete the Project and will provide and maintain competent and adequate resident engineering services satisfactory to the City and the Authority for the supervision and inspection of the construction of the Project, and bearing the responsibility of assuring the construction conforms to the Plans and Specifications and shall require its resident engineer to certify to the Authority and the City at the completion of construction that construction is in accordance with the Plans and Specifications. Upon completion of the construction, the City will maintain the System in good condition and will operate the same as a revenue-producing enterprise in an efficient and economical manner in compliance with the water quality standards established by the West Virginia Department of Natural Resources and the EPA, as well as all other State and Federal laws, regulations, orders, and standards, with qualified operating personnel properly certified, making expenditures for equipment and for the economical operation and maintenance thereof from Gross Revenues as provided in this Supplemental and Amendatory Ordinance. As long as the Authority shall hold the Series 1987 A Bonds or the Series 1987 B Bond, the Authority, the EPA and their duly authorized agents shall have the right at all reasonable times to enter upon the System to examine and inspect the same and shall, prior to, at and after completion of construction and commencement of operation of the Project, have such rights of access to the System 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 Water Development Act.

Section 5.06. Issuance of Other Obligations Payable out of Sewerage System Net Revenues and General Covenant Against Encumbrances. The City shall not issue any other obligations payable from Net Revenues, which as to lien, security and source of payment rank prior or equal to the Prior Bonds and Series 1987 A Bonds. The City shall not issue any other obligations payable from Net Revenues, which as to lien, security and source of payment, rank prior or equal to the Series 1987 B Bond, except additional parity Sewerage System Bonds as provided in Section 5.06 hereof which shall only be issued if Net Revenues of the System prior to issuance of the parity Sewerage System 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 Bonds and parity bonds theretofore and then being issued and on obligations secured by or payable from the revenues of the System prior to the Bonds, if any, provided, however, that additional parity bonds may be issued to complete the Project, as provided in Section 5.06 hereof.

All obligations issued by the City after the issuance of the Bonds and payable from the Net Revenues of the System, except such additional parity bonds provided for by section 5.06, 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 Prior Bonds, the Series 1987 A Bonds and the series 1987 B Bond; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the respective Reserve Accounts and the Sewerage System Depreciation Fund at the time of the issuance of such subordinate obligations have been made and are current.

Except as provided above, the City 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 interst thereon in the Prior Ordinance and this Supplemental and Amendatory Ordinace, or upon the System or any part thereof.

Section 5.07. Additional Bonds on a Parity with the Series 1987 B Bond. No additional bonds shall be issued after the issuance of the Series 1987 B Bond as long as the Series 1987 B Bond is outstanding, except with the written consent of the holder of the Series 1987 B Bond, payable from Net Revenues on a parity with the Series 1987 B Bond.

The term "additional parity bonds," as used in this Section, shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on Net Revenues is subject and junior to the prior and superior lien thereon of the Series 1987 B Bond.

Anything to the contrary in this Section notwithstanding, the City, with the consent of the Authority, may issue additional parity bonds if required to complete the Project, according to the Plans and Specifications as described in the application filed with the Authority, without meeting the foregoing requirements.

Section 5.08. Construction and Fidelity Bonds; Workers' Compensation. The City will provide and maintain or, will require each contractor dealing directly with the City to provide and maintain: (i) Workers' Compensation coverage, (ii) public liability insurance; (iii) property damage insurance; (iv) vehicular liability insurance, all in amounts and on terms satisfactory to the City and the Authority and (v) performance and payment bonds in amounts of not less than 100% of the construction contracts. The City shall file such payment bonds with the Clerk of the County Commission of Wood County prior to the commencement of construction of the Project in compliance with Chapter 38, Article 2, Section 29 of the Code of West Virginia of 1931, as amended. The City will maintain in force Workers' Compensation coverage for employees of the City, and will obtain for and maintain in force for every officer or employee of the City having custody of any funds of the System fidelity bonds in an amount at least equal to the total amount of funds in the custody of such officer or employeee at any one time. 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 shall be obtained by the City before the Bonds are issued, and maintained as long as any of the Bonds is outstanding. Prior to commencing operation of the Project, the City will also obtain, and maintain as long as any of the Bonds is outstanding, business interruption insurance, if available at a reasonable cost.

Section 5.09. Redemption of Bonds Held by Authority. As long as the Authority is the owner of any of the Series 1987 A Bonds and Series 1987 B Bond outstanding, the City shall not redeem any Series 1987 A Bonds and Series 1987 B Bond outstanding without the written consent of the Authority, and any such redemption of a Series 1987 A Bond and Series 1987 B Bond 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 Series 1987 A Bonds and Series 1987 B Bond 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.

Section 5.10. Payment of Program Expenses. As long as the Series 1987 A Bonds and Series 1987 B Bond are held by the Authority, the City agrees to pay from time to time, as required by the Authority, the City'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 and fees paid to the trustee and paying agents for the water development revenue bonds. The City hereby specifically authorizes the Authority to exercise the powers granted it by Section 9.06 of the General Resolution.

In the event the City defaults in the payment of any fees due to the Authority pursuant to this section, the amount of such default shall bear interest at the rate of 8.375% per annum, from the date of default until the date of the payment thereof.

Section 5.11. Authority Rights on Default. As long as the Authority shall hold the Series 1987 A Bonds or the Series 1987 B Bond, the City hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the City, the Authority may exercise any or all of the rights and powers granted under Section 6a of the Water Development Act, including without limitation the right to impose, enforce and collect directly charges upon users of the System; and the City hereby covenants and agrees that, if the Authority should hereafter have recourse to the rights and powers, the City shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Authority.

Section 5.12. Authority Approval of Federal Pollution Abatement Assurance. The City hereby covenants and agrees to secure approval of the Authority and all other State agencies having jurisdiction before hereafter applying for federal financial assistance for pollution abatement.

Section 5.13. Qualified Tax Exempt Obligation Covenants. The City hereby designates the Series 1987 A Bonds and Series 1987 B Bond as qualified tax-exempt obligations as defined in Section 265(6)(3)(B) of the Code. The City further certifies and covenants with the holders of the Series 1987 A

Bonds and Series 1987 B Bond that (i) neither of the Series 1987 A Bonds nor the Series 1987 B Bond is a private activity bond; (ii) neither the City nor any agency, board, subdivision nor other subordinate entity of the City during the calendar year 1987 has designated any tax-exempt obligation issued by the City, or any other agency, board, subdivision or subordinate entity as a qualified tax-exempt obligation; (iii) the City, or any agency, board, subdivision or other subordinate entity of the City, during the calendar year 1987, does not as of the date hereof reasonably anticipate to issue qualified tax-exempt obligations, including 501(c)(3) Bonds but excluding other private activity bonds, in excess of $10,000,000; and (iv) the City or any agency, board, subdivision, or other subordinate entity of the City will not during the calendar year 1987 designate any additional tax-exempt obligations including qualified 501(c)(3) Bonds but excluding other private activity bonds, as qualified tax-exempt obligations of the City, if the effect of such designation would be to cause the total aggregate amount of qualified tax-exempt obligations of the City or any agency, board, subdivison or subordinate entity of the City issued during calendar year 1987 to exceed $10,000,000.

Section 5.14. Sale of the System. 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 defease the pledge created by this Ordinance as provided by Section 8.01 hereof. The proceeds from such sale, mortgage, lease or other disposition of the System immediately shall be remitted to the Bond Commission for deposit in the Sewerage System Sinking Fund, and otherwise as prescribed by Section 8.01. Any balance remaining after such defeasance shall be remitted to the City by the Bond Commission unless necessary for the payment of other obligations of the City payable out of System Gross Revenues. No such sale, lease or other disposition shall be made by the City if the proceeds to be derived therefrom shall be insufficient to defease the pledge created by this Supplemental and Amendatory Ordinance, as provided by Section 8.01 hereof, without the prior approval and consent in writing of the holders, or their duly authorized representatives, of sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of, the Series 1987 A Bonds and 1987 Series B Bond then Outstanding.

Section 5.15. Arbitrage Covenants. The City hereby certifies, and covenants with the holders of the Series 1987 A Bonds and the Series 1987 B Bond that (i) it is a governmental unit with general taxing powers; (ii) the Series 1987 A Bonds and Series 1987 B Bond are not private activity bonds as

defined in Section 141 (a) of the Code; (iii) not less than 95% of the proceeds of the Series 1987 A Bonds and Series 1987 B Bond is to be used for local governmental activities of the City; (iv) the face amount of all tax-exempt bonds other private activity bonds issued or to be issued by the City, or all subordinate entities thereof, during the calender year 1987 is not as of the date hereof reasonably expected to exceed $5,000,000 and therefore is eligible for the arbitrage rebate exception for small governmental units provided by Section 148(f)(4)(C) of the Code.

Section 5.16. Reporting Requirements. The City will file all reports or statements necessary to insure the tax-exempt status of the Series 1987 A Bonds and Series 1987 B Bond, including without limitation, the information return required under Section 150(e) of the Code.

Section 5.17. Insurance. The City shall carry with a reputable insurance carrier or carriers such insurance as is customarily carried with respect to works and properties similar to the System, against loss or damage by fire, explosion, hurricane, earthquake, cyclone, occupancy or other hazards and risks. In time of war, the City also shall carry such insurance as may be available against loss or damage by the risks and hazards of war. Such insurance at all times shall be maintained in an amount equal to the fair appraisal value of the buildings, properties, furniture, fixtures and equipment of the System. The proceeds of all such insurance policies shall be placed in the Sewerage System Depreciation Fund and used only for repairs to and restoration of damaged or destroyed properties of the System, or for the other purposes herein for which moneys in the Sewerage System Depreciation Fund may be applied. The City also shall carry liability insurance for injury or damage to persons or property in such amounts as are adequate for such purposes and customarily carried with respect to works and properties similar to the System.

Section 5.18. Service Rendered to the City. The City will not render or cause to be rendered any free services of any nature by the System; and, in the event the City or any department, agency, instrumentality, officer or employee of the City shall avail itself or himself 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 City and any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue, and the City shall transfer from its general funds sufficient sums to pay such charges. The revenues so received shall be deemed

to be Sewerage System Gross Revenues, as the case may be, and shall be deposited and accounted for in the same manner as other Sewerage System Gross Revenues.

Section 5.19. Enforcement of Collections. The City diligently will enforce and collect all fees, rates, 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, rates, rentals or other charges as shall become delinquent to the full extent permitted or authorized by the Sewer Act or otherwise by the laws of the State. Subject to applicable State law and regulations, and under such reasonable rules and regulations as may be prescribed by the City, the City shall discontinue both water and sewer service to all delinquent users of sewer service and shall not resume such services until all such delinquent amounts, including reasonable interest and penalty charges, have been paid in full.

Section 5.20. No Competing Franchise. To the extent legally allowable, the City will not grant or cause, consent to, or allow the granting of any franchise or permit to any person, firm, corporation or body, or agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 5.21. Books and Records. The City will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the City, in which complete and correct entries shall be made of all transactions relating to the System, and any holder of the Series 1987 A Bonds or the Series 1987 B Bond shall have the right at all reasonable times to inspect the System, and all parts thereof, and all records, accounts and data of the City relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles, to the extent allowable under and in accordance with the rules and regulations of the Public Service Commission of the State, and the Sewer Act.

The City shall mail in each year to any holder of the Series 1987 A Bonds or the Series 1987 B Bond requesting the same, a statement of System Gross Revenues, System Operating Expenses and System Net Revenues; and balance sheet statement showing all deposits in all the funds and accounts provided for in this Supplemental and Amendatory Ordinance with respect to the System, and the status of all said funds.

The City also, at least once a year, shall cause the books, records and accounts of the System to be completely audited by Independent Accountants, shall mail upon request, and make available generally, the report of said Independent Accountants, or a summary thereof, to any holder of the Series 1987 A Bonds or the Series 1987 B Bond, and shall file said report with the Authority. Said reports shall be completed and made available within 120 days following the conclusion of each Fiscal Year. Such audit reports shall include mention of any failure of the City to observe the covenants and duties herein provided.

Section 5.22. Initial Schedule of Rates. The rates, fees and other charges for the use of the services and facilities of the System, established under ordinances enacted by the Council on or before the effective date of this Ordinance and in full force and effect, or ordered by the Public Service Commission of the State, the time for appeal of such rates, fees and other charges having expired, shall constitute the initial schedule, rates, fees and charges to be collected for use of the services and facilities of the System.

Section 5.23. Operating Budget. Annually, at least 30 days preceding the beginning of each Fiscal Year, or at such earlier date required by the Charter of the City, the City shall prepare and adopt by resolution detailed budgets of the estimated expenditures for operation and maintenance of the System during the succeeding Fiscal Year. The City shall mail copies of such annual budgets and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and shall make available such budget and all such resolutions at all reasonable times to the Authority and, upon request, to any holder of the Series 1987 A Bonds and the Series 1987 B Bond.

Section 5.24. Mandatory Sewer Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants of, and the economy of, the City and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory serviced by the System. Accordingly, within the geographic limits of the City and subject to applicable State laws and regulations, every owner, tenant and occupant of every lot,parcel and tract of land that abuts on a street, alley or other public way in which any sewer line, main or facility is located, or which is located within a reasonable distance thereof, not exceeding two hundred fifty (250) feet, and is reasonably accessible thereto, and upon which lot,parcel or tract a building or other habitable

structure has been or shall be erected for residential, commercial or industrial use, shall connect the waste or sewerage lines of such building or structure with the System if sewage will flow by gravity from such building or structure into the System and shall thereupon and thereafter refrain from using and shall cease to use any other method for the disposal of sewage or water-borne waste matter and shall pay all charges, fees and rates lawfully provided for use of the System.

Within the geographic limits of the city and subject to applicable State laws and regulations, any such building or structure from which emantes sewage or water-borne waste matter and is not so connected with the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the City and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

Section 5.25. Concerning Arbitrage and Rebates. The proceeds of sale of the Series A Bonds and the Series B Bond will not be invested in such a way as to violate the requirements of the Code, and the regulations of the Internal Revenue Service or of the Treasury Department of the United States of America in connection with the arbitrage provisions of Sections 103 and 148 of the Code. No portion of the proceeds of the Series A Bonds and the Series B Bond will be used (directly or indirectly) so as to cause the Series A Bonds or the Series B Bond to be an "arbitrage bond" within the meaning of Sections 103 and 148 of the Code.

Unless otherwise excepted, the City will make, or cause to be made, all rebate calculations and payments in the time, manner and as required in Section 148(f) of the Code. In the event of a failure to pay such amounts, the Issuer will pay to the United States a penalty in 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 by the Secretary. The City shall maintain and provide the Authority with appropriate records of suclh computations and payments.

Section 5.26. Private Activity Bond Covenant. The City shall not permit at any time or times any of the proceeds of the Series 1987 A Bonds or the Series 1987 B Bond or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Series 1987 A Bonds or the Series 1987 B Bond from the treatment afforded by Section 103(a) of the Internal Reveue Code of 1986 (including any amendments and successor provisions thereto and the rules and regulations thereunder, the "Code"), by reason of

the classification of the Series 1987 A Bonds or the Series 1987 B Bond as a "private activity bond" within the meaning of the Code. The City will take all actions necessary to comply with the Code to be promulgated thereunder.

ARTICLE VI

INVESTMENTS: NON-ARBITRAGE

Section 6.01. Investments. The City shall invest and reinvest, and hereby instructs the Bond Commission and the Depository Bank to invest and reinvest, in Qualified Investments any moneys held as part of the funds and accounts created by this Supplemental and Amendatory Ordinance to the fullest extent possible subject to applicable laws, this Supplemental and Amendatory Ordinance and the need for such moneys for the purposes set forth herein. The City may direct the Bond Commission and the Depository Bank in writing as to what particular permitted investments shall be made.

Except as provided below, any investment shall be held in and at all times be deemed a part of the fund or account in which the moneys and investments are held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the corresponding fund or account. The investments held by the Depository Bank shall be valued as of each January 1 and July 1 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; provided, that no investment shall be sold or reduced by reason of the current market value exceeding the cost thereof. Funds in the consolidated fund managed by the West Virginia State Board of Investments shall be valued at par. The Bond Commission or the Depository Bank, 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 any loss on such liquidation. The City may invest funds on deposit with the Depository Bank through the bond department of the Depository Bank. The Depository Bank shall not be responsible for any losses from such investments, except losses due to its own gross negligence or willful misconduct.

Qualified Investments may be purchased for the respective Sinking Funds, including the accounts therein, and for the Sewerage System Depreciation Fund, either in the open market or from the Bond Construction Trust Fund. If purchased

from the Bond Construction Trust Fund, such Qualified Investments shall be purchased at prices equal to their original purchase prices plus accrued interest.

Qualified Investments acquired for the Sewerage System Depreciation Fund shall mature or be subject to redemption at the option of the holder within three years from the date of such investment.

Qualified Investments acquired for the Bond Construction Trust Fund shall mature or be subject to redemption at the option of the holder within one year from the date of such investment or at such time as funds on deposit in the Bond Construction Trust Fund are scheduled to be applied for the purpose thereof; provided, that the maturities of any Qualified Investments scheduled to be purchased from the Bond Construction Trust Fund for the respective Reserve Accounts or the Sewerage System Depreciation Fund within one year after the purchase thereof for the Bond Construction Trust Fund may exceed one year.

Qualified Investments acquired for the respective Reserve Accounts shall mature or be subject to redemption at the option of the holder within five years from the date of such investment.

Section 6.02. Restrictions as to Arbitrage Bonds. The City hereby covenants, and hereby instructs the Bond Commission and the Depository Bank, that it shall not permit the proceeds of the Bonds or any other funds of the City to be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause any Bond to be an "arbitrage bond" as defined in Section 148(a) of the Internal Revenue Code of 1986, as amended. Upon original issuance of any series of Bonds, an Authorized Officer of the City shall certify certain facts and expectations tending to establish that such Bonds are not such arbitrage bonds.

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.01. Events of Default. Occurrence of any of the following events shall constitute an "Event of Default" with respect to the Series 1987 A Bonds and Series 1987 B Bond:

A. Default in the due and punctual payment of the principal or, premium, if any, or interest on any of the Bonds;

B. Default in the observance by the City of any of the covenants, agreements or conditions on its part in this Supplemental and Amendatory Ordinance, the Prior Ordinance, or any Supplemental Resolution or in the Bonds contained with respect to the Bonds (except as provided in paragraph A above), and continuance thereof for a period of 30 days after written notice specifying such default and requiring that the same be remedied shall have been given to the City by any holder of the Prior Bonds, Series 1987 A Bonds and Series 1987 B Bond; or

C. The filing by the City of a petition seeking bankruptcy, reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of American or of the State.

Section 7.02. Enforcement. Upon the occurrence and during the continuance of any Event of Default, any holder of the Series 1987 A Bonds and Series 1987 B Bond, may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his rights. Without limiting the generality of the foregoing, the remedies available to a holder of the Series 1987 A Bonds and Series 1987 B Bond shall include any and all remedies set forth in Section 7.02 of the Prior Ordinance.

No remedy by the terms of this Supplemental and Amendatory Ordinance conferred upon or reserved to the holders of the Series 1987 A Bonds and Series 1987 B Bond, is intended to be exclusive of any other remedy, but each and every remedy shall be cumulative and shall be in addition to any other remedy given to the holders of any Series 1987 A Bonds and Series 1987 B Bond, hereunder or now or hereafter existing at law or by statute.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Event of Default hereunder by the holders of the Series 1987 A Bonds or Series 1987 B Bond shall extend to or affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

Section 7.03. Appointment of Receiver. If any Event of Default shall have occurred and be continuing, in addition to all other remedies or rights, any holder of the Series 1987

A Bonds and Series 1987 B Bond, shall have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the City, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the principal of, premium, if any, and interest on the Bonds, the deposits into the funds and accounts hereby established as herein provided and the payment of Operating Expenses, and to apply such rates, rentals, fees, charges and any other Gross Revenues in conformity with the provisions of this Supplemental and Amendatory Ordinance and the Water Development Act.

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

Whenever all that is due upon the Series 1987 A Bonds and Series 1987 B Bond, and interest thereon, if any, and under any covenants of this Supplemental and Amendatory Ordinance for the funds and accounts hereby established, and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the Net Revenues, shall have been paid and made good, and all defaults under the provisions of this Supplemental and Amendatory Ordinance shall have been cured and made good, possession of the System shall be surrendered to the City upon the entry of an order of the court to that effect. Upon any subsequent Event of Default, any holder of the Series 1987 A Bonds and Series 1987 B Bond, shall have the same right to secure the further appointment of a receiver.

Such receiver, in the performance of the powers hereinabove conferred, 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 appointed at the direction 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 City and for the joint protection and benefit of the City and first the holder of the Series 1987 A Bonds and second the holder of the Series 1987 B Bond. 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 and the collection of rates and charges related to the services provided by the System, for the sole purpose of the protection of both the City and first the holders of the Series 1987 A Bonds and second the holder of the Series 1987 B Bond, and the curing and making good of any Event of Default under the provisions of this Supplemental and Amendatory Ordinance, and the title to and ownership of the System shall remain in the City, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage or otherwise dispose of any assets of the System.

Section 7.04. Restoration of City and Holder of the Bonds. In case any holder of the Series 1987 A Bonds or Series 1987 B Bond shall have proceeded to enforce any right under this Supplemental and Amendatory Ordinance by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the claims of such holder of the Series 1987 A Bonds and Series 1987 B Bond, then and in every such case the City and such holder shall be restored to their former positions and rights hereunder, and all rights and remedies of such holders of the Series 1987 A Bonds and Series 1987 B Bond, shall continue as if no such proceedings had been taken, subject to such adverse determination as the court in such proceedings shall have made.

ARTICLE VIII

REGISTRAR; PAYING AGENT

Section 8.01. Appointment of Registrar. The Registrar of the Series 1987 A Bonds and Series 1987 B Bond shall be appointed by the enactment of a Supplemental Resolution.

ARTICLE IX

DEFEASANCE; DISCHARGE OF PLEDGE

Section 9.01. Defeasance; Discharge of Pledge. If the City shall pay or cause to be paid, or there shall otherwise be paid, to the holders of the Series 1987 A Bonds,

the principal of, premium, if any, and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Supplemental and Amendatory Ordinance, then this Supplemental and Amendatory Ordinance and the pledges of Net Revenues and other moneys and securities pledged hereunder, and all covenants, agreements and other obligations of the City on behalf of the holders of the Series 1987 A Bonds, made hereunder, shall thereupon cease, terminate and become void and be discharged and satisfied.

If the City shall pay or cause to be paid, or there shall otherwise be paid, to the holder of the Series 1987 B Bond, the principal of, premium, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Supplemental and Amendatory Ordinance, then this Supplemental and Amendatory Ordinance and the pledges of Net Revenues and other moneys and securities pledged hereunder, and all covenants, agreements and other obligations of the City on behalf of the holder of the Series 1987 B Bond, made hereunder, shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1987 A Bonds and Series 1987 B Bond, for the payment of which either moneys in an amount which shall be sufficient, or Government Obligations the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of, premium, if any, and interest on such Series 1987 A Bonds and Series 1987 B Bond, shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this Section. Prior to the maturity thereof all Series 1987 A Bonds and Series 1987 B Bond, shall 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 Bond Commission or irrevocably in trust with the Depository Bank, as the case may be, either moneys in an amount which shall be sufficient, or Government Obligations the principal of and the interest on which, when due, without reinvestment, will provide moneys which, together with the moneys, if any, deposited with the Bond Commission or the Depository Bank, as the case may be, at the same or earlier time will be sufficient, to pay when due the principal of, premium, if any, and interest due and to become due on the Series 1987 A Bonds and Series 1987 B Bond, on and prior to the maturity date thereof. Neither Government Obligations nor moneys deposited with the Bond Commission or the Depository Bank, as the case may be, pursuant to this Section, nor principal or interest payments on any such Government

Obligations, shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of, premium, if any, and interest on the Series 1987 A Bonds and Series 1987 B Bond; provided, that any cash received from such principal or interest payments on such Government Obligations deposited with the Bond Commission or the Depository Bank, as the case may be, if not then needed for such purpose, to the extent practicable shall be reinvested in Government Obligations maturing at times and in amounts sufficient to pay when due the principal of, premium, if any, and interest, if any, to become due on the Series 1987 A Bonds and Series 1987 B Bond, on and prior to the maturity dates thereof.

ARTICLE X

MISCELLANEOUS

Section 10.01. Amendment of Supplemental and Amendatory Ordinance. No amendment or modification to this Supplemental and Amendatory Ordinance or to any Supplemental Resolution which is materially adverse to the holder of any Series 1987 A Bond and Series 1987 B Bond, may be made without the prior written consents, filed with the City Clerk of the City before any such modification or amendment may be made, of the holders of sixty percent in aggregate principal amount of the Series 1987 A Bonds and Series 1987 B Bond, then outstanding. No such modification or amendment shall extend the maturity of or reduce the interest rate on, or otherwise alter the terms of payment of the principal of, premium, if any, or interest on, any Series 1987 A Bond or Series 1987 B Bond, without the express written consent of the holders of such Series 1987 A Bond or Series 1987 B Bond, nor reduce the percentage of Series 1987 A Bonds or Series 1987 B Bond, required for consent to any such modification or amendment.

Section 10.02. Notices, Demands and Requests. Unless otherwise expressly provided, all notices, demands and requests to be given or made hereunder to or by the City, the Registrar or the Depository Bank shall be in writing and shall be properly made if sent by United States mail, postage prepaid, and addressed as follows or if hand-delivered to the individual to whom such notice, demand or request is required to be directed as indicated below:

A. The City:

City of Williamstown
Williamstown, West Virginia 26187
Attention: Mayor

B. Registrar - As shall be set out in a Supplemental Resolution

Any party listed above may change the address given for it at any time upon written notice thereof sent by United States mail, postage prepaid, to the other parties.

Section 10.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Supplemental and Amendatory Ordinance shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Supplemental and Amendatory Ordinance.

Section 10.04. Table of Contents and Headings. The Table of Contents and headings of the articles and sections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 10.05. Effective Date. This Supplemental and Amendatory Ordinance shall take effect immediately upon enactment.

ARTICLE XI

REPEAL

Section 11.01. Repeal of Former Ordinance. The Ordinance of the City adopted on second reading on April 7, 1987 entitled "An Ordinance Authorizing the Refunding of the Water and Sewer Revenue Refunding and Improvement Bonds, Series 1955, of the City of Williamstown, West Virginia through the Issuance by the City of Williamstown, West Virginia of Waterworks Refunding Revenue Bonds, Series 1987, in Aggregate Principal Amount of Not More Than $59,000 and Sewerage System Refunding Revenue Bonds, Series 1987 in the Aggregate Principal Amount of Not More Than $59,000; Providing for the Rights and Remedies of, and the Security For, the Registered Owners of Such Waterworks Revenue Bonds and Sewerage System Revenue Bonds; Providing for the Severing of the Combined Waterworks and Sewerage System of the City of Williamstown into a Separate Waterworks System of the City of Williamstown and a Separate Sewerage System of the City of Williamstown; Continuing the Sanitary Board and Enacting Other Provision Relating Thereto", is hereby repealed.

Enacted this 28th day of May, 1987.

THE CITY OF WILLIAMSTOWN

Wm. W. Curtis
City Clerk of the City of
Williamstown

Passed on first reading May 21, 1987

Passed on second reading May 28, 1987

Effective Following Public Hearing Held June 8, 1987

[SEAL]

Raymond E. Leach
Mayor

ATTEST:

Wm. W. Curtis
City Clerk

4158P

EXHIBIT A

[Description of the Project]

The construction of a secondary sewer treatment plant, and the necessary appurtenances thereto, to augment its present primary treatment at Williamstown, Wood County, West Virginia.

4325P

EXHIBIT B
FORM OF SERIES A BOND

No. ___ UNITED STATES OF AMERICA $_____ Dollars
STATE OF WEST VIRGINIA
THE CITY OF WILLIAMSTOWN
SEWERAGE SYSTEM REVENUE BOND, SERIES 1987 A

Original Issuance Date	Interest Rate	Bond Date

Registered Owner:
Principal Sum:

THE CITY OF WILLIAMSTOWN, a municipal corporation organized and existing under the laws of the State of West Virginia (the "City"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, the Principal Sum specified above to the Registered Owner named above or registered assigns (the "Registered Owner"), in the following principal installments on October 1 of each of the following years:

Year	Installment	Interest Rate

The City further hereby promises solely from such special funds also to pay interest on outstanding principal from the Bond Date specified above at the Interest Rate per annum specified above semiannually, on the first day of April and the first day of October in each year, beginning October 1, 1987 for Bonds dated the date of initial issuance thereof, except as the provisions hereinafter set forth as to redemption may become applicable hereto.

The principal of this Bond, and the premium hereon, if any, are payable in any coin or currency which, on the date of payment thereof, 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, as paying agent (the "Paying Agent"). The interest so payable, and punctually paid or duly provided for, on any interest payment date will be paid to the registered owner as of the close of business on the Regular Record Date for such interest, which shall be the fifteenth day (whether or not a business day) of the calendar month next preceding such interest payment date. Any such interest not so punctually paid or duly provided for forthwith shall cease to be payable to the Registered Owner as of such Regular Record Date, and may be paid to the Registered Owner hereof at the close of business on a Special Record Date for the payment of defaulted interest to be fixed by the Williamstown National Bank (the "Registrar"), notice whereof such shall be given to the Registered Owners not less than 10 days prior to such Special Record Date. Interest shall be paid by check or draft mailed to the address of such Registered Owner at the address as it appears on the books of the Registrar (the "Bond Register"), or by such other method as shall be mutually agreeable so long as the

Authority is the Registered Owner hereof.

This Bond is one of a series of bonds in the aggregate principal amount of $_____ (the "Series A Bonds") of like tenor and effect, except as to bond date, number, denomination and interest rate, dated the Original Issuance Date set forth above, issued to assist the City in the financing of costs of acquiring and constructing a wastewater treatment facility, capitalizing interest during the construction period and for six months thereafter, funding a debt service reserve account, paying costs of issuance and other costs incidental thereto and to the financing thereof (the "Project"), located within the boundaries of the City, all under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the Code of West Virginia of 1931, , as amended, and the Charter of the City, (collectively, the "Act"), and an ordinance of the City duly enacted by the Council of the City on April 7, 1987, and a supplemental and amendatory ordinance duly enacted by the Council of the City on the 28th day of May, 1987, and as supplemented by a resolution of said Council duly adopted on the 15th day of June, 1987 (collectively, the "Ordinance"), and is subject to all the terms and conditions of the Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, which 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 Ordinance.

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 City and the Authority, dated February 2, 1987.

This Bond is issued contemporaneously with the Sewerage System Revenue Bond, Series 1987 B, of the City (the "Series B Bond"), issued in the aggregate principal amount of $_____, which Series B Bond is junior and subordinate with respect to liens and sources of and security for payment to the Bonds.

The Series A Bonds and the interest thereon are payable from and are secured by a first lien (on a parity with the Sewerage System Refunding Revenue Bonds, Series 1987, of the City), and pledge of the net revenues derived from the Sewerage System as defined in the Ordinance, all funds in the Series 1987 A Sinking Fund established under the Ordinance, and the unexpended proceeds of the Series A Bonds and the Series B Bond, and the City hereby and in the Ordinance pledges such net revenues and funds to such payment, and the net revenues of the Sewerage System System shall be set aside as a special fund hereby pledged for such purpose. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the City within the meaning of any constitutional or statutory provisions or limitations, nor shall the City be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1987 A Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the City has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the Sewerage System and the services rendered thereby, which shall be sufficient, together with other revenues of the Sewerage System, to provide

for the reasonable expenses of operation, repair and maintenance of the Sewerage System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any year of principal of and interest on the Series A Bonds, the Series B Bond, and all other obligations secured by or payable from such revenues prior to or on a parity with the Series A Bonds or the Series B Bond, provided however, that so long as there exists in the Series 1987 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Series A Bonds in any year, and in the respective reserve accounts established for the Series B Bond and any other obligations outstanding prior to or on a parity with the Series A Bonds or the Series B Bond, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The City has entered into certain further covenants with the Registered Owners of the Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All moneys received from the sale of the Bonds shall be applied solely to pay costs of the Project including interest during the construction period, to fund the Series A Bonds Reserve Account in the Series 1987 A Sinking Fund, and to pay other costs in connection therewith, 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 Series A Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, to happen and to 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 City, 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 Sewerage System has been pledged to and will be set aside into said special funds by the City for the prompt payment of the principal of, premium, if any, and interest on the Bonds.

This Bond is designated by the city in the Ordinance as a "qualified tax exempt obligation" as defined in Section 265(b)(3)(B) of the Internal Revenue Code of 1986.

This Bond, under the provisions 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, but may be transferred only by transfer of registration hereof with the Registrar.

This Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been manually signed by the Registrar.

All provisions of the Ordinance and the 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, in the manner provided in the Ordinance, The City of Williamstown has caused this Bond to be signed by the manual signature of its Mayor and the seal of said City to be impressed hereon and attested by the manual signature of the City Clerk, and has caused this Bond to be dated as of the Bond Date shown above.

[SEAL]

_____
Mayor

ATTEST:

_____
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series A Bonds described in the within-mentioned Ordinance and has been duly registered in the name set forth above.

THE WILLIAMSTOWN NATIONAL BANK, as Registrar

Date:_____ By_____
Its Authorized Officer

ASSIGNMENT

For value received, the undersigned Registered Owner do(es) hereby sell, assign and transfer unto _____

_____
(name, address and social security number or other identifying number of assignee) the within Bond and hereby irrevocably constitute(s) and appoint(s) _____ to transfer the said Bond on the books kept for registration of the within Bond with full power of substitution in the premises.

Dated: _____ _____
Registered Owner

Signature Guaranteed: _____

Notice: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of this Bond in every particular, without alteration or any change whatever.

4296P

EXHIBIT C
FORM OF SERIES B BOND

No. ___ UNITED STATES OF AMERICA $_____ Dollars
STATE OF WEST VIRGINIA
THE CITY OF WILLIAMSTOWN
SEWERAGE SYSTEM REVENUE BOND, SERIES 1987 B

Original Issuance Date	Interest Rate	Bond Date

Registered Owner:
Principal Sum:

THE CITY OF WILLIAMSTOWN, a municipal corporation organized and existing under the laws of the State of West Virginia (the "City"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, the Principal Sum specified above to the Registered Owner named above or registered assigns (the "Registered Owner"), in the following principal installments on October 1 of each of the following years:

Year	Installment	Interest Rate

The principal of this Bond, and the premium hereon, if any, are payable in any coin or currency which, on the date of payment thereof, 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, as paying agent (the "Paying Agent").

This Bond is the duly authorized Series B Bond (the "Series B Bond"), dated the Original Issuance Date set forth above, issued to assist the City in the financing of costs of acquiring and constructing a wastewater treatment facility, funding a debt service reserve account, and paying costs of issuance and other costs incidental thereto and to the financing thereof (the "Project"), located within the boundaries of the City, all under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the Code of West Virginia of 1931, , as amended, and the Charter of the City, (collectively, the "Act"), and an ordinance of the City duly enacted by the Council of the City on April 7, 1987, and a supplemental and amendatory ordinance duly enacted by the Council of the City on the 28th day of May, 1987, and as supplemented by a resolution of said Council duly adopted on the 15th day of June, 1987 (collectively, the "Ordinance"), and is subject to all the terms and conditions of the Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, which 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 Ordinance.

This Bond is issued contemporaneously with the Sewerage System Revenue bonds, Series 1987 A of the City (the "Series 1987 A Bonds") issued in the aggregate principal amount of $_____. This Bond is junior and subordinate with respect to liens and sources of a security for payment to the Series A Bonds, and the Series 1987 Sewerage System Refunding Revenue Bonds of the City (the "Prior Bonds"), presently outstanding in the aggregate principal amount of $50,500.00.

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 City and the Authority, dated February 2, 1987. The Series B Bond is payable from and is secured by a lien and pledge of the Net Revenues derived from the Sewerage System, all funds in the Series 1987 B Sinking Fund established under the Ordinance, and the unexpended proceeds of the Bonds, and the City hereby and in the Ordinance pledges such net revenues and funds to such payment, and the net revenues of the Sewerage System shall be set aside as a special fund hereby pledged for such purpose. The lien on and pledge of Net Revenues is junior in priority and subordinate to the lien thereon and pledge thereof to secure the Series A Bonds and the Prior Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the City within the meaning of any constitutional or statutory provisions or limitations, nor shall the City be obligated to pay the same except from said special fund provided from the Net Revenues, the moneys in the Series 1987 B Bond Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the City has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the Sewerage System and the services rendered thereby, which shall be sufficient, together with other revenues of the Sewerage System, to provide for the reasonable expenses of operation, repair and maintenance of the Sewerage System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any year of principal and interest on the Series A Bonds , the Series 1987 B Bond, and all other obligations secured by or payable from such revenues prior to or on a parity with the Series A Bond or the Series 1987 B Bond, provided however, that so long as there exists in the Series 1987 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Series A Bonds in any year, and in the respective reserve accounts established for the Series 1987 B Bond interest and any other obligations outstanding prior to or on a parity with the Series A Bonds or the Series B Bond, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. All required payments of the principal of, and premium, if any, on this Series B Bond shall constitute a charge upon all the net revenues of the System, subordinate and junior in priority to the pledge of the Net Revenues of the System to secure the payment of the Series A Bonds, the Prior Bonds and any bonds issued on a parity with the Series A Bonds and the Prior Bonds as provided in the Ordinance. The City has entered into certain further covenants with the Registered Owner of the Series B Bond, for the terms of which reference is made to the Ordinance. Remedies provided the Registered Owner of the Series B Bond are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All moneys received from the sale of the Series B Bond shall be applied solely to pay costs of the Project, to fund the Series B Bond Reserve Account in the Series 1987 B Sinking Fund, and to pay other costs in connection therewith, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the Registered Owner of the Series B Bond, which lien is junior in priority to and subordinate to the lien thereon to secure the Series A Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this Series B 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 Series B Bond, together with all other obligations of the City, 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 Sewerage System has been pledged to and will be set aside into said special funds by the City for the prompt payment of the principal of, premium, if any, and interest on this Series B Bond.

This Bond is designated by the city in the Ordinance as a "qualified tax exempt obligation" as defined in Section 265(b)(3)(B) of the Internal Revenue Code of 1986.

This Bond, under the provisions 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, but may be transferred only by transfer of registration hereof with the Registrar.

This Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been manually signed by the Registrar.

All provisions of the Ordinance and the 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, in the manner provided in the Ordinance, The City of Williamstown has caused this Bond to be signed by the manual signature of its Mayor and the seal of said City to be impressed hereon and attested by the manual signature of the City Clerk, and has caused this Bond to be dated as of the Bond Date shown above.
[SEAL]

_____
Mayor

ATTEST:

_____
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is the Series B Bond described in the within-mentioned Ordinance and has been duly registered in the name set forth above.

THE WILLIAMSTOWN NATIONAL BANK, as Registrar

Date:_____ By_____

Its Authorized Officer

ASSIGNMENT

For value received, the undersigned Registered Owner do(es) hereby sell, assign and transfer unto _____

_____

(name, address and social security number or other identifying number of assignee) the within Bond and hereby irrevocably constitute(s) and appoint(s) _____ to transfer the said Bond on the books kept for registration of the within Bond with full power of substitution in the premises.

Dated: _____ _____

Registered Owner

Signature Guaranteed: _____

Notice: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of this Bond in every particular, without alteration or any change whatever.

4298P

City of Williamstown

R. E. Leach, Mayor

City Hall
100 West Fifth Street
Williamstown, West Virginia 26187-1597
Telephone 375-7761

C E R T I F I C A T I O N

I, William W. Cutlip, City Clerk of the City of Williamstown, West Virginia, do hereby certify that the attached is a true and accurate copy of the Supplemental Resolution of the City of Williamstown, adopted on June 15, 1987.

Dated this 25th day of June, 1987.

Wm. W. Cutlip
City Clerk

SEAL

4305P

A RESOLUTION SUPPLEMENTING AN ORDINANCE OF THE CITY OF WILLIAMSTOWN, WHICH AUTHORIZES ISSUANCE BY THE CITY OF WILLIAMSTOWN OF ITS SEWERAGE SYSTEM REVENUE BONDS, SERIES 1987 A AND SERIES 1987 B, BY AUTHORIZING THE SALE OF THE BONDS TO THE WATER DEVELOPMENT AUTHORITY; DETERMINING THE AGGREGATE PRINCIPAL AMOUNT, THE PRINCIPAL MATURITY SCHEDULE, THE INTEREST RATES AND INTEREST PAYMENT DATES, AND OTHER DETAILS PERTAINING TO THE BONDS; DESIGNATING A REGISTRAR AND SPECIFYING AND DETERMINING OTHER MATTERS PERTAINING TO THE BONDS.

WHEREAS, the City has determined to issue its Sewerage System Revenue Bonds, Series 1987 A and Series 1987 B (the "Bonds"), in aggregate principal amount not to exceed $900,000, pursuant to Chapter 16, Article 13 of the Code of West Virginia of 1931, as amended (the "Act"), and the Ordinance of the City, adopted on May 28, 1987 (the "Ordinance"), for the purpose of authorizing the construction and acquisition of certain public service properties for the collection, treatment, purification and disposal of liquid or solid wastes, sewage and industrial wastes in the City of Williamstown, Wood County, West Virginia, and the financing of the cost, not otherwise provided therefor, through the issuance by the City of Williamstown of the Bonds; and

WHEREAS, this Council conducted a public hearing on June 8, 1987 to receive protests, objections and suggestions regarding the matters set forth in the Ordinance; and

WHEREAS, in order to authorize the issuance and sale of the Bonds, it is necessary under the Ordinance, the Act and other applicable law that this Council make the findings, determinations and authorizations set forth herein;

NOW, THEREFORE, be it resolved by this Council of The City of Williamstown, that:

1. This Council hereby finds and determines that:

(a) At the above referenced public hearing, all interested persons were permitted to appear and to present protests, objections and suggestions to be heard by this Council as to the matters set forth in the Ordinance; and no written protest was filed by 30% or more of the owners of real estate situate in the City; and

(b) The period of usefulness of the City's sewerage system is at least forty years; and

(c) The sale of the Bonds to the West Virginia Water Development Authority upon the terms set forth herein and further specified by the Loan Agreement and Supplemental Loan Agreement approved by the Ordinance is for the best interests of the City.

2. The Series A Bond numberered 1 shall be issued in the form of a single bond, in typewritten form, fully registered to the West Virginia Water Development Authority, with a payment record attached, in the denomination of $15,551.00, with interest thereon at the rate of 9.75% per annum, payable semi annually on October 1, and April 1, first interest payable October 1, 1987 and shall mature in principal installments on October 1, of each year as follows:

BOND 87-A

INCORRECT

Year	Installment	Interest Rate
1987	00.00	9.75%
1988	00.00	9.75%
1989	50.00	9.75%
1990	55.00	9.75%
1991	60.00	9.75%
1992	73.00	9.75%
1993	80.00	9.75%
1994	88.00	9.75%
1995	96.00	9.75%
1996	105.00	9.75%
1997	116.00	9.75%
1998	116.00	9.75%
1999	127.00	9.75%
2000	139.00	9.75%
2001	153.00	9.75%
2002	168.00	9.75%
2003	184.00	9.75%
2004	202.00	9.75%
2005	222.00	9.75%
2006	244.00	9.75%
2007	267.00	9.75%
2008	294.00	9.75%
2009	322.00	9.75%
2010	354.00	9.75%
2011	388.00	9.75%
2012	426.00	9.75%
2013	467.00	9.75%
2014	513.00	9.75%
2015	563.00	9.75%
2016	618.00	9.75%
2017	678.00	9.75%
2018	744.00	9.75%

Totals $15,601.00

SEE WDA!

2019	817.00	9.75%
2020	896.00	9.75%
2021	984.00	9.75%
2022	1,080.00	9.75%
2023	1,185.00	9.75%
2024	1,300.00	9.75%
2025	1,427.00	9.75%

3. The Series A Bond numbered 2 shall be issued in the form of a single bond, in typewritten form, fully registered to the Water Development Authority, with a payment record attached, in the denomination of $659,637.00, with interest thereon at the rate of 8.38% per annum, payable semi annually on October 1 and April 1, first interest payment October 1, 1987 and shall mature in principal installments on October 1, of each year after date as follows:

BOND 87 A-1

Year	Installment	Interest Rate
1987	00.00	8.380%
1988	00.00	8.380%
1989	2,725.00	8.380%
1990	2,953.00	8.380%
1991	3,201.00	8.380%
1992	3,469.00	8.380%
1993	3,760.00	8.380%
1994	4,075.00	8.380%
1995	4,416.00	8.380%
1996	4,787.00	8.380%
1997	5,188.00	8.380%
1998	5,622.00	8.380%
1999	6,094.00	8.380%
2000	6,604.00	8.380%
2001	7,158.00	8.380%
2002	7,757.00	8.380%
2003	8,408.00	8.380%
2004	9,112.00	8.380%
2005	9,876.00	8.380%
2006	10,703.00	8.380%
2007	11,600.00	8.380%
2008	12,572.00	8.380%
2009	13,626.00	8.380%
2010	14,768.00	8.380%
2011	16,005.00	8.380%
2012	17,346.00	8.380%
2013	18,800.00	8.380%
2014	20,376.00	8.380%
2015	22,083.00	8.380%
2016	23,934.00	8.380%

2017	25,939.00	8.380%
2018	28,113.00	8.380%
2019	30,269.00	8.380%
2020	33,022.00	8.380%
2021	35,789.00	8.380%
2022	38,788.00	8.380%
2023	42,039.00	8.380%
2024	45,562.00	8.380%
2025	49,380.00	8.380%
2026	53,518.00	8.380%

4. The Series B Bond shall be issued in the form of a single bond, in typewritten form, fully registered to the Water Development Authority, with a payment record attached, in the denomination of $169,539.00, without interest, representing the aggregate principal amount of the Series B Bond issue, and shall mature in principal installments on October 1, of each year after date as follows:

Year	Installment
1987	0.00
1988	0.00
1989	4,467.00
1990	4,467.06
1991	4,467.06
1992	4,467.06
1993	4,467.06
1994	4,467.06
1995	4,467.06
1996	4,467.06
1997	4,467.06
1998	4,467.06
1999	4,467.06
2000	4,467.06
2001	4,467.06
2002	4,467.06
2003	4,467.06
2004	4,467.06
2005	4,467.06
2006	4,467.06
2007	4,467.06
2008	4,467.06
2009	4,467.06
2010	4,467.06
2011	4,467.06
2012	4,467.06
2013	4,467.06
2014	4,467.06
2015	4,467.06

2016	4,467.06
2017	4,467.06
2018	4,467.06
2019	4,467.06
2020	4,467.06
2021	4,467.06
2022	4,467.06
2023	4,467.06
2024	4,467.06
2025	4,257.84

5. The sale of the Bonds to the Water Development Authority at a sale price equal to the face value thereof, and subject to the further terms and conditions of the Loan Agreement and the Supplemental Loan Agreement, hereby is authorized, directed and approved. The execution of the Loan Agreement and Supplemental Loan Agreement on behalf of the City by the Mayor and the Clerk of the City is hereby authorized, approved, ratified and confirmed.

6. The Series A Bonds and the Series B Bonds shall be subject to optional redemption at any time with the written consent of the Water Development Authority upon compliance with the terms and conditions of the Loan Agreement, the Supplemental Loan Agreement and the Ordinance.

7. The Mayor and the Clerk and the other officers of the City hereby are authorized and directed to perform any and all acts contemplated by the Ordinance, this Supplemental Resolution, the Loan Agreement or the Supplemental Loan Agreement, or as otherwise may be necessary or advisable, to effect the issuance, sale and delivery of the Bonds for delivery on or about June 18, 1987.

8. The Mayor, the Clerk and the other officers of the City hereby are authorized and directed to execute any and all instruments and perform any and all acts as, in their discretion, may be necessary or advisable in effecting the purposes of this Supplemental Resolution, the Ordinance or the Loan Agreement or the Supplemental Loan Agreement.

9. Williamstown National Bank, a national banking association, hereby is appointed Registrar of the Bonds and is designated as the Depository Bank for the funds and accounts established by Article IV of the Ordinance. The Depository Bank is hereby authorized to invest such funds and accounts in the "consolidated pool" administered by the West Virginia Board of Investments. The West Virginia Municipal Bond Commission hereby is appointed as Paying Agent for the Bonds. The form of agreement with the Registrar submitted to the Council and filed with the minutes of this meeting hereby is approved. The Mayor of the City hereby is authorized and directed to execute an agreement with the Registrar in such form,

with such modifications, additions or deletions therein as the Mayor shall determine to be necessary or advisable (such determination to be witnessed conclusively by execution thereof).

10. The form of interim financing agreement with the Williamstown National Bank submitted to the Council and filed with the minutes of this meeting hereby is approved. The Mayor of the City hereby is authorized and directed to execute an agreement with the Williamstown National Bank in such form, with such modifications, additions or deletions therein as the Mayor shall determine to be necessary or advisable (such determination to be witnessed conclusively by execution thereof).

11. The City hereby designates the Series 1987 A Bonds and Series 1987 B Bond as qualified tax-exempt obligations as defined in Section 265(6)(3)(B) of the Code. The City further certifies and covenants with the holders of the Series 1987 A Bonds and Series 1987 B Bond that (i) neither the Series 1987 A Bonds nor the Series 1987 B Bond is a private activity bond; (ii) neither the City nor any agency, board, subdivision nor other subordinate entity of the City during the calendar year 1987 has designated any tax-exempt obligation issued by the City, or any other agency, board, subdivision or subordinate entity as a qualified tax-exempt obligation; (iii) the City, or any agency, board, subdivision or other subordinate entity of the City, during the calendar year 1987, does not as of the date hereof reasonably anticipate to issue qualified tax-exempt obligations, including 501(c)(3) Bonds but excluding other private activity bonds, in excess of $10,000,000; and (iv) the City or any agency, board, subdivision, or other subordinate entity of the City will not during the calendar year 1987 designate any additional tax-exempt obligations including qualified 501(c)(3) Bonds but excluding other private activity bonds, as qualified tax-exempt obligations of the City, if the effect of such designation would be to cause the total aggregate amount of qualified tax-exempt obligations of the City or any agency, board, subdivison or subordinate entity of the City issued during calendar year 1987 to exceed $10,000,000.

11. The City hereby certifies, and covenants with the holders of the Series 1987 A Bonds and the Series 1987 B Bond that (i) it is a governmental unit with general taxing powers; (ii) the Series 1987 A Bonds and Series 1987 B Bond are not private activity bonds as defined in Section 141 (a) of the Code; (iii) not less than 95% of the proceeds of the Series 1987 A Bonds and Series 1987 B Bond is to be used for local governmental activities of the City; (iv) the face amount of all tax-exempt bonds other private activity bonds issued or to be issued by the City, or all subordinate entities thereof, during the calender year 1987 is not as of the date hereof reasonably expected to exceed $5,000,000 and therefore is eligible for the arbitrage rebate exception for small governmental units provided by Section 148(f)(4)(C) of the Code.

12. The proceeds of the Bonds shall be applied and deposited as follows:

$88,500.00 shall be deposited in the Bonds Capitalized Interest Account in the Sinking Fund with the Municipal Bond Commission.

$59,571.00 shall be deposited in the Series 1987A Bonds Reserve Account within the Series 1987A Sinking Fund with the Municipal Bond Commission to fund the Series A Reserve Account Requirement.

$4,468.00 shall be deposited in the Series 1987B Bonds Reserve Account within the Series 1987B Sinking Fund with the Municipal Bond Commission to fund the Series B Reserve Account Requirement.

$8,332.50 shall be paid to the Water Development Authority to repay its interim loan to the City.

$683,855.50 shall be deposited in the Bond Construction Trust Fund with the Depository Bank.

13. This resolution shall take effect immediately.

THE CITY OF WILLIAMSTOWN,

By Raymond E. Leach
Mayor

[SEAL]

Attest:

Wm. W. Curtis
Clerk

4159P

THE CITY OF WILLIAMSTOWN NOTICE OF PUBLIC HEARING

Notice is given hereby that the Council of The City of Williamstown, West Virginia adopted on May 28, 1987 its Supplemental and Amendatory Ordinance, which supplemental and Amendatory Ordinance authorized the issuance of the City's Sewerage System Revenue Bonds, Series 1987 A and Series 1987 B in aggregate principal amount not to exceed $980,000 for the purpose of constructing a secondary sewer treatment plant, and the necessary appurtenances thereto, to augment its present primary treatment capacity at Williamstown, Wood County, West Virginia. Expenses incurred therein will include, but not be limited to, engineering fees, legal fees, administrative expenses and other obligations necessary to implement the Project: (ii) authorized the Council to determine by supplemental resolution the aggregate principal amount, the interest rates, the schedule of principal and interest payments, the provisions regarding redemption prior to maturity and other matters, all pertaining to the Sewerage System Revenue Bonds Series 1987 A and Series 1987 B; (iii) provides that payment of the Sewerage System Revenue Bonds Series 1987 A and Series 1987 B will be secured by the net revenues of the City's Sewerage system and by certain other funds and accounts established under the Supplemental and Amendatory Ordinance; (iv) requires that the city collect sewer rates and charges to produce certain stated gross revenues; and (v) authorizes and determines certain other matters pertaining thereto.

The City contemplates issuance of the Sewerage System Revenue Bonds Series 1987 A and Series 1987 B described in the Oridinance. The Supplemental and Amendatory Ordinance has been adopted.

Any person interested may appear before the Council of the City at a public hearing to be conducted during its meeting at 7:00 P.M. on June 8, 1987, in the Council Chambers in the Municipal Building, Williamstown, and present protests, objections and suggestions to be heard by the Council as to the matters set forth in the Supplemental and Amendatory Ordinance.

If at such public hearing written protest is filed by 30% or more of the owners of real estate situate in the city, then the Council shall not take further action pursuant to the Supplemental and Amendatory Ordinance unless four-fifths of the members of the Council assent thereto.

A certified copy of the supplemental and Amendatory Ordinance is on file in the office of the City Clerk for review by interested persons during regular office hours, to-wit: 8:00 a.m. to 4:30 p.m., Mondays through Fridays.

City Clerk of the City of
Williamstown, West Virginia
May 29 N

Sara Shindledecker being first duly sworn, says that the

The City of Williamstown Notice of

Public Hearing

hereto attached was printed in the Parkersburg News a daily newspaper published in the City of Parkersburg, Wood County, West Virginia, and posted at the front door of the Court House for 1 successive weeks, the first publication ~~and posting~~ thereon being on the 29th day of May 19 87, and subsequent publication on the ..... day of ..... 19 ....., the ..... day of ..... 19 ....., the ..... day of ..... 19 ....., the ..... day of ..... 19 ....., and the ..... day of ..... 19 .....

Printer's Fee $ 29.13

466 words @ .0625 Sara Shindledecker

Subscribed and sworn to before me this 29th day of May 19 87

Notary Public for Wood County, West Virginia

My commission expires 7-21-92

Parkersburg Printing Co.

No. R-1

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF WILLIAMSTOWN
SEWERAGE SYSTEM REVENUE BOND, SERIES 1987 A

$15,551.00 Dollars

Original Issuance Date	Interest Rate	Bond Date
June 25, 1987	9.75%	June 25, 1987

Registered Owner: West Virginia Water Development Authority
Principal Sum: Fifteen Thousand Five Hundred Fifty-One Dollars

THE CITY OF WILLIAMSTOWN, a municipal corporation organized and existing under the laws of the State of West Virginia (the "City"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, the Principal Sum specified above to the Registered Owner named above or registered assigns (the "Registered Owner"), in the following principal installments on October 1 of each of the following years:

Year	Installment	Interest Rate
1987	00.00	9.75%
1988	00.00	9.75%
1989	50.00	9.75%
1990	55.00	9.75%
1991	60.00	9.75%
1992	66.00	9.75%
1993	73.00	9.75%
1994	80.00	9.75%
1995	88.00	9.75%
1996	96.00	9.75%
1997	105.00	9.75%
1998	116.00	9.75%
1999	127.00	9.75%
2000	139.00	9.75%
2001	153.00	9.75%
2002	168.00	9.75%
2003	184.00	9.75%
2004	202.00	9.75%
2005	222.00	9.75%
2006	244.00	9.75%
2007	267.00	9.75%
2008	294.00	9.75%
2009	322.00	9.75%
2010	354.00	9.75%

2011	388.00	9.75%
2012	426.00	9.75%
2013	467.00	9.75%
2014	513.00	9.75%
2015	563.00	9.75%
2016	618.00	9.75%
2017	678.00	9.75%
2018	744.00	9.75%
2019	817.00	9.75%
2020	896.00	9.75%
2021	984.00	9.75%
2022	1,080.00	9.75%
2023	1,185.00	9.75%
2024	1,300.00	9.75%
2025	1,427.00	9.75%

The City further hereby promises solely from such special funds also to pay interest on outstanding principal from the Bond Date specified above at the Interest Rate per annum specified above semiannually, on the first day of April and the first day of October in each year, beginning October 1, 1987 for Bonds dated the date of initial issuance thereof, except as the provisions hereinafter set forth as to redemption may become applicable hereto.

The principal of this Bond, and the premium hereon, if any, are payable in any coin or currency which, on the date of payment thereof, 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, as paying agent (the "Paying Agent"). The interest so payable, and punctually paid or duly provided for, on any interest payment date will be paid to the registered owner as of the close of business on the Regular Record Date for such interest, which shall be the fifteenth day (whether or not a business day) of the calendar month next preceding such interest payment date. Any such interest not so punctually paid or duly provided for forthwith shall cease to be payable to the Registered Owner as of such Regular Record Date, and may be paid to the Registered Owner hereof at the close of business on a Special Record Date for the payment of defaulted interest to be fixed by the Williamstown National Bank (the "Registrar"), notice whereof such shall be given to the Registered Owners not less than 10 days prior to such Special Record Date. Interest shall be paid by check or draft mailed to the address of such Registered Owner at the address as it appears on the books of the Registrar (the "Bond Register"), or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond is one of a series of bonds in the aggregate principal amount of $675,188 (the "Series A Bonds") of like tenor and effect, except as to bond date, number, denomination and interest rate, dated the Original Issuance Date set forth above, issued to assist the City in the financing of costs of acquiring and constructing a wastewater treatment facility, capitalizing interest during the construction period and for six months thereafter, funding a debt service reserve account, paying costs of issuance and other costs incidental thereto and to the

financing thereof (the "Project"), located within the boundaries of the City, all under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the Code of West Virginia of 1931, , as amended, and the Charter of the City, (collectively, the "Act"), and an ordinance of the City duly enacted by the Council of the City on April 7, 1987, and a supplemental and amendatory ordinance duly enacted by the Council of the City on the 28th day of May, 1987, and as supplemented by a resolution of said Council duly adopted on the 15th day of June, 1987 (collectively, the "Ordinance"), and is subject to all the terms and conditions of the Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, which 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 Ordinance.

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 City and the Authority, dated February 2, 1987.

This Bond is issued contemporaneously with the Sewerage System Revenue Bond, Series 1987 B, of the City (the "Series B Bond"), issued in the aggregate principal amount of $169,539.00, which Series B Bond is junior and subordinate with respect to liens and sources of and security for payment to the Bonds.

The Series A Bonds and the interest thereon are payable from and are secured by a first lien (on a parity with the Sewerage System Refunding Revenue Bonds, Series 1987, of the City), and pledge of the net revenues derived from the Sewerage System as defined in the Ordinance, all funds in the Series 1987 A Sinking Fund established under the Ordinance, and the unexpended proceeds of the Series A Bonds and the Series B Bond, and the City hereby and in the Ordinance pledges such net revenues and funds to such payment, and the net revenues of the Sewerage System System shall be set aside as a special fund hereby pledged for such purpose. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the City within the meaning of any constitutional or statutory provisions or limitations, nor shall the City be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1987 A Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the City has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the Sewerage System and the services rendered thereby, which shall be sufficient, together with other revenues of the Sewerage System, to provide for the reasonable expenses of operation, repair and maintenance of the Sewerage System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any year of principal of and interest on the Series A Bonds, the Series B Bond, and all other obligations secured by or payable from such revenues prior to or on a parity with the Series A Bonds or the Series B Bond, provided however, that so long as there exists in the Series 1987 A

Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Series A Bonds in any year, and in the respective reserve accounts established for the Series B Bond and any other obligations outstanding prior to or on a parity with the Series A Bonds or the Series B Bond, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The City has entered into certain further covenants with the Registered Owners of the Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All moneys received from the sale of the Bonds shall be applied solely to pay costs of the Project including interest during the construction period, to fund the Series A Bonds Reserve Account in the Series 1987 A Sinking Fund, and to pay other costs in connection therewith, 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 Series A Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, to happen and to 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 City, 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 Sewerage System has been pledged to and will be set aside into said special funds by the City for the prompt payment of the principal of, premium, if any, and interest on the Bonds.

This Bond is designated by the city in the Ordinance as a "qualified tax exempt obligation" as defined in Section 265(b)(3)(B) of the Internal Revenue Code of 1986.

This Bond, under the provisions 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, but may be transferred only by transfer of registration hereof with the Registrar.

This Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been manually signed by the Registrar.

All provisions of the Ordinance and the 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, in the manner provided in the Ordinance, The City of Williamstown has caused this Bond to be signed by the manual signature of its Mayor and the seal of said City to be impressed hereon and attested by the manual signature of the City Clerk, and has caused this Bond to be dated as of the Bond Date shown above.

[SEAL]

Raymond E. Loach
Mayor

ATTEST:

Wm. W. Lough
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series A Bonds described in the within-mentioned Ordinance and has been duly registered in the name set forth above.

Date: 25 June 87

THE WILLIAMSTOWN NATIONAL BANK, as Registrar

By _____
Its Authorized Officer

ASSIGNMENT

For value received, the undersigned Registered Owner do(es) hereby sell, assign and transfer unto _____

_____
(name, address and social security number or other identifying number of assignee) the within Bond and hereby irrevocably constitute(s) and appoint(s) _____ to transfer the said Bond on the books kept for registration of the within Bond with full power of substitution in the premises.

Dated: _____ _____
Registered Owner

Signature Guaranteed: _____

Notice: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of this Bond in every particular, without alteration or any change whatever.

~~4256~~

No. R-1

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF WILLIAMSTOWN
SEWERAGE SYSTEM REVENUE BOND, SERIES 1987 B

$169,539.00 Dollars

Original Issuance Date	Interest Rate	Bond Date
June 25, 1987	0.00%	June 25, 1987

Registered Owner: West Virginia Water Development Authority
Principal Sum: One Hundred Sixty-Nine Thousand Five Hundred Thirty-Nine Dollars

THE CITY OF WILLIAMSTOWN, a municipal corporation organized and existing under the laws of the State of West Virginia (the "City"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, the Principal Sum specified above to the Registered Owner named on the bond register maintained by Williamstown National Bank (the "Registrar") and named above or registered assigns (the "Registered Owner"), in the following principal installments on October 1 of each of the following years:

Year	Installment	Interest Rate
1987	0.00	0.00%
1988	0.00	0.00%
1989	4,467.00	0.00%
1990	4,467.06	0.00%
1991	4,467.06	0.00%
1992	4,467.06	0.00%
1993	4,467.06	0.00%
1994	4,467.06	0.00%
1995	4,467.06	0.00%
1996	4,467.06	0.00%
1997	4,467.06	0.00%
1998	4,467.06	0.00%
1999	4,467.06	0.00%
2000	4,467.06	0.00%
2001	4,467.06	0.00%
2002	4,467.06	0.00%
2003	4,467.06	0.00%
2004	4,467.06	0.00%
2005	4,467.06	0.00%
2006	4,467.06	0.00%
2007	4,467.06	0.00%
2008	4,467.06	0.00%
2009	4,467.06	0.00%
2010	4,467.06	0.00%
2011	4,467.06	0.00%
2012	4,467.06	0.00%

2013	4,467.06	0.00%
2014	4,467.06	0.00%
2015	4,467.06	0.00%
2016	4,467.06	0.00%
2017	4,467.06	0.00%
2018	4,467.06	0.00%
2019	4,467.06	0.00%
2020	4,467.06	0.00%
2021	4,467.06	0.00%
2022	4,467.06	0.00%
2023	4,467.06	0.00%
2024	4,467.06	0.00%
2025	4,467.06	0.00%
2026	4,257.84	0.00%

The principal of this Bond, and the premium hereon, if any, are payable in any coin or currency which, on the date of payment thereof, 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, as paying agent (the "Paying Agent").

This Bond is the duly authorized Series B Bond (the "Series B Bond"), dated the Original Issuance Date set forth above, issued to assist the City in the financing of costs of acquiring and constructing a wastewater treatment facility, funding a debt service reserve account, and paying costs of issuance and other costs incidental thereto and to the financing thereof (the "Project"), located within the boundaries of the City, all under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the Code of West Virginia of 1931, , as amended, and the Charter of the City, (collectively, the "Act"), and an ordinance of the City duly enacted by the Council of the City on April 7, 1987, and a supplemental and amendatory ordinance duly enacted by the Council of the City on the 28th day of May, 1987, and as supplemented by a resolution of said Council duly adopted on the 15th day of June, 1987 (collectively, the "Ordinance"), and is subject to all the terms and conditions of the Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, which 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 Ordinance.

This Bond is issued contemporaneously with the Sewerage System Revenue bonds, Series 1987 A of the City (the "Series 1987 A Bonds") issued in the aggregate principal amount of $675,188.00. This Bond is junior and subordinate with respect to liens and sources of a security for payment to the Series A Bonds, and the Series 1987 Sewerage System Refunding Revenue Bonds of the City (the "Prior Bonds"), presently outstanding in the aggregate principal amount of $50,500.00.

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 City and the Authority, dated February 2, 1987. The Series B Bond is payable from and is secured by a lien and pledge of the Net Revenues derived from the Sewerage System, all funds in the Series 1987 B Sinking Fund established under the Ordinance, and the unexpended proceeds of the Bonds, and the City hereby and in the Ordinance pledges such net revenues and funds to such payment, and the net revenues of the Sewerage System shall be set aside as a special fund hereby pledged for such purpose. The lien on and pledge of Net Revenues is junior in priority and subordinate to the lien thereon and pledge thereof to secure the Series A Bonds and the Prior Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the City within the meaning of any constitutional or statutory provisions or limitations, nor shall the City be obligated to pay the same except from said special fund provided from the Net Revenues, the moneys in the Series 1987 B Bond Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the City has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the Sewerage System and the services rendered thereby, which shall be sufficient, together with other revenues of the Sewerage System, to provide for the reasonable expenses of operation, repair and maintenance of the Sewerage System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any year of principal and interest on the Series A Bonds , the Series 1987 B Bond, and all other obligations secured by or payable from such revenues prior to or on a parity with the Series A Bond or the Series 1987 B Bond, provided however, that so long as there exists in the Series 1987 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Series A Bonds in any year, and in the respective reserve accounts established for the Series 1987 B Bond interest and any other obligations outstanding prior to or on a parity with the Series A Bonds or the Series B Bond, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. All required payments of the principal of, and premium, if any, on this Series B Bond shall constitute a charge upon all the net revenues of the System, subordinate and junior in priority to the pledge of the Net Revenues of the System to secure the payment of the Series A Bonds, the Prior Bonds and any bonds issued on a parity with the Series A Bonds and the Prior Bonds as provided in the Ordinance. The City has entered into certain further covenants with the Registered Owner of the Series B Bond, for the terms of which reference is made to the Ordinance. Remedies provided the Registered Owner of the Series B Bond are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All moneys received from the sale of the Series B Bond shall be applied solely to pay costs of the Project, to fund the Series B Bond Reserve Account in the Series 1987 B Sinking Fund, and to pay other costs in connection therewith, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the Registered Owner of the Series B Bond, which lien is junior in priority to and subordinate to the lien thereon to secure the Series A Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this Series B 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 Series B Bond, together with all other obligations of the City, 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 Sewerage System has been pledged to and will be set aside into said special funds by the City for the prompt payment of the principal of, premium, if any, and interest on this Series B Bond.

This Bond is designated by the city in the Ordinance as a "qualified tax exempt obligation" as defined in Section 265(b)(3)(B) of the Internal Revenue Code of 1986.

This Bond, under the provisions 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, but may be transferred only by transfer of registration hereof with the Registrar.

This Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been manually signed by the Registrar.

All provisions of the Ordinance and the 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, in the manner provided in the Ordinance, The City of Williamstown has caused this Bond to be signed by the manual signature of its Mayor and the seal of said City to be impressed hereon and attested by the manual signature of the City Clerk, and has caused this Bond to be dated as of the Bond Date shown above.

[SEAL]

Raymond E Leach
Mayor

ATTEST:

Wm. W. Smith
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is the Series B Bond described in the within-mentioned Ordinance and has been duly registered in the name set forth above.

THE WILLIAMSTOWN NATIONAL BANK, as Registrar

Date: 25 JUNE 87

By _____
Its Authorized Officer

ASSIGNMENT

For value received, the undersigned Registered Owner do(es) hereby sell, assign and transfer unto _____

_____
(name, address and social security number or other identifying number of assignee) the within Bond and hereby irrevocably constitute(s) and appoint(s) _____ to transfer the said Bond on the books kept for registration of the within Bond with full power of substitution in the premises.

Dated: _____ _____
Registered Owner

Signature Guaranteed: _____

Notice: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of this Bond in every particular, without alteration or any change whatever.

4308P

No. R-2

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF WILLIAMSTOWN
SEWERAGE SYSTEM REVENUE BOND, SERIES 1987 A

$659,637.00 Dollars

Original Issuance Date	Interest Rate	Bond Date
June 25, 1987	8.38%	June 25, 1987

Registered Owner: West Virginia Water Development Authority
Principal Sum: Six Hundred Fifty-Nine Thousand Six Hundred Thirty-Seven Dollars

THE CITY OF WILLIAMSTOWN, a municipal corporation organized and existing under the laws of the State of West Virginia (the "City"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, the Principal Sum specified above to the Registered Owner named above or registered assigns (the "Registered Owner"), in the following principal installments on October 1 of each of the following years:

Year	Installment	Interest Rate
1987	00.00	8.380%
1988	00.00	8.380%
1989	2,725.00	8.380%
1990	2,953.00	8.380%
1991	3,201.00	8.380%
1992	3,469.00	8.380%
1993	3,760.00	8.380%
1994	4,075.00	8.380%
1995	4,416.00	8.380%
1996	4,787.00	8.380%
1997	5,188.00	8.380%
1998	5,622.00	8.380%
1999	6,094.00	8.380%
2000	6,604.00	8.380%
2001	7,158.00	8.380%
2002	7,757.00	8.380%
2003	8,408.00	8.380%
2004	9,112.00	8.380%
2005	9,876.00	8.380%
2006	10,703.00	8.380%
2007	11,600.00	8.380%
2008	12,572.00	8.380%
2009	13,626.00	8.380%
2010	14,768.00	8.380%
2011	16,005.00	8.380%
2012	17,346.00	8.380%
2013	18,800.00	8.380%

2014	20,376.00	8.380%
2015	22,083.00	8.380%
2016	23,934.00	8.380%
2017	25,939.00	8.380%
2018	28,113.00	8.380%
2019	30,469.00	8.380%
2020	33,022.00	8.380%
2021	35,789.00	8.380%
2022	38,788.00	8.380%
2023	42,039.00	8.380%
2024	45,562.00	8.380%
2025	49,380.00	8.380%
2026	53,518.00	8.380%

The City further hereby promises solely from such special funds also to pay interest on outstanding principal from the Bond Date specified above at the Interest Rate per annum specified above semiannually, on the first day of April and the first day of October in each year, beginning October 1, 1987 for Bonds dated the date of initial issuance thereof, except as the provisions hereinafter set forth as to redemption may become applicable hereto.

The principal of this Bond, and the premium hereon, if any, are payable in any coin or currency which, on the date of payment thereof, 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, as paying agent (the "Paying Agent"). The interest so payable, and punctually paid or duly provided for, on any interest payment date will be paid to the registered owner as of the close of business on the Regular Record Date for such interest, which shall be the fifteenth day (whether or not a business day) of the calendar month next preceding such interest payment date. Any such interest not so punctually paid or duly provided for forthwith shall cease to be payable to the Registered Owner as of such Regular Record Date, and may be paid to the Registered Owner hereof at the close of business on a Special Record Date for the payment of defaulted interest to be fixed by the Williamstown National Bank (the "Registrar"), notice whereof such shall be given to the Registered Owners not less than 10 days prior to such Special Record Date. Interest shall be paid by check or draft mailed to the address of such Registered Owner at the address as it appears on the books of the Registrar (the "Bond Register"), or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond is one of a series of bonds in the aggregate principal amount of $675,188 (the "Series A Bonds") of like tenor and effect, except as to bond date, number, denomination and interest rate, dated the Original Issuance Date set forth above, issued to assist the City in the financing of costs of acquiring and constructing a wastewater treatment facility, capitalizing interest during the construction period and for six months thereafter, funding a debt service reserve account, and paying costs of issuance and other costs incidental thereto and to the financing thereof (the "Project"), located within the boundaries of the City, all under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the Code of West Virginia of 1931, , as amended, and the Charter of the City, (collectively,

the "Act"), and an ordinance of the City duly enacted by the Council of the City on April 7, 1987, and a supplemental and amendatory ordinance duly enacted by the Council of the City on the 28th day of May, 1987, and as supplemented by a resolution of said Council duly adopted on the 15th day of June, 1987 (collectively, the "Ordinance"), and is subject to all the terms and conditions of the Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, which 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 Ordinance.

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 City and the Authority, dated February 2, 1987.

This Bond is issued contemporaneously with the Sewerage System Revenue Bond, Series 1987 B, of the City (the "Series B Bond"), issued in the aggregate principal amount of $169,539.00, which Series B Bond is junior and subordinate with respect to liens and sources of and security for payment to the Bonds.

The Series A Bonds and the interest thereon are payable from and are secured by a first lien (on a parity with the Sewerage System Refunding Revenue Bonds, Series 1987, of the City), and pledge of the net revenues derived from the Sewerage System as defined in the Ordinance, all funds in the Series 1987 A Sinking Fund established under the Ordinance, and the unexpended proceeds of the Series A Bonds and the Series B Bonds, and the City hereby and in the Ordinance pledges such net revenues and funds to such payment, and the net revenues of the Sewerage System System shall be set aside as a special fund hereby pledged for such purpose. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the City within the meaning of any constitutional or statutory provisions or limitations, nor shall the City be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1987 A Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the City has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the Sewerage System and the services rendered thereby, which shall be sufficient, together with other revenues of the Sewerage System, to provide for the reasonable expenses of operation, repair and maintenance of the Sewerage System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any year of principal of and interest on the Series A Bonds, the Series B Bond, and all other obligations secured by or payable from such revenues prior to or on a parity with the Series A Bonds or the Series B Bond, provided however, that so long as there exists in the Series 1987 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Series A Bonds in any year, and in the respective reserve accounts established for the Series B Bond and any other obligations outstanding prior to or on a parity with the Series A Bonds or the Series B Bond, an amount at least equal to the requirement therefor, such percentage may be

reduced to 110%. The City has entered into certain further covenants with the Registered Owners of the Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All moneys received from the sale of the Bonds shall be applied solely to pay costs of the Project including interest during the construction period, to fund the Series A Bonds Reserve Account in the Series 1987 A Sinking Fund, and to pay other costs in connection therewith, 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 Series A Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, to happen and to 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 City, 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 Sewerage System has been pledged to and will be set aside into said special funds by the City for the prompt payment of the principal of, premium, if any, and interest on the Bonds.

This Bond is designated by the city in the Ordinance as a "qualified tax exempt obligation" as defined in Section 265(b)(3)(B) of the Internal Revenue Code of 1986.

This Bond, under the provisions 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, but may be transferred only by transfer of registration hereof with the Registrar.

This Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been manually signed by the Registrar.

All provisions of the Ordinance and the 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, in the manner provided in the Ordinance, The City of Williamstown has caused this Bond to be signed by the manual signature of its Mayor and the seal of said City to be impressed hereon and attested by the manual signature of the City Clerk, and has caused this Bond to be dated as of the Bond Date shown above.

[SEAL]

Raymond E. Leach
Mayor

ATTEST:

City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series A Bonds described in the within-mentioned Ordinance and has been duly registered in the name set forth above.

Date: 25 JUNE 87

THE WILLIAMSTOWN NATIONAL BANK, as Registrar

By _____
Its Authorized Officer

ASSIGNMENT

For value received, the undersigned Registered Owner do(es) hereby sell, assign and transfer unto _____

_____
(name, address and social security number or other identifying number of assignee) the within Bond and hereby irrevocably constitute(s) and appoint(s) _____ to transfer the said Bond on the books kept for registration of the within Bond with full power of substitution in the premises.

Dated: _____ _____
Registered Owner

Signature Guaranteed: _____

Notice: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of this Bond in every particular, without alteration or any change whatever.

4297P

WDA-5
(October 1986)

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 WILLIAMSTOWN

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 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, 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 general resolution adopted by the Authority on May 22, 1985 (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 consulting engineer 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 "Operating Expenses" means the reasonable, proper and necessary costs of operation and maintenance of the System, as hereinafter defined, as should normally and regularly be included as such under generally accepted accounting principles.

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

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

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

ARTICLE II

The Project and the System

2.1 The Project shall generally consist of the construction and acquisition of the facilities described in the Application, to be 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 Department of Natural Resources (or in the process of preparation by such Director), has been approved by the West Virginia Department of 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 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 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 Local 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 but must be satisfactory to the Authority, 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 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 five (5) 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.

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 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 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 any 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 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 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 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 Local Bonds, the right to obtain the appointment of a receiver to administer the System 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 and shall submit the report of said audit to the Authority, which shall include a statement that the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Loan Agreement;

(xii) That the Governmental Agency shall annually adopt a detailed budget of the estimated expenditures for operation and maintenance of the System during the succeeding fiscal year;

(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 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 owner 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); provided that, if the cost of acquisition and construction of the Project includes funded reserves for the Local Bonds, any requisite proceeds shall be credited to the construction fund and then deposited in the Reserve Account, on which the owner of the Local Bonds shall have a lien as provided herein; and

(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.

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 A.

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

4.3 The principal of the Loan shall be repaid by the Governmental Agency annually on the 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.

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

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

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

4.7 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 cove-

nants 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 tax-exempt status of the Local Bonds.

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 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 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 Williamstown
[Proper Name of Governmental Agency]

(SEAL)

By R. E. Leach
Its Hon. Raymond E. Leach, Mayor

Attest:

Date: February 2, 1987

William W. Cutlip
Its William W. Cutlip, City Clerk

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

By Edgar N. Henry
Director

Attest:

Date: June 18, 1987

Secretary-Treasurer

SCHEDULE X
DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bond, Series A No. R-1	$ 15,551.00
Purchase Price of Local Bond, Series A No. R-1	$ 15,551.00
Principal Amount of Local Bond, Series A No. R-2	$659,637.00
Purchase Price of Local Bond, Series A No. R-2	$659,637.00

Interest on the Local Bonds is payable on April 1 and October 1 in each year, beginning with the first semi-annual interest payment date after delivery of the Local Bonds to the Authority, until the Local Bonds are paid in full, at the rate of 9.75% per annum with respect to Local Bond numbered R-1, and 8.38% per annum with respect to Local Bond numbered R-2. Principal of the Local Bonds is payable on October 1 in each year as set forth on Exhibit 1 and 2 attached hereto and incorporated herein by reference.

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

The City of Williamstown Sewerage System Refunding Revenue Bonds presently outstanding in the aggregate principal amount of $50,500.00.

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:

None

CITY OF WILLIAMSTOWN
ANALYSIS OF 7.00% BORROWING COSTS
DEBT SERVICE SCHEDULE

MATURITY DATE	COUPON	SERIES 1985 BONDS PRINCIPAL	INTEREST	DEBT SERVICE
10/ 1/1987	0.000	0.00	404.33	404.33
10/ 1/1988	0.000	0.00	1,516.22	1,516.22
10/ 1/1989	9.750	50.00	1,516.22	1,566.22
10/ 1/1990	9.750	55.00	1,511.35	1,566.35
10/ 1/1991	9.750	60.00	1,505.99	1,565.99
10/ 1/1992	9.750	66.00	1,500.14	1,566.14
10/ 1/1993	9.750	73.00	1,493.70	1,566.70
10/ 1/1994	9.750	80.00	1,486.58	1,566.58
10/ 1/1995	9.750	88.00	1,478.78	1,566.78
10/ 1/1996	9.750	96.00	1,470.20	1,566.20
10/ 1/1997	9.750	105.00	1,460.84	1,565.84
10/ 1/1998	9.750	116.00	1,450.61	1,566.61
10/ 1/1999	9.750	127.00	1,439.30	1,566.30
10/ 1/2000	9.750	139.00	1,426.91	1,565.91
10/ 1/2001	9.750	153.00	1,413.36	1,566.36
10/ 1/2002	9.750	168.00	1,398.44	1,566.44
10/ 1/2003	9.750	184.00	1,382.06	1,566.06
10/ 1/2004	9.750	202.00	1,364.12	1,566.12
10/ 1/2005	9.750	222.00	1,344.43	1,566.43
10/ 1/2006	9.750	244.00	1,322.78	1,566.78
10/ 1/2007	9.750	267.00	1,298.99	1,565.99
10/ 1/2008	9.750	294.00	1,272.96	1,566.96
10/ 1/2009	9.750	322.00	1,244.30	1,566.30
10/ 1/2010	9.750	354.00	1,212.90	1,566.90
10/ 1/2011	9.750	388.00	1,178.39	1,566.39
10/ 1/2012	9.750	426.00	1,140.56	1,566.56
10/ 1/2013	9.750	467.00	1,099.02	1,566.02
10/ 1/2014	9.750	513.00	1,053.49	1,566.49
10/ 1/2015	9.750	563.00	1,003.47	1,566.47
10/ 1/2016	9.750	618.00	948.58	1,566.58
10/ 1/2017	9.750	678.00	888.32	1,566.32
10/ 1/2018	9.750	744.00	822.22	1,566.22
10/ 1/2019	9.750	817.00	749.68	1,566.68
10/ 1/2020	9.750	896.00	670.02	1,566.02
10/ 1/2021	9.750	984.00	582.66	1,566.66
10/ 1/2022	9.750	1,080.00	486.72	1,566.72
10/ 1/2023	9.750	1,185.00	381.42	1,566.42
10/ 1/2024	9.750	1,300.00	265.88	1,565.88
10/ 1/2025	9.750	1,427.00	139.13	1,566.13
		15,551.00	44,325.06	59,876.06

SMITH BARNEY, HARRIS UPHAM & CO. INCORPORATED
FILENAME: KBWILM, 12-JUN-87,

CITY OF WILLIAMSTOWN
ANALYSIS OF 7.00% BORROWING COSTS
DEBT SERVICE SCHEDULE

MATURITY DATE	COUPON	SERIES 1986 BONDS PRINCIPAL	INTEREST	DEBT SERVICE
10/ 1/1987	0.000	0.00	14,740.69	14,740.69
10/ 1/1988	0.000	0.00	55,277.58	55,277.58
10/ 1/1989	8.380	2,725.00	55,277.58	58,002.58
10/ 1/1990	8.380	2,953.00	55,049.23	58,002.23
10/ 1/1991	8.380	3,201.00	54,801.76	58,002.76
10/ 1/1992	8.380	3,469.00	54,533.52	58,002.52
10/ 1/1993	8.380	3,760.00	54,242.82	58,002.82
10/ 1/1994	8.380	4,075.00	53,927.73	58,002.73
10/ 1/1995	8.380	4,416.00	53,586.25	58,002.25
10/ 1/1996	8.380	4,787.00	53,216.18	58,003.18
10/ 1/1997	8.380	5,188.00	52,815.03	58,003.03
10/ 1/1998	8.380	5,622.00	52,380.28	58,002.28
10/ 1/1999	8.380	6,094.00	51,909.16	58,003.16
10/ 1/2000	8.380	6,604.00	51,398.48	58,002.48
10/ 1/2001	8.380	7,158.00	50,845.06	58,003.06
10/ 1/2002	8.380	7,757.00	50,245.22	58,002.22
10/ 1/2003	8.380	8,408.00	49,595.19	58,003.19
10/ 1/2004	8.380	9,112.00	48,890.60	58,002.60
10/ 1/2005	8.380	9,876.00	48,127.01	58,003.01
10/ 1/2006	8.380	10,703.00	47,299.40	58,002.40
10/ 1/2007	8.380	11,600.00	46,402.49	58,002.49
10/ 1/2008	8.380	12,572.00	45,430.41	58,002.41
10/ 1/2009	8.380	13,626.00	44,376.88	58,002.88
10/ 1/2010	8.380	14,768.00	43,235.02	58,003.02
10/ 1/2011	8.380	16,005.00	41,997.46	58,002.46
10/ 1/2012	8.380	17,346.00	40,656.24	58,002.24
10/ 1/2013	8.380	18,800.00	39,202.65	58,002.65
10/ 1/2014	8.380	20,376.00	37,627.21	58,003.21
10/ 1/2015	8.380	22,083.00	35,919.70	58,002.70
10/ 1/2016	8.380	23,934.00	34,069.14	58,003.14
10/ 1/2017	8.380	25,939.00	32,063.47	58,002.47
10/ 1/2018	8.380	28,113.00	29,889.78	58,002.78
10/ 1/2019	8.380	30,469.00	27,533.91	58,002.91
10/ 1/2020	8.380	33,022.00	24,980.61	58,002.61
10/ 1/2021	8.380	35,789.00	22,213.37	58,002.37
10/ 1/2022	8.380	38,788.00	19,214.25	58,002.25
10/ 1/2023	8.380	42,039.00	15,963.82	58,002.82
10/ 1/2024	8.380	45,562.00	12,440.95	58,002.95
10/ 1/2025	8.380	49,380.00	8,622.85	58,002.85
10/ 1/2026	8.380	53,518.00	4,484.81	58,002.81
		659,637.00	1,614,483.78	2,274,120.78

SMITH BARNEY, HARRIS UPHAM & CO. INCORPORATED
FILENAME: KBWIL2, 12-JUN-87,

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 pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by an outstanding local resolution, 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, if the Reserve Account was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof in an amount equal to the Reserve Requirement, by depositing in the Reserve Account an amount equal to one-twelfth (1/12) of one-tenth (1/10) of the amount necessary to fund the Reserve Account at 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;

(iv) to provide debt service on and requisite reserves for any subordinate indebtedness of the Governmental Agency held or owned by the Authority; 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. "EPA" means the United States Environmental Protection Agency and any successors to the functions thereof.

2. "Local Statute" means Chapter 16, Article 13, of the Code of West Virginia, 1931, as amended.

3. "System" means the works for the collection and/or treatment, purification and disposal of sewage, in its entirety or any integral part thereof, owned by the Governmental Agency and under the supervision and control of a sanitary board, and any extensions, improvements or betterments thereto hereafter constructed or acquired from any sources whatsoever and includes the Project.

Additional Conditions and Covenants

1. The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with, among other State and federal standards, the water quality standards established by the West Virginia Department of Natural Resources and EPA.

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

3. As a condition precedent to the Authority's making the Loan, the Governmental Agency shall have obtained, among other permits required, permits from the EPA and the West Virginia Department of Natural Resources and approval of the "Part B" supplement to its EPA grant agreement.

4. 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 and, in the event the Governmental Agency owns a water facility (the "Water System"), the Water 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 either system until all delinquent charges for the services of the System have been fully paid.

5. To the extent required by law, the Governmental Agency hereby covenants and agrees to secure approval of the Authority and all other State agencies having jurisdiction before applying for federal financial assistance for pollution abatement in order to maximize the amounts of such federal financial assistance received or to be received for all water development projects in the State.

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

7. The Governmental Agency shall comply with the provisions of the Internal Revenue Code of 1986, as amended. 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 of May 22, 1986;

(c) All of the proceeds from the sale of the Local Bonds which will be used for payment of costs of the Project, together with any investment earnings thereon, will be expended for such purpose by May 1, 1989;

(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; and

(e) The Governmental Agency will comply with the provisions of the Internal Revenue Code of 1986, as amended, for which the effective date precedes the date of delivery of its Local Bond to the Authority.

WDA-Supp. 5
(October 1986)

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 WILLIAMSTOWN

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 into 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 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 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 "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, as hereinafter defined, 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 [illegible]ior, subordinate and [illegible]ior to that of the Local Bonds, [illegible] in accordance with the provisions of this Supplemental Loan Agreement.

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

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

1.7 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 Department of Natural Resources (or in the process of preparation by such Director), has been approved by the West Virginia Department of 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 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 a[illegible]nd if flood insuran[illegible] available at a reasonable cost, a flood insurance policy must be obtained by the Governmental Agency on or before the Date of Loan Closing and maintained so long as any of the Supplemental Bonds is outstanding. Prior to commencing operation of the Project, the Governmental Agency must also obtain, and maintain so long as any of the Supplemental 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 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 but must be satisfactory to the Authority, 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 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 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.

3.6 Anything in this Loan Agreement notwithstanding, if the Authority is unable to pay the proceeds of the Supplemental Bonds to the Governmental Agency on the Date of Loan Closing due to the time required for processing the purchase order or requisition for such moneys with the State,

the Authority may accept such proceeds as shall be received after the Date of Loan Closing; provided, that the Supplemental Bonds shall not evidence any debt to be repaid to the Authority until the proceeds thereof are received by the Governmental Agency.

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 bond proceeds, 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 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, 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 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 and shall submit the report of said audit to the Authority, which 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;

(xii) That the Governmental Agency shall annually adopt a detailed budget of the estimated expenditures for operation and maintenance of the System during the succeeding fiscal year;

(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 any proceeds deposited in the Reserve Account or the Supplemental Reserve Account, 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, but shall otherwise be kept separate and apart from all other funds of the Governmental Agency; and

(xv) 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 and shall include, but not be limited to, legal fees paid by the Authority.

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, [illegible] fix and collect, [illegible] 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.

6.3 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 Supplemental Loan.

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 Schedule X 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, notwithstanding the date hereof, 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 Authority.

City of Williamson
[Proper Name of Governmental Agency]

(SEAL)

By R. E. Leach
Its Hon. Raymond E. Leach, Mayor

Attest:

Date: February 2, 1987

William W. Cutlip
Its William W. Cutlip, City Clerk

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By Edgar N. Henry
Director

Attest:

Date: June 18, 1987

Daniel B. Underwood
Secretary-Treasurer

WDA-Supp. 5X
(November 1985)

SCHEDULE X
DESCRIPTION OF SUPPLEMENTAL BONDS

Principal Amount of Supplemental Bonds	$ 169,539.00
Purchase Price of Supplemental Bonds	$ 169,539.00

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.

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, other than the Local Bonds:

City of Williamstown
Sewerage System
Refunding Revenue Bonds
Series 1987

CITY OF WILLIAMSTOWN

DEBT SERVICE SCHEDULE

MATURITY DATE	0.00% COUPONS
10/ 1/1987	0.00
10/ 1/1988	0.00
10/ 1/1989	4,467.00
10/ 1/1990	4,467.06
10/ 1/1991	4,467.06
10/ 1/1992	4,467.06
10/ 1/1993	4,467.06
10/ 1/1994	4,467.06
10/ 1/1995	4,467.06
10/ 1/1996	4,467.06
10/ 1/1997	4,467.06
10/ 1/1998	4,467.06
10/ 1/1999	4,467.06
10/ 1/2000	4,467.06
10/ 1/2001	4,467.06
10/ 1/2002	4,467.06
10/ 1/2003	4,467.06
10/ 1/2004	4,467.06
10/ 1/2005	4,467.06
10/ 1/2006	4,467.06
10/ 1/2007	4,467.06
10/ 1/2008	4,467.06
10/ 1/2009	4,467.06
10/ 1/2010	4,467.06
10/ 1/2011	4,467.06
10/ 1/2012	4,467.06
10/ 1/2013	4,467.06
10/ 1/2014	4,467.06
10/ 1/2015	4,467.06
10/ 1/2016	4,467.06
10/ 1/2017	4,467.06
10/ 1/2018	4,467.06
10/ 1/2019	4,467.06
10/ 1/2020	4,467.06
10/ 1/2021	4,467.06
10/ 1/2022	4,467.06
10/ 1/2023	4,467.06
10/ 1/2024	4,467.06
10/ 1/2025	4,467.06
10/ 1/2026	4,257.84
	169,539.00

JUNE 12, 1987

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 pay Operating Expenses of the System;

(ii) as prescribed by the Loan Agreement, to the extent not otherwise limited by an outstanding local resolution, 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, if the Reserve Account was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof in an amount equal to the Reserve Requirement, by depositing in the Reserve Account an amount equal to one-twelfth (1/12) of one-tenth (1/10) of the amount necessary to fund the Reserve Account at 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) 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;

(iv) 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 an amount equal to the Supplemental Reserve Requirement, by depositing in the Supplemental Reserve Account an amount equal to one-twelfth (1/12) of one-tenth (1/10) of the amount necessary to fund the Supplemental Reserve Account at 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;

(v) to provide debt service on and requisite reserves for any other subordinate indebtedness of the Governmental Agency held or owned by the Authority; 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. "EPA" means the United States Environmental Protection Agency and any successors to the functions thereof.

2. "Local Statute" means Chapter 16, Article 13, of the Code of West Virginia, 1931, as amended.

3. "System" means the works for the collection and/or treatment, purification and disposal of sewage, in its entirety or any integral part thereof, owned by the Governmental Agency and under the supervision and control of a sanitary board, and any extensions, improvements or betterments thereto hereafter constructed or acquired from any sources whatsoever and includes the Project.

Additional Conditions and Covenants

1. The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with, among other State and federal standards, the water quality standards established by the West Virginia Department of Natural Resources and EPA.

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

3. As a condition precedent to the Authority's making the Supplemental Loan, the Governmental Agency shall have obtained, among other permits required, permits from the EPA and the West Virginia Department of Natural Resources and approval of the "Part B" supplement to its EPA grant agreement.

4. 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 and, in the event the Governmental

Agency owns a water facility (the "Water System"), the Water 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 either system until all delinquent charges for the services of the System have been fully paid.

5. To the extent required by law, the Governmental Agency hereby covenants and agrees to secure approval of the Authority and all other State agencies having jurisdiction before applying for federal financial assistance for pollution abatement in order to maximize the amounts of such federal financial assistance received or to be received for all water development projects in the State.

6. 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 net revenues derived from the operation of the System are pledged to the payment of the principal of the Supplemental Bonds.

REGISTRAR'S AGREEMENT

This Agreement, made this 25th day of June, 1987, between The City of Williamstown, West Virginia (the "City"), and Williamstown National Bank, a national banking association located at Williamstown, West Virginia (the "Bank"), hereby witness that:

WHEREAS, the City contemplates the issuance of Bonds (as hereinafter defined) and desires to appoint the Bank as its Registrar for the purpose of maintaining a register of registered holders of the Bonds providing for the transfer and exchange of the Bonds and paying principal of and interest on such obligations as the City shall direct; and

WHEREAS, the Bank desires to act as Registrar for the City;

NOW, THEREFORE, the parties hereto agree as follows:

1. The City hereby appoints the Bank to be its Bond Registrar for the maintenance of a register of registered holders of its registered Sewerage System Revenue Bonds, Series 1987A and Series 1987 B.

2. The Bank represents that it has the corporate power to act as the Bond Registrar.

3. So long as any of the Bonds shall remain outstanding, the Bank as Bond Registrar shall cause books and records to be maintained at its offices for the registration and transfer of such Bonds and, upon presentation thereof for such purpose at such office, the Bond Registrar shall register or cause to be registered therein and permit to be transferred thereon, any Bonds entitled to registration or to transfer. So long as any of the Bonds remain outstanding, the Bond Registrar shall make all necessary provisions to permit the exchange or registration or transfer of bonds at its office.

4. The Bank may treat the registered holder of any Bonds as the absolute owner thereof, whether the Bond is overdue or not, for the purpose of receiving payment of, or on account of, the principal or interest, as may be the case, and for all other purposes, and all such payments made to the registered holder or upon his or her order shall be valid and effectual to satisfy and discharge its obligations hereunder to the extent of the sum or sums so paid, and the Bank shall not be affected by any notice to the contrary.

5. All Bonds shall be transferable upon their surrender to the Bond Registrar when duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Bond Registrar duly executed by the registered holder, or his or her attorney in fact duly authorized in writing, with signature thereupon duly guaranteed by a commercial bank or trust company or member firm of the New York Stock Exchange. The new Bond(s) resulting from such transfer shall be in denominations of $5,000 each, or any multiple thereof, and shall be for the same aggregate principal amount. The Bank shall execute the Certificate of Authentication on each new Bond prior to its issuance, and shall date said Certificate as of the date of authentication.

6. The Bank shall cancel all Bonds surrendered to it for payment, redemption, registration, transfer or exchange, as the case may be, and all such cancelled Bonds shall be held pending written instructions from the City.

7. Upon payment of any Bonds the Bank shall immediately cancel the same by perforation and shall hold the cancelled Bonds in safekeeping until such time as they are released to the City.

8. In the event the City shall call any Bonds for redemption prior to their stated maturity, the responsibility for notifying the affected bondholders shall rest solely with the City and the Bank shall not independently undertake any responsibility or assume any obligation to notify bondholders of any such call for redemption; provided, that the Bank shall at the request of the City select the Bonds to be redeemed upon partial redemption and shall at the expense of the City mail to the affected bondholders, at the addresses of record appearing on the records of the Bank as the Bond Registrar, such notice of redemption as shall be furnished to it by the City.

9. For services as provided herein the Bank shall be compensated as per the attached Fee Schedule. The City shall reimburse the Bank for all reasonable expenses incurred in the performance of its duties as provided by this agreement, such expenses to include, but not be limited to, legal fees of outside counsel if required.

10. If any Bond is mutilated, lost, stolen or destroyed, the City may execute and the Bond Registrar may authenticate and deliver a new Bond of the same maturity and interest rate and, with respect to Bonds, in the same aggregate principal amount, in lieu of the Bond mutilated, lost, stolen or destroyed, provided that, in the case of any mutilated bond, such mutilated bond shall first be surrendered to the Bond

Registrar, and, in the case of any lost, stolen or destroyed Bond, there shall first be furnished to the Bond Registrar evidence satisfactory to it of the ownership of such Bond and of such loss, theft or destruction, together with indemnity to it and the City. If any such Bond shall have matured or a redemption date pertaining thereto shall have passed and shall have become due, instead of issuing a new Bond for such Bond, the Paying Agent may pay same. The Bank may charge, at the City's direction, the holder of such Bond its reasonable fees and expenses in this connection.

11. This Agreement shall not prohibit the Bank from bidding for, purchasing, acquiring, holding, selling or disposing of the Bonds for which it acts as agent as provided herein or from entering into other service contracts with the issuer or others.

12. The Bank shall not assign or transfer any interest in this Agreement or assign any claims for money due, or to become due under this Agreement, without the prior written consent of the City, which consent shall not be unreasonably withheld or delayed.

13. The Bank shall be entitled to rely upon any instruction or direction furnished to it in writing by a designated officer of the City, whether such instruction or direction shall be in conformity with this agreement or constitute a modification hereof or a supplement hereto and the Bank may consult with counsel of its choice (including its in-house counsel and counsel for the City) and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by the Bank hereunder in good faith and in accordance with the opinion of such counsel. The Bank shall be entitled to treat as genuine, and as the document it purports to be, any letter, paper or other document so furnished to it by any such officer of the City as provided in this Agreement.

14. The Bank shall have no responsibility or liability for any action taken by it at the specific direction of the City.

15. When the Bank receives instructions to mail any Bonds, such Bonds shall be mailed first class (registered air mail outside the United States, Puerto Rico and Canada), under its blanket security bond protecting the City and the Bank as the case may be, from loss or liability arising out of the nonreceipt or nondelivery of the Bonds or arising out of the replacement thereof.

16. All notices and communications required or permitted hereunder, except as otherwise expressly agreed in writing, shall be in writing and shall be delivered by hand or sent by mail or sent by telex, telecopies, or telegraph, addressed as follows:

If to the City: The City of Williamstown
Williamstown
West Virginia 26187
Attention: Mayor

If to the Bank: Williamstown National Bank
Williamstown
West Virginia 26187

17. The City may terminate this Agreement with respect to the Bank upon sixty (60) days notice. The Bank may terminate this Agreement with the City upon sixty (60) days notice. Upon any such termination, the Bank shall pay sums held by it to the City or a successor agent and shall furnish to the issuer a detailed accounting of all funds received by it as well as any unissued and cancelled Bonds held. Such accounting shall be submitted within ninety (90) days of such termination.

18. The terms of this Agreement shall be subject to change, modification or renegotiation as may be necessay to comply with subsequent statutory and/or regulatory rulings by governing agencies, provided, however, that any changes, modifications or amendments are first approved in writing by the parties affected thereby.

19. This Agreement, including the Fee Schedule attached as Exhibit A hereto and the Ordinance enacted by the Council of the City authorizing the City's Sewerage System Revenue Bonds, Series 1987 A and Series 1987 B, attached as Exhibit B hereto, incorporates all the agreements, covenants and understandings between the City and the Bank concerning the subject matter hereof, and all such covenants, agreements and understandings have been merged into this Agreement. No prior agreement or understandings, verbal or otherwise, of the parties or their agents shall be valid or enforceable unless embodied in this Agreement.

20. This Agreement shall be governed by and construed in accordance with the laws of the State of West Virginia.

IN WITNESS WHEREOF, the City and the Bank have executed and delivered this Agreement in each of their respective names.

THE CITY OF WILLIAMSTOWN,
WEST VIRGINIA

By _____
Raymond E. Leach, Mayor

WILLIAMSTOWN NATIONAL BANK,

By _____
Walter R. Butcher,
Chief Executive Officer

4309P

CITY OF WILLIAMTOWN

(WEST VIRGINIA)

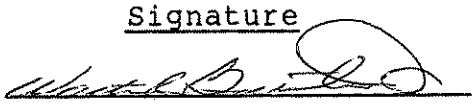
$844,727 Sewerage System Revenue Bonds, Series 1987 A and Series 1987 B

REGISTRAR'S CERTIFICATE

The undersigned, Walter R. Butcher, Chief Executive Officer, of THE WILLIAMSTOWN NATIONAL BANK, Williamstown, West VIrginia, a national banking association (the "Bank"), hereby certifies as follows with respect to the above-captioned Bonds (the "Bonds").

1. The Bank has full power and authority to enter into and carry out the provisions of the Registrar's Agreement, dated as of June 25, 1987, between the City of Williamstown (the "City"), and the Bank (the "Registrar's Agreement").

2. The person whose title, name and signature is set forth below holds the position shown opposite his name, and has been named and designated as an authorized officer of the Bank to authenticate and register the Bonds, to deliver certificates on behalf of the Bank in connection with the closing of the sale of the Bonds and to take any other actions required by the Registrar's Agreement.

Title	Name	Signature
Chief Exec. Officer	Walter R. Butcher	

3. The undersigned Walter R. Butcher was duly authorized to, and did on or prior to the date hereof, execute and deliver the Registrar's Agreement to the City on behalf of the Bank.

4. Pursuant to Section 3.09 of the Supplemental and Amendatory Ordinance, the undersigned has received on or prior to the date hereof a request and authorization to the Bank on behalf of the City, signed by an authorized Officer of the City, to authenticate and deliver the Bonds to the Purchaser.

5. The Bank has received from the City on the date hereof the Bonds, in the respective numbers and denominations, maturing on October 1 of such years, and bearing interest at such rates, all as set forth in Exhibit A attached hereto and incorporated herein by reference. At the time of such receipt, each of the Bonds had been executed by the manual signatures of the Mayor of the City, imprinted with the seal of the City, and attested by the manual signature of the Clerk.

6. The Bank has duly authenticated the Bonds originally issued on June 25, 1987, and described in Exhibit A hereto, by manually executing on each of such Bonds a certificate in the following form:

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Bonds described in the within-mentioned Ordinance and has been duly registered in the name set forth above.

THE WILLIAMSTOWN NATIONAL BANK, as Registrar

By _____
Its Authorized Officer

4304P

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: June 17, 1987

CASE NO. 86-630-S-CN

THE CITY OF WILLIAMSTOWN,
a municipal corporation, Wood
County.
Application for a certificate of
convenience and necessity to
construct a secondary sewer treatment
facility at Williamstown, Wood County.

FINAL ORDER

On November 6, 1986, The City of Williamstown, a municipal corporation (Williamstown or City), Wood County, filed an application, duly verified, for a certificate of convenience and necessity to construct a secondary sewer treatment facility to augment its present primary treatment capacity at Williamstown, Wood County. The City estimated that construction would cost approximately $2,264,603 and would be financed by a grant from the Environmental Protection Agency (EPA) and through the issuance of Water Development Authority (WDA) Sewerage System Refunding and Improvement Revenue Bonds. Included with the application was a Rule 42 Exhibit covering the test year ended June 30, 1985, incorporating the City's current and proposed rates regarding the project, copies of a notice of public hearing regarding the City's proposed ordinance to establish increased rates and charges to cover the costs of the sewer project, a letter from the Department of Natural Resources granting approval to the City's plans and specifications for its proposed project, a commitment letter from the Environmental Protection Agency dated December 31, 1984, providing total federal participation in the project of $1,272,670, and a project cost summary.

By order entered on November 7, 1986, the City of Williamstown was ordered to give notice of the filing of the application by publishing a copy of the Commission's order once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Wood County, making due return to the Commission of proper certification of publication immediately thereafter. Anyone desiring to make written objection to the application was given leave to do so, within thirty (30) days after the date of publication. The order further stated that, if no protests were received within the thirty-day period, the Commission could waive formal hearing and grant the application, based upon the information submitted with the application.

On December 24, 1986, The City of Williamstown submitted affidavits of publication from the Parkersburg News and the Parkersburg Sentinel, indicating that notice was given, as required, on November 24, 1986. The thirty-day period in which to file written objection to the application expired on December 24, 1986. As of the date of this order, no written objection to the application or project has been filed with the Public Service Commission.

On March 17, 1987, the City submitted a new Rule 42 Exhibit, for the test year ended June 30, 1986, incorporating the City's tariff designated P.S.C. W.Va. No. 4, effective July 21, 1986.

On April 2, 1987, the City submitted its response to a Commission Staff data request. The response indicates that the project now has a total cost of $2,708,295, with an EPA share of $1,272,670, an EPA grant amendment of $590,898 and a Water Development Authority loan of $844,727. The response to the data request also contains comparisons of existing and proposed operation and maintenance expenses under the project. The

response also includes a cash flow analysis for the project through April, 1989, a breakdown of total project costs, and a copy of a request to the EPA from the City requesting an increase in grant funds resulting from the fact that the low bid for the construction was considerably higher than the grant amendment approved in December, 1984.

On April 27, 1987, the City submitted an amended sewer ordinance adopted by the City Council, bring the City's users' fees in line with the requirements of the WDA bond issue repayment schedule. The ordinance was passed on third reading on April 25, 1987, to become effective on July 15, 1987. No petition was filed with the Commission in opposition to the increased rates and charges pursuant to West Virginia Code §24-2-4b. Therefore, the Commission's authority to review or revise those rates has not been triggered.

On June 16, 1987, the City of Williamstown submitted a letter from the United States Environmental Protection Agency, confirming an EPA grant amount of $1,892,772, with total eligible costs for the project of $2,523,700. On June 17, 1987, the City submitted a letter from the Water Development Authority confirming the commitment of the WDA to lend $844,727 to the City to provide the local share of funding for the construction of the waste water facilities. Also on June 17, 1987, the City submitted a credit agreement between the City and the Williamstown National Bank, providing interim financing not to exceed $110,000, at an interest rate of 8%.

On June 15, 1987, Staff Attorney Robert F. Williams submitted the Joint Staff Memorandum in this proceeding. According to the Joint Staff Memorandum, The City of Williamstown is proposing to construct a 0.4 MGD secondary sewer treatment facility to augment its present primary treatment

facility. According to Staff, the existing plant, which serves approximately 1,110 customers, does not meet present State and Federal regulatory requirements for secondary treatment. After reviewing various alternatives, the City determined that the construction of a multi-process package waste water treatment plant was the most cost-effective alternative.

According to Commission Staff, the WDA loan of $844,727 is at an interest rate of 7% for a term of 40 years. The interim financing in the amount of $110,000 was established by the projected cash flow for the project. The City accepted the low construction bid on March 16, 1987, which bid was to expire on May 15, 1987, if certain conditions were not met. The parties agreed to extend the low bids until June 30, 1987. At the time of the filing of the Joint Staff Memorandum, the commitment letters regarding the EPA, WDA and interim financing had not been received and Commission Staff determined that, if all of the funding became available as planned, Staff could conclude that the project was needed, that it would be adequately funded on a permanent and interim basis, and that the rates would be sufficient to meet all debt service requirements and operating expenses.

Upon consideration of all of the above, the Administrative Law Judge (ALJ) is of the opinion that a certificate of convenience and necessity should be granted to The City of Williamstown to construct a secondary sewer treatment facility, as requested. The project plans and specifications have been approved by the Department of Natural Resources and Commission Staff has determined that there is a need for the project. The project is adequately funded, since commitment letters have been received from the Environmental Protection Agency for a grant in the amount of $1,892,772 and a loan from the Water Development Authority in the amount of

$844,727. Additionally, the City has filed a credit agreement between the City and the Williamstown National Bank providing interim financing sufficient to cover the cash flow needs of the project on an interim basis. Further, the City has, by municipal ordinance, increased its sewer rates and charges to a level sufficient to cover operation and maintenance expenses and debt service requirements of the project.

FINDINGS OF FACT

1. The City of Williamstown's current primary treatment facility does not meet State and Federal regulatory requirements for secondary treatment. (Joint Staff Memorandum filed June 15, 1987, p. 1).

2. The City of Williamstown has provided public notice of both the projected construction and of the increased sewer rates and charges resulting from the project, and no written protest has been filed with the Public Service Commission regarding either the project itself or the rates and charges required to cover the cost of said project. (Affidavits of publication filed December 24, 1986; Joint Staff Memorandum filed June 15, 1987).

3. The total project cost of $2,708,295, is fully covered by an Environmental Protection Agency grant of $1,892,772 and a Water Development Authority loan in the amount of $844,727, at 7% interest over a term of 40 years and commitment letters have been received regarding both sources of permanent funding. (See, Commitment Letters filed June 16, 1987 and June 17, 1987; Joint Staff Memorandum filed June 15, 1987).

4. The City has obtained interim financing from the Williamstown National Bank in an amount sufficient to cover the cash flow needs of the

project in the amount of $110,000, at an interest rate of 8%. (See, Credit Agreement filed June 17, 1987).

5. The Department of Natural Resources has reviewed and approved the plans and specifications for the project. (See, Application filed November 6, 1986).

CONCLUSIONS OF LAW

1. There is a need for the secondary sewer treatment facility proposed to be constructed by The City of Williamstown, since the present primary treatment facility does not meet State and Federal regulatory requirements for secondary treatment.

2. The project for which The City of Williamstown has requested a certificate of convenience and necessity is economically feasible, since it is fully funded on both a permanent and interim basis by adequate financing, and since The City of Williamstown's rates and charges to become effective on July 15, 1987, are sufficient to cover the City's operation and maintenance expenses and debt service requirements resulting from the construction of the project.

3. Since the public convenience and necessity require the proposed project and since the project is economically feasible and fully funded, it is reasonable to grant a certificate of convenience and necessity to the City of Williamstown to construct a secondary sewer treatment facility, as requested in its application filed on November 6, 1986.

ORDER

IT IS, THEREFORE, ORDERED that a certificate of convenience and necessity be, and it hereby is, granted to The City of Williamstown to

construct a 0.4 MGD secondary sewer treatment facility, as requested in its application filed on November 6, 1986.

IT IS FURTHER ORDERED that the permanent and interim financing arrangements as set forth in the commitment letters and credit agreement filed in this proceeding on June 16 and June 17, 1987, be, and they hereby are, approved.

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

This order is issued pursuant to General Order No. 212, dated December 16, 1982, which order designates the Division of Administrative Law Judges as the initial decision making body in the Public Service Commission and authorizes the Public Service Commission Administrative Law Judges to issue orders on behalf of the Commission in all proceedings filed pursuant to Chapter 24 of the West Virginia Code, which proceedings are not set for hearing and which orders shall have the full force and effect of Commission orders, without the provision for the filing of exceptions thereto.

Leave is hereby granted to the parties to file a petition for further hearing, reopening, or rehearing pursuant to Rule 19 of the Commission's Rules of Practice and Procedure with the Executive Secretary of the Commission within ten (10) days after the date this order is mailed.

Melissa K. Marland

Melissa K. Marland
Deputy Chief Administrative Law Judge

MKM:dfs

STATE OF WEST VIRGINIA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF WATER RESOURCES
1201 Greenbrier Street
Charleston, West Virginia 25311

ARCH A. MOORE, JR.
Governor

RONALD R. POTESTA
Director

ROBERT K. PARSONS
Deputy Director

RECEIVED
JUN 18 1987
Construction Grants Branch

June 19, 1987

City of Williamstown
City Hall
Williamstown, West Virginia 26187

CERTIFIED RETURN RECEIPT REQUESTED

Re: WV/NPDES Permit No. WV0022071
Letter of Addendum

Gentlemen:

This serves as Modification No. 1 of your existing WV/NPDES Permit No. WV0022071 dated July 31, 1984.

After careful review of Modification Application No. WV0022071-A received February 13, 1987 and the plans and specifications submitted on January 8, 1986 and August 26, 1986, subject permit is hereby modified to include the construction, operation and maintenance of a new 0.4 MGD oxidation ditch sewage treatment facility, to serve the City of Williamstown.

Enclosed, please find revised pages 1, 2, and 15 of 16 and new page 1A of 16 which will replace the existing pages of your WV/NPDES permit. Also enclosed is a revised Discharge Monitoring Report (DMR) form.

All other conditions and requirements of your WV/NPDES permit remain in effect.

Sincerely,

D. W. Robinson

D. W. Robinson
Chief

DWR:JAM:mla

Enclosures

WRD 1A-82
Revised

STATE OF WEST VIRGINIA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF WATER RESOURCES
CHARLESTON 25305

NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM

WATER POLLUTION CONTROL PERMIT

Permit No. WV0022071

Issue Date: July 31, 1984

Subject: Sewage Facilities

Expiration Date: July 30, 1989

Supersedes: Permit No. 86; NPDES Permit No. WV0022071-Effective Date March 20, 1974

Location: Williamstown (City) Wood (County) Ohio (Drainage Basin)

Outlet Sites: Latitude: 39° 23′ 51″ N
Longitude: 81° 27′ 30″ W

To whom it may concern:

This is to certify that City of Williamstown
City Hall, 5th and Park
Williamstown, West Virginia 26187
is hereby granted a NPDES Water Pollution Control Permit to construct, operate, and maintain a .4 MGD oxidation ditch sewage treatment facility and discharge through Outlet No. 001; also to operate and maintain the existing collection system.

The treatment facility will consist of a renovated clarigester, influent pump station, chlorine handling facilities and control building; and new oxidation ditch, grit facilities, dual clarifiers, chlorine contact tank, sludge pumping facilities, covered wedge-wire sludge-dewatering beds, non-potable water system, and elevated laboratory and control building.

Facilities are designed to serve a maximum of 4,000 persons in the City of Williamstown with effluent discharge into the Ohio River at milepoint 172.0.

This permit is subject to the following terms and conditions:

Department of Health Certificates of Approval Nos. 1495 and 8644.

The information submitted on and with Permit Application No. WV0022071 dated the 8th day of March 1983 and additional information received on the 9th day of June 1983 along with Permit Modification Application No. WV0022071-A received the 13th day of February 1987 is all hereby made terms and conditions of this Permit with like effect as if all such permit application information was set forth herein, and with other conditions set forth in Sections A, B, C, D, E, F and G.

ntinued on Page 1..

SEWAGE TREATMENT FACILITIES CONSTRUCTED IN ACCORDANCE WI...

Plans:

Date Received: January 8, 1986; Revised August 26, 1986
Prepared By: Kelley, Gidley, Blair & Wolfe, Inc., Charleston, West Virginia.
Title: Wastewater Treatment Plant Expansion, EPA Grant No. C540277 Contract I, City of Williamstown, Wood County.

Specifications and Reports:

Date Received: January 8, 1986; Revised August 26, 1986
Prepared By: Kelley, Gidley, Blair & Wolfe, Inc., Charleston, West Virginia.
Title: Wastewater Treatment Plant Expansion, EPA Grant No. C540277 Contract I, City of Williamstown, Wood County.

A. DISCHARGE LIMITATIONS AND MONITORING REQUIREMENTS

During the period beginning July 31, 1984 and lasting through midnight, July 30, 1989
the permittee is authorized to discharge from outlet number(s) 001-Discharge from sewage treatment facilities

Such discharges shall be limited and monitored by the permittee as specified below:

Effluent Characteristic	Discharge Limitations (Quantity) lbs/day Avg. Monthly	Discharge Limitations (Quantity) lbs/day Max. Daily	Discharge Limitations Other Units (Specify) Avg. Monthly	Discharge Limitations Other Units (Specify) Max. Daily	Monitoring Requirements Measurement Frequency	Monitoring Requirements Sample Type
Flow			0.4 MGD		1/Month	Measured
Biochemical Oxygen Demand (5-Day)	100.1	200.2	30 mg/l	60 mg/l	1/Month	8 hr. composite
Total Suspended Solids	100.1	200.2	30 mg/l	60 mg/l	1/Month	8 hr. composite
Total Kjeldahl Nitrogen (TKN)	60.0	120.0	18 mg/l	36 mg/l	1/Month	8 hr. composite
Fecal Coliform			200 $\frac{\text{counts}}{100\ \text{ml}}$	400 $\frac{\text{counts}}{100\ \text{ml}}$	1/Month	Grab

The pH shall not be less than 6.0 standard units and not greater than 9.0 standards units and shall be monitored monthly by grab sampling.

Samples taken in compliance with the monitoring requirements specified above shall be taken at the following location(s): Effluent BOD_5 samples shall be collected at a location immediately preceding disinfection. Other effluent samples shall be collected at or as near as possible to the point of discharge.

This discharge shall not cause violation of Series I, Section 3 of the West Virginia Legislative Rules issued pursuant to Chapter 20, Article 5A.

G. OTHER REQUIREMENTS

1) The herein-described treatment works, structures, electrical and mechanical equipment shall be adequately protected from physical damage by the maximum expected one hundred (100) year flood level and operability be maintained during the twenty-five (25) year flood level.

2) The entire sewage treatment facility shall be adequately protected by fencing.

3) Continuous maintenance and operation of the listed sewage treatment facility shall be performed by or supervised by a certified operator possessing at least a class 2 certificate for Waste Water Treatment Plant Operators, issued by the State of West Virginia.

4) An instantaneous flow from the sewage disposal system shall not exceed the peak design flow at any given time.

5) The arithmetic mean of values for effluent samples collected in a period of seven (7) consecutive days shall not exceed 45 mg/l for BOD_5 and TSS and 27 mg/l for TKN.

6) The arithmetic means of the effluent values of the BOD_5 and TSS discharged during a period of 30 consecutive days shall not exceed 15 percent of respective arithmetic means of the influent values for these parameters during the same time period except as specifically authorized by the permitting authority.

Revised I-86

Revised

STATE OF WEST VIRGINIA
NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM
DISCHARGE MONITORING REPORT

FACILITY NAME Williamstown, City of

LOCATION OF FACILITY Williamstown, Wood County

PERMIT NUMBER WV0022071

WASTELOAD FOR MONTH OF _____ **19** ____

OUTLET NUMBER 001-Discharge from sewage treatment facilities

Parameter		Quantity					Other Units					Measurement Frequency	Sample Type
		Minimum	Avg. Monthly	Max. Daily	Units	N.E.	Minimum	Avg. Monthly	Max. Daily	Units	N.E.		
Flow, in Conduit or thru trmt. plant 50050	Reported	*****	*****	*****	****								
	Permit Limitation	*****	*****	*****	****		N/A	.4	N/A	MGD		Continuous	Measured
BOD, 5-Day (20 Deg. C) 00310	Reported												
	Permit Limitation	N/A	100.1	200.2	lbs/day		N/A	30	60	mg/l		1/Month	8 hour composite
Solids, Total Suspended 530	Reported												
	Permit Limitation	N/A	100.1	200.2	lbs/day		N/A	30	60	mg/l		1/Month	8 hour composite
Nitrogen,Total Kjeldahl(as N) 00625	Reported												
	Permit Limitation	N/A	60.0	120.0	lbs/day		N/A	18	36	mg/l		1/Month	8 hour composite
pH 00400	Reported	*****	*****	*****	*****					Std. Units			
	Permit Limitation	*****	*****	*****	*****		6.0	N/A	9.0			1/Month	Grab
Coliform,Fecal General 74055	Reported	MF	- -	MPN						counts 100 ml			
	Permit Limitation	Circle	Method	Used			N/A	200	400			1/Month	Grab
	Reported												
	Permit Limitation												

Name of Principal Exec. Officer

Title of Officer

I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

Date Completed

Signature of Principal Exec. Officer or Authorized Ag

CITY OF WILLIAMSTOWN

Sewerage System Revenue Bonds
Series 1987 A and Series 1987 B

ENGINEER'S CERTIFICATE

I, H. W. PITTS, Registered Professional Engineer, West Virginia License No. 2702 of KELLEY, GIDLEY, BLAIR & WOLFE, consulting engineers, of Parkersburg, West Virginia, hereby certify as follows:

1. My firm is engineer for the construction and acquisition of a wastewater treatment facility (the "Project") for the City of Williamstown in Wood County, West Virginia (the "Issuer"). Certain costs of such construction and acquisition are being financed in part by proceeds of the above-captioned bonds (the "Bonds") and out of certain grant proceeds from the United States Environmental Protection Agency.

2. The undersigned hereby certifies that (i) the Project will be constructed in accordance with the approved plans, specifications and designs prepared by my firm, or amendments thereto and as described in the Application submitted to West Virginia Water Development Authority ("WDA") and approved by all necessary governmental bodies and is situate wholly or chiefly within the boundaries of the City of Williamstown; (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) my firm has 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 my firm 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 City 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; (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 40 years; (vii) the rates and charges for the sewerage system of the City comply

with the applicable provisions of the Loan Agreement and Supplemental Loan Agreement by and between WDA and the City; and (viii) the net proceeds of the Bonds, together with the proceeds of grants irrevocably committed therefor and other moneys 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 WDA on the date of the Loan Agreement.

WITNESS my signature on this 25th day of June, 1987.

KELLEY, GIDLEY, BLAIR & WOLFE

By H. W. Pitts
H. W. Pitts, P.E.

4301P

Harman, Thompson, Mallory & Ice
Certified Public Accountants

CITY OF WILLIAMSTOWN
SEWERAGE SYSTEM REVENUE BONDS
SERIES 1987 A AND SERIES 1987 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 Rate Ordinance adopted by the City Council of Williamstown, West Virginia on April 25, 1987, and projected operation and maintenance expenses and anticipated customer usage as evidenced by the Public Service Commission Rule 42 Exhibits for the Sewer Department of the City of Williamstown dated March 10, 1987, it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the sewerage system of the City of Williamstown, will pay all repair, operation and maintenance expenses and leave a balance each year equal to at least 110% of the maximum amount required in any year for debt service on the Sewerage System Revenue Bonds, Series 1987 A and Series 1987 B, to be issued to West Virginia Water Development Authority and all other obligations secured or payable from the revenues of the System prior to or on a parity with such Bonds.

Very truly yours,

Harman, Thompson, Mallory & Ice

Parkersburg, West Virginia
June 25, 1987

NONARBITRAGE CERTIFICATE OF
THE CITY OF WILLIAMSTOWN

The undersigned hereby certifies, on behalf of City of Williamstown (the "City"), with respect to the $675,188.00 aggregate principal amount of the City of Williamstown Sewerage System Revenue Bonds, Series 1987 A Bonds (the "Local Bonds"), issued and delivered by the City on the date hereof that the following exist or are reasonably expected to occur:

1. The undersigned is an officer of the City and together with other officers of the City is charged with the responsibility for issuing the Bonds.

2. The Bonds are being delivered to the purchaser thereof on the date hereof. Concurrently with the sale and delivery of the Bonds the City also sold and delivered its Sewerage System Revenue Bond, Series 1987 B in the principal amount of $169,539 (the "Supplemental Bond"). The Supplemental Bond bears no interest.

3.The Series A Bonds consist of two bonds numbered R-1 and R-2 respectively. The purchase price of the Series A Bond numbered R-1 is $15,551. The purchase price of the Series A Bond numbered R-2 is $659,637. Proceeds of the Series A Bond numbered R-1 in the amount of $2,274.30, and proceeds of the Series A Bond numbered R-2 in the amount of $82,916.46 totalling $85,190.76 will be set aside in the Capitalized Interest Account (the "Capitalized Interest Account"), for application to the payment of the interest on the Bonds during construction and for six months thereafter. $1,567 of the proceeds of the Series A Bond numbered R-1, and $58,004 of the proceeds of the Series A Bond numbered R-2 totalling $59,571 will be set aside in the Series A Bonds Reserve Account. The remaining proceeds of $530,426.64 will be deposited in the Construction Trust Account.

The Bonds and the Supplemental Bonds are being issued for the purpose of financing in excess of $844,727 of costs, including issuance costs, interest during construction and for six months thereafter and the funding of a reserve fund, attributable to the construction by the City of a wastewater treatment facility in the City of Williamstown (the "Project").

4. On June 19, 1987 the City entered into a binding obligation to expend over $100,000 on the construction of the Project.

5. Work on the Project will proceed with due diligence to completion, which is expected on or about June 30, 1988.

6. The total cost of the Project is estimated at $2,737,497. Sources of funding for the Project are as follows:

EPA Grants	$1,892.770
Proceeds of Local Bonds	$ 675,188
Proceeds of Supplemental Bonds	$ 169,539
Total	$2,737,497

The amount of Project costs not expected to be reimburses or paid from the EPA Grant and the Supplemental Bond proceeds is estimated to be at least $675,188. Except for the proceeds of the Local Bonds, the Supplemental Bond and the EPA Grant, no other funds of the City 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.

7. Under the Local Act, the following special funds or accounts have been created:

(1) Revenue Fund;

(2) Depreciation Fund;

(3) Bond Construction Trust Fund;

(4) Series 1987 A Bonds Sinking Fund, and within the Series 1987 A Bond Sinking Fund the Series 1987 A Bonds Reserve Account; and

(5) Series 1987 B Bond Sinking Fund, and within the Series 1987 B Bond Sinking Fund the Series 1987 B Bond Reserve Account.

8. Under the Local Act the proceeds of the Local Bonds and the Supplemental Bond will be deposited as follows:

(1) Local Bonds proceeds in the amount of $85,190.76 will be deposited in the Series 1987 A Bonds Sinking Fund to pay interest on the Series 1987 A Bonds for a period of approximately 18 months.

(2) Local Bonds proceeds in the amount of $8,332.50 will be applied to payment of a loan heretofore obtained by the City for the purpose of temporarily financing a portion of the Costs of the Project.

(3) The balance of the proceeds of the Local Bonds and all of the proceeds of the Supplemental Bonds except for the proceeds of the Supplemental Bonds deposited in the reserve account 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.

9. All moneys in the Series 1987 A Bonds Sinking Fund will be used for the payment of the principal and interest as it accrues on the Local Bonds. Moneys held in the Series 1987 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 1987 A Bonds Sinking Fund and Series 1987 A Bonds Reserve Account will be applied toward the last 1/6 interest payment from the City to the Bond Commission due on the Local Bonds semi-annually.

10. Except for the Series 1987 A Bonds Sinking Fund, there are no other funds or accounts established or held by the City which are reasonably expected to be used to pay debt service on the Local Bonds or which are pledged as collateral for the Local Bonds and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Local Bonds.

11. Work with respect to the construction of the Project will proceed with due diligence to completion.

12. All of the proceeds from the sale of the bonds except for the reserve account which will be used for payments of costs of the Project, together with any investment earnings thereon, will be expended for such purpose by January 1, 1988.

13. The City does not expect to sell or otherwise dispose of the Project, in whole or in part, prior to the last maturity date of the Bonds.

14. The City will comply with the provisions of the Internal Revenue Code of 1986.

15. Any money deposited in the Series 1987 A Bonds Sinking Fund for payment of the principal of or interest on the Local Bonds (other than the Series 1987 A Bonds Reserve Account therein) will be spent within a 13-month period beginning on the date of receipt.

16. The City covenants and agrees to comply with the rebate requirements of the Code, and with all other requirements of the Code necessary, proper or desirable to maintain the tax-exempt status of the Local Bonds.

17. The original proceeds of the Local Bonds do not exceed the amount necessary for the purposes of the issue.

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

IN WITNESS WHEREOF, I have set my hand this 25th day of June, 1987.

THE CITY OF WILLIAMSTOWN

By Raymond E Leach
Mayor

4319P

Form **8038-G**
(December 1986)
Department of the Treasury
Internal Revenue Service

Information Return for Tax-Exempt Governmental Bond Issues

▶ Under Section 149(e)
(Use Form 8038-GC if issue price is under $100,000.)

OMB No 1545-0720
Expires 12-31-89

Check box if **Amended Return** ▶ ☐

Part I Reporting Authority

1 Issuer's name: The City of Williamstown, West Virginia

2 Issuer's employer identification number: 55-6000276

3 Number and street: City Hall

4 Report number: G198 7 - 1

5 City or town, state, and ZIP code: Williamstown, West Virginia 26187

6 Date of issue: June 25, 1987

Part II Type of Issue (check box(es) that applies)

		Issue Price
7	Check box if bonds are tax or other revenue anticipation bonds ▶ ☐	
8	Check box if bonds are in the form of a lease or installment sale ▶ ☐	
9	☐ Education	
10	☐ Health and hospital	
11	☐ Transportation	
12	☐ Public safety	
13	☒ Environment (including sewage bonds)	$844,727.00
14	☐ Housing	
15	☐ Utilities	
16	☐ Other. Describe (see instructions) ▶	

Part III Description of Bonds

	(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
17 Final maturity	10-1-2026	VR%	$829,176	$829,176			
18 Entire issue			$844,727	$844,727	27.2 years	N.C.	7.21%

Part IV Uses of Original Proceeds of Issue (including underwriters' discount)

19	Proceeds used for accrued interest	19	None
20	Proceeds used for bond issuance costs (including underwriters' discount)	20	$41,375.00
21	Proceeds used for credit enhancement	21	None
22	Proceeds allocated to reasonably required reserve or replacement fund	22	$64,239.00
23	Proceeds used to refund prior issues	23	None
24	Nonrefunding proceeds of the issue (subtract lines 20, 21, 22, and 23 from line 18, column (c))	24	$739,113.00

Part V Description of Refunded Bonds (complete this part only for refunding bonds)

25 Enter the remaining weighted average maturity of the bonds to be refunded ▶ _____ years

26 Enter the last date on which the refunded bonds will be called ▶ _____

27 Enter the date(s) the refunded bonds were issued ▶ _____

Part VI Miscellaneous

28 Enter the amount (if any) of the state volume cap allocated to this issue ▶ _____

29 Arbitrage rebate:

a Check box if the small governmental unit exception to the arbitrage rebate requirement applies ☒

b Check box if the 6-month temporary investment exception to the arbitrage rebate requirement is expected to apply ☐

c Check box if you expect to earn and rebate arbitrage profits to the U.S. ☐

30 Enter the amount of the bonds designated by the issuer under section 265(b)(3)(B)(ii) ▶ $844,727.00

31 Pooled financings:

a Check box if any of the proceeds of this issue are to be used to make loans to other governmental units ▶ ☐ and enter the amount ▶ _____

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 ▶ West Virginia Water Development Authority and the date of the issue ▶ 5-15-85 and 5-1-86

Please Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete

Raymond E Leach 6/25/87
Signature of officer — Date

Mayor
Title

For Paperwork Reduction Act Notice, see page 1 of the Instructions.

Form **8038-G** (12-86)

[The next page is 3497-3.]

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JAMES M. O'BRIEN
STEVEN R. HARDMAN
J. MICHAEL WEBER
J. FRED EARLEY II*

*ONLY ADMITTED IN D.C.

June 25, 1987

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

Gentlemen:

We are bond counsel to The City of Williamstown (the "City"), a West Virginia municipal corporation.

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement, dated February 2, 1987, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the City and the West Virginia Water Development Authority (the "Authority") and the issue of a series of revenue bonds of the City, dated June 25, 1987 (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are in the aggregate principal amount of $675,188, issued as two bonds numbered 1 and 2 respectively, registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, beginning October 1, 1987. Bond numbered 1, in the principal amount of $15,551, bears interest at the rate of 9.75% and is payable in principal installments on October 1 in each of the years, all as follows:

Year	Installment	Interest Rate
1987	00.00	9.75%
1988	00.00	9.75%
1989	50.00	9.75%
1990	55.00	9.75%
1991	60.00	9.75%
1992	66.00	9.75%

1993	73.00	9.75%
1994	80.00	9.75%
1995	88.00	9.75%
1996	96.00	9.75%
1997	105.00	9.75%
1998	116.00	9.75%
1999	127.00	9.75%
2000	139.00	9.75%
2001	153.00	9.75%
2002	168.00	9.75%
2003	184.00	9.75%
2004	202.00	9.75%
2005	222.00	9.75%
2006	244.00	9.75%
2007	267.00	9.75%
2008	294.00	9.75%
2009	322.00	9.75%
2010	354.00	9.75%
2011	388.00	9.75%
2012	426.00	9.75%
2013	467.00	9.75%
2014	513.00	9.75%
2015	563.00	9.75%
2016	618.00	9.75%
2017	678.00	9.75%
2018	744.00	9.75%
2019	817.00	9.75%
2020	896.00	9.75%
2021	984.00	9.75%
2022	1,080.00	9.75%
2023	1,185.00	9.75%
2024	1,300.00	9.75%
2025	1,427.00	9.75%

Bond numbered 2, in the principal amount of $659,637, bears interest at the rate of 8.38% and is payable in principal installments on October 1 in each of the years, all as follows:

Year	Installment	Interest Rate
1987	00.00	8.380%
1988	00.00	8.380%

1989	2,725.00	8.380%
1990	2,953.00	8.380%
1991	3,201.00	8.380%
1992	3,469.00	8.380%
1993	3,760.00	8.380%
1994	4,075.00	8.380%
1995	4,416.00	8.380%
1996	4,787.00	8.380%
1997	5,188.00	8.380%
1998	5,622.00	8.380%
1999	6,094.00	8.380%
2000	6,604.00	8.380%
2001	7,158.00	8.380%
2002	7,757.00	8.380%
2003	8,408.00	8.380%
2004	9,112.00	8.380%
2005	9,876.00	8.380%
2006	10,703.00	8.380%
2007	11,600.00	8.380%
2008	12,572.00	8.380%
2009	13,626.00	8.380%
2010	14,768.00	8.380%
2011	16,005.00	8.380%
2012	17,346.00	8.380%
2013	18,800.00	8.380%
2014	20,376.00	8.380%
2015	22,083.00	8.380%
2016	23,934.00	8.380%
2017	25,939.00	8.380%
2018	28,113.00	8.380%
2019	30,469.00	8.380%
2020	33,022.00	8.380%
2021	35,789.00	8.380%
2022	38,788.00	8.380%
2023	42,039.00	8.380%
2024	45,562.00	8.380%
2025	49,380.00	8.380%
2026	53,518.00	8.380%

The Local Bonds are issued for the purpose of constructing a wastewater treatment facility in the City of Williamstown, paying interest on the Local Bonds during the

construction period and for six months thereafter, fully funding a Debt Service Reserve Account and paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of Chapter 16 Article 13 of the Code of West Virginia of 1931, as amended (the "Local Statute"), and the ordinance of the City duly enacted by the City on June 8, 1987 and a resolution supplemental thereto enacted on June 15, 1987 (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 as follows:

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

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

3. The City is a duly organized and presently existing municipal corporation 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 Loan Agreement and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.

4. The City has legally and effectively enacted the Local Act and all other resolutions in connection with the issuance and sale of the Local Bonds. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

5. The Local Bonds are valid and legally enforceable special obligations of the City, payable from the net revenues of the System referred to in the Local Act and secured by a first lien on and pledge of the net revenues of said System, on a parity with the Sewerage System Refunding Revenue Bonds, Series 1987, of the City presently outstanding in the aggregate principal amount of $50,500, all in accordance with the terms of the Local Bonds and the Local Act, and have been duly issued and delivered to the Authority.

6. The Local Bonds and the interest on the Local Bonds are exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

7. Under the existing law the interest on the Local Bonds is excluded 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, such interest is taken into account in determining adjusted net book income for taxable years ending before January 1, 1990, and adjusted current earnings for taxable years ending after December 31, 1989, for the purpose of determining alternative minimum taxable income for corporations. Such interest is taken into account in determining adjusted net book income (adjusted current earnings for taxable years ending after December 31, 1989) for the purpose of computing the alternative minimum tax imposed on such corporations. This opinion is subject to the conditions that the City comply with all requirements of the Internal Revenue Code of 1986 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 City has covenanted to comply with all such requirements. We express no opinion regarding other federal tax consequences arising with respect to the Local Bonds.

8. The Final Order of the Public Service Commission of West Virginia entered June 17, 1987, (Case No. 86-630-S-CN) granting to the City a Certificate of Convenience and

Necessity, and approving the proposed financing is not subject to appeal to the Supreme Court of Appeals of West Virginia by any customer, protestant or other person who was not a party to the original application. We have received written notification by the Public Service Commission Staff and the City that they do not intend to appeal such order.

No opinion is given herein as to the effect upon enforceability of the Local Bonds of bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights or in the exercise of judicial discretion in appropriate cases.

We have examined executed and authenticated Local Bonds numbered R-1 and R-2, in our opinion the form of said bonds and their execution and authentication are regular and proper.

Very truly yours,

DAVIS, BAILEY, PFALZGRAF & HALL,

By: William R. Pfalzgraf

4288P

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J. MICHAEL WEBER
J. FRED EARLEY II*

*ONLY ADMITTED IN D.C.

June 25, 1987

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

Gentlemen:

We are bond counsel to The City of Williamstown (the "City"), a West Virginia municipal corporation.

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement, dated February 2, 1987, including all schedules and exhibits attached thereto (the "Supplemental Loan Agreement"), between the City and the West Virginia Water Development Authority (the "Authority") and the issue of a series of supplemental, subordinate revenue bonds of the City, dated June 25, 1987 (the "Supplemental Bonds"), to be purchased by the Authority in accordance with the provisions of the Supplemental Loan Agreement. The Supplemental Bonds are in the principal amount of $169,539.00, 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, all as follows:

Year	Installment
1987	0.00
1988	0.00
1989	4,467.00
1990	4,467.06
1991	4,467.06
1992	4,467.06
1993	4,467.06
1994	4,467.06
1995	4,467.06
1996	4,467.06
1997	4,467.06

1998	4,467.06
1999	4,467.06
2000	4,467.06
2001	4,467.06
2002	4,467.06
2003	4,467.06
2004	4,467.06
2005	4,467.06
2006	4,467.06
2007	4,467.06
2008	4,467.06
2009	4,467.06
2010	4,467.06
2011	4,467.06
2012	4,467.06
2013	4,467.06
2014	4,467.06
2015	4,467.06
2016	4,467.06
2017	4,467.06
2018	4,467.06
2019	4,467.06
2020	4,467.06
2021	4,467.06
2022	4,467.06
2023	4,467.06
2024	4,467.06
2025	4,257.84

The Supplemental Loan Agreement is supplemental to a loan agreement dated February 2, 1987, also between the City and the Authority (the "Loan Agreement"). The Supplemental Bonds are junior, subordinate and inferior as to lien and source of and security for payment to (i) the Sewerage System Refunding Revenue Bonds, Series 1987, of the City, presently outstanding in the aggregate principal amount of $50,500, and (ii) the bonds issued pursuant to the Loan Agreement (the "Local Bonds"), which Local Bonds are issued simultaneously herewith,

The Supplemental Bonds are issued, together with th Local Bonds, for the purpose of constructing a wastewater treatment facility in the City, funding a debt service reserve

account and paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of Chapter 16, Article 13 of the Code of West Virginia of 1931, as amended (the "Local Statute"), and the Ordinance duly enacted by the City on June 8, 1987 and a resolution supplemental thereto enacted on June 15, 1987 (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 as follows:

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

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

3. The City is a duly organized and presently existing municipal corporation 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.

4. The City has legally and effectively enacted the Local Act and all resolutions in connection with the issuance and sale of the Supplemental Bonds. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Supplemental Loan Agreement.

5. The Supplemental Bonds are valid and legally enforceable special obligations of the City, payable from the net revenues of the System referred to in the Local Act and secured by a lien on and pledge of the net revenues of said System, all in accordance with the terms of the Supplemental Bonds and the Local Act, and have been duly issued and delivered to the Authority. Said lien and pledge are junior, subordinate and inferior to that created for the Local Bonds and to the lieu and pledge created for the Sewerage System Refunding Revenue Bonds, Series 1987, of the City presently oustanding in the aggregate principal amount of $50,500.

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

7. The Final Order of the Public Service Commission of West Virginia entered June 17, 1987, (Case No. 86-630-S-CN) granting to the City a Certificate of Convenience and Necessity, and approving the proposed financing is not subject to appeal to the Supreme Court of Appeals of West Virginia by any customer, protestant or other person who was not a party to the original application. We have received written notification by the Public Service Commission Staff and the City that they do not intend to appeal such order.

No opinion is given herein as to the effect upon enforceability of the Supplemental Bonds of bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights or in the exercise of judicial discretion in appropriate cases.

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

Very truly yours,

DAVIS, BAILEY, PFALZGRAF & HALL,

By: _____
William R. Pfalzgraf

4290P

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J. FRED EARLEY II*

*ONLY ADMITTED IN D.C.

June 25, 1987

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

The City of Williamstown
Williamstown
West Virginia 26187

RE: City of Williamstown Sewerage System Revenue Bonds, Series 1987 A and 1987 B

Gentlemen:

Please refer to our approving legal opinion of even date herewith, as to the above-captioned Bond issue, which opinion is delivered herewith.

Based upon the certificate of the Mayor of the City, of even date herewith, stating facts, estimates and circumstances with reference to arbitrage, the Bonds are not "arbitrage bonds" under the provisions of Sections 103 and 148 of the Code. While we have undertaken no independent investigation or verification of the expectations set forth in said certificate, no matters come to our attention which make unreasonable or incorrect the representations made in said certifiate.

In rendering the foregoing opinion, we wish to advise you that Section 148 of the Code imposes certain restrictions regarding the investment of proceeds of the Bonds and requires, among other things, that no intentional use of any portion of the proceeds of the Bonds be made in a manner so as to cause the Bonds to constitute "arbitrage bonds" and requires that certain amounts be periodically rebated to the United States by the City, subject to the exceptions therein set forth. The failure to comply with these provisions may cause the Bonds to become taxable. In rendering this opinion, we have relied upon

the representations and covenants of the City to the effect that the City will comply with said restrictions and requirements, including without limitation the rebate requirement. We express no opinion herein as to the taxability of the interest on the Bonds in the event of the failure to comply with the requirements and restrictions of Section 148 of the Code, as set forth hereinabove, and any rules and regulations thereunder.

Sincerely,

DAVIS, BAILEY, PFALZGRAF & HALL

By _____
William R. Pfalzgraf

4310P

REDMOND, MCFARLAND & HAGUE
ATTORNEYS AT LAW
620 JULIANA STREET
P. O. BOX 1794
PARKERSBURG, W. VA. 26102-1794

ROGER F. REDMOND
JOSEPH W. McFARLAND
EUGENE T. HAGUE, JR.

TELEPHONE
(304) 485-7351
(304) 428-4000

June 25, 1987

City of Williamstown Sewerage System Revenue Bonds,
Series 1987 A and Series 1987 B

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

Davis, Bailey, Pfalzgraf & Hall
601 Avery Street
Post Office Box 48
Parkersburg, West Virginia 26102

Gentlemen:

We are counsel to the City of Williamstown, West Virginia (the "City"). As such counsel, we have examined copies of the approving opinions of Davis, Bailey, Pfalzgraf & Hall, as bond counsel, a loan agreement and supplemental loan agreement, both dated February 2, 1987, by and between the West Virginia Water Development Authority (the "Authority") and the City (collectively, the "Loan Agreement"), the Local Act (as defined therein) and other documents relating to the above-captioned Bonds of the City. Terms used in said opinions, Local Act and Loan Agreement and not otherwise defined herein have the same meanings herein.

We are of the opinion that:

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

2. The members and officers of the City have been duly and properly appointed and elected, have taken the requisite oaths, and are authorized to act in their respective capacities on behalf of the City.

3. The Local Act has been duly adopted by the City and is in full force and effect.

4. The execution and delivery of the Bonds and the Loan Agreement and the consummation of the transactions contemplated by the Loan Agreement, and the carrying out of the terms thereof, do not and will not in any material respect conflict with or constitute on the part of the City a breach of or default under any agreement or other instrument to which the City is a party or any existing law, regulation, court order or consent decree to which the City is subject.

5. The City has received all permits, licenses, approvals and authorizations 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 adoption of an ordinance prescribing such rates and charges. The time for appeal of such order of the Public Service Commission of West Virginia has not expired prior to the date hereof. However, the Public Service Commission staff has stated in a letter dated June 17, 1987, that it does not intend to appeal such Order, that there are no other parties of record and that no letters of protest were received by the Commission.

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 of 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 Net Revenues therefor.

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

Very truly yours,

By _____
Joseph W. McFarland

4289P

STATE CAPITOL COMPLEX
CHARLESTON WV 25305

NEW ISSUE

ISSUER: The City of Williamstown

PURPOSE OF ISSUE: Sewerage system

ISSUE DATE: 6/25/87

CLOSING DATE: 6/25/87

FIRST DEBT SERVICE: interest 10/1/87 prin 10/1/89

PAYING AGENT: Municipal Bond Commission

ISSUE AMOUNT: See attached sheet

FIRST PRINCIPAL PAYMENT: 10/1/89

BOND COUNSEL: Davis, Bailey, Palmer & Hall

~~UNDERWRITERS~~ Purchaser: WV Water Development Authority

Contact Person: William R. Palmer

Contact Person: (Bernie) Payroll Office

Phone: 304-485-8500

Phone: 348-3612

~~CLOSING~~ Depository BANK: Williamstown National Bank

E.-T. BANK: X

Contact Person: Pete Butcher

Contact Person:

Phone: 375-6262

Phone:

~~OTHER:~~ City

OTHER: X

Contact Person: Bill Cutlip

Contact Person:

Phone: 375-7761

Phone:

NOTES:

** **

TRANSFERS REQUIRED:

EXTERNAL: See attached sheet

INTERNAL:

** **

DOCUMENTS REQUIRED:

Transcript coming forthwith

Copy of Bond Ordinance plus insurance

✓ " " Each Bond

CITY OF WILLIAMSTOWN
SEWER REVENUE BONDS - SERIES 1987

SERIES A 9.75% ISSUED 6/25/87:	$ 15,551.	
FUNDED CAPITALIZED INTEREST:	(2,274.30)	
FUNDED DEBT SERVICE RESERVE:	(1,567.00)	
NET PROCEEDS		$ 11,709.70
SERIES A-1 8.38% ISSUED 6/25/87:	$659,637.	
FUNDED CAPITALIZED INTEREST:	(82,916.46)	
FUNDED DEBT SERVICE RESERVE:	(58,004.00)	
NET PROCEEDS		$518,716.54
SERIES B 0% ISSUED 6/25/87:	$167,539.	
FUNDED DEBT SERVICE RESERVE:	(4,468.00)	
NET PROCEEDS		$163,071.00
TOTAL NET PROCEEDS - 3 BONDS		$693,497.24

TOTAL AMOUNT BONDS ISSUED	$844,727.
TOTAL CAPITALIZED INTEREST FUNDED	# 85,190.76
TOTAL DEBT SERVICE RESERVE FUNDED	# 64,039.00

REQUISITION AS TO LOAN TO GOVERNMENTAL AGENCY

TO: KANAWHA VALLEY PANK, N.A., Trustee

A. Name of Governmental Agency to which payment is to be made: The City of Williamstown, West Virginia

B. Total Amount to be paid (Pool A): $15,551

C. Certification by Water Development Authority:

I hereby certify that under the terms and provisions of the Loan Agreement providing for the Loan to the above-captioned Governmental Agency, dated as of February 12, 1987, said Governmental Agency has sold its Local Bonds to the Authority in the principal amount equal to the amount of the Loan set forth in B above, that such Governmental Agency is obligated to make Local Bonds Payments and to pay Fees and Charges in accordance with Section 9.09 of the General Resolution and that such Governmental Agency is not in default under any of the terms or provisions of said Loan Agreement.

I further certify that the Local Bonds Payments will be sufficient to pay interest on and Principal Installments of the Bonds, the proceeds of which were used to fund the Loan Obligation, as such interest and Principal Installments come due.

The above certifications comply with Subsections 6.06(2)(a)(ii) and (v) of the General Resolution.

Authorized Representative
West Virginia Water Development Authority

DATE: June 25, 1987

ASSIGNMENT SEPARATE FROM BOND

FOR VALUE RECEIVED, the West Virginia Water Development Authority hereby sells, assigns and transfers unto Kanawha Valley Bank, N.A., Charleston, West Virginia, the $15,551 The City of Williamstown, West Virginia Sewerage System Revenue Bonds, Series 1987 A, numbered R-1, and standing in the name of the West Virginia Water Development Authority on the books of said Governmental Agency.

Dated: June 25, 1987

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Authorized Representative

CITY OF WILLIAMSTOWN

Sewerage System Revenue Bonds
Series 1987 A and 1987 B

CERTIFICATE OF REGISTRATION OF BONDS

I, Walter R. Butcher, Chief Executive Officer, of Williamstown National Bank, a national banking association, as Registrar under the Local Act and Registrar's Agreement providing for the $844,727 aggregate principal amount of Sewerage System Bonds, Series 1987 A and Series 1987 B, of the City of Williamstown (the "City"), hereby certified that on the 25th day of June, 1987, the fully registered Series 1987 A Bonds of the City numbered A R-1 in the principal amount of $15,551 and A R-2 in the principal amount of $659,637, both designated "Sewerage System Revenue Bond, Series 1987 A", and the single fully registered Series 1987 B Bond of the City in the principal amount of $169,539 designated "Sewerage System Revenue Bond, Series 1987 B", numbered B R-1, were registered as to principal and interest (the Series 1987 B Bond being registered as to principal only) in the name of "West Virginia Water Development Authority" in the books of the City kept for that purpose at our office, by a duly authorized officer on behalf of the Williamstown National Bank, a national banking association, as Registrar.

Witness my signature as of this 25th day of June, 1987.

WILLIAMSTOWN NATIONAL BANK

By: _____

Its: Exec. V.P.

4311P

CITY OF WILLIAMSTOWN

(WEST VIRGINIA)

Sewerage System Revenue Bonds, Series 1987 A
and Series 1987 B

ACCEPTANCE OF DUTIES
OF REGISTRAR AND DEPOSITORY BANK

THE WILLIAMSTOWN NATIONAL BANK, a national banking association with principal office in the City of Williamstown, West Virginia, hereby accepts appointment as Registrar and Depository Bank in connection with the City of Williamstown Sewerage System Revenue Bonds, Series 1987 A and Series 1987 B, dated June 25, 1987, in the aggregate principal amount of $844,727 (the "Bonds") and agrees to perform all duties of Registrar to the extent set forth in the Registrar's agreement, and the duties of the Depository Bank in connection with such Bonds, all as set forth in the Ordinance and Supplemental Resolution authorizing issuance of the Bonds.

THE WILLIAMSTOWN NATIONAL BANK

By: _____

Its: Exec V.P.

4294P

CROSS-RECEIPT FOR BOND AND BOND PROCEEDS

Re: The City of Williamstown Sewerage System Revenue Bonds, Series 1987 A and Series 1987 B

The undersigned, DANIEL B. YONKOSKY, Secretary-Treasurer of West Virginia Water Development Authority, for and on behalf of West Virginia Water Development Authority (the "Authority") and RAYMOND E. LEACH, Mayor of the City of Williamstown (the "City"), hereby certify as follows:

1. On the 25th day of June, 1987, the Authority received the entire original issue of $844,727 in aggregate principal amount of Sewerage System Revenue Bonds, Series 1987 A and Series 1987 B (collectively, the "Bonds"), the Series A Bonds being issued as two fully registered Bonds number A R-1 and A R-2, respectively, the Series B Bond being issued as a single fully registered Bond, as follows:

Series	Bond No.	Interest Rate	Principal Amount
1987 A	1	9.75%	$ 15,551.00
1987 A	2	8.38%	$659,637.00
1987 B	1	0.00%	$169,539.00

2. At the time of such receipt of the Bonds upon original issuance, all of the Bonds had been executed by Raymond E. Leach, as Mayor of the City, by his manual signature, and by William W. Cutlip, as Clerk of the City, by his manual signature and the official seal of the City had been affixed upon the Bonds.

3. The City has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Bonds, the proceeds of the Series 1987 A Bonds in the aggregate principal amount of $675,188.00 and the proceeds of the Series 1987 B Bond in the aggregate principal amount of $169,539.00 (100% of par value), there being no interest accrued on either series.

IN WITNESS WHEREOF, Daniel B. Yonkosky duly signed and delivered this receipt on behalf of WEST VIRGINIA WATER DEVELOPMENT AUTHORITY and the CITY OF WILLIAMSTOWN has caused this

receipt to be executed and delivered by its Mayor, as of this 25th day of June, 1987.

THE CITY OF WILLIAMSTOWN, WEST VIRGINIA

By: Raymond E. Leach
Raymond E. Leach, Mayor

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: Daniel B. Lambosky
Secretary-Treasurer

4291P