

**THE CITY OF CHARLESTON
SEWERAGE SYSTEM REVENUE BONDS, SERIES 2005 A,
SEWERAGE SYSTEM REVENUE BONDS, SERIES 2005 B-1,
SEWERAGE SYSTEM REVENUE BONDS, SERIES 2005 B-2 (collectively, the “Bonds”)
AND SEWERAGE SYSTEM BOND ANTICIPATION NOTES, SERIES 2005 A (the “Note”)**

Closing Date: May 5, 2005

WDA-LP IV
(4/28/05)

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 CHARLESTON (Series 2005A)
(Governmental Agency)

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Chapter 22C, Article 1 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 be financed, 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 acquire, construct, improve, operate and maintain a water development project, as defined by the Act, and to finance the cost of acquisition and construction of the same by borrowing money to be evidenced by revenue bonds issued by the Governmental Agency;

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

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

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

1.2 "Consulting Engineers" means the professional engineer, licensed by the State, designated in the Application and any qualified 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 or being or having been constructed by the Governmental Agency in whole or in part with the proceeds of bond anticipation notes or other interim financing, which is to be paid in whole or in part with the net proceeds of the Local Bonds.

1.9 "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, being or having been constructed in accordance with plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers, the Authority having found, to the extent applicable, that the Project is consistent with the Act.

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

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

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 and representatives shall, prior to, during 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 with respect to 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 agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at any and all reasonable times for the purpose of audit and examination, and the 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, the operation and maintenance of the System and the administration of the Loan or of any State and federal grants or other sources of financing for the Project.

2.6 The Governmental Agency agrees that it will permit the Authority and its agents and representatives 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 or, if the Project is an improvement to an existing system, at any reasonable time following commencement of construction.

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 and shall verify or shall have verified such bonds prior to commencement of construction.

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 and shall verify or shall have verified such insurance prior to commencement of construction. 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 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 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 shall at all times provide operation and maintenance of the System in compliance with any and all State and federal standards. The Governmental Agency shall employ qualified operating personnel properly certified by the State 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.

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

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 delivery to the Authority of the Local Bonds described in this Article III and in Article IV hereof;

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

(d) No Loan shall be made for the purpose of refinancing any outstanding long-term indebtedness of a Governmental Agency unless an opinion of counsel is received by the Authority to the effect that such refinancing is permitted by the Act and the General Resolution, and that such refinancing will not cause a violation of any covenant, representation or agreement of the Authority contained in the General Resolution or any tax

or arbitrage certificate with respect to the exclusion of the interest on the Authority's water development revenue bonds from gross income of the holders thereof for federal income tax purposes;

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

(f) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") and the West Virginia Infrastructure and Jobs Development Council necessary for the construction of the Project and operation of the System, with all requisite appeal periods having expired without successful appeal, and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

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

(h) The Governmental Agency shall have obtained any and all approvals of rates and charges required by State law and shall have taken any other action required to establish and impose such rates and charges (imposition of such rates and charges is not, however, required to be effective until completion of construction of the Project), with all requisite appeal periods having expired without successful appeal, and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

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

(j) The net proceeds of the Local Bonds, together with all moneys on deposit or to be simultaneously deposited (or, with respect to proceeds of grant anticipation notes or other indebtedness for which a binding purchase contract has been

entered, to be deposited on a date certain) and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, shall be sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and the Authority shall have received a certificate of the Consulting Engineers, or such other person or firm experienced in the financing of water development projects and satisfactory to the Authority, to such effect, such certificate to be in form and substance satisfactory to the Authority, and evidence satisfactory to the Authority of such irrevocably committed grants.

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

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

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Governmental Agency by written notice to the Authority, which written notice shall be given not less than ten (10) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as possible to the designated date and mutually agreeable to the Authority and the Governmental Agency. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Loan Closing." Notwithstanding the foregoing, the Date of Loan Closing shall in no event occur more than ninety (90) days after the date of execution of this Loan Agreement by the Authority or such later date as is agreed to in writing 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 from the Program 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 purchase the Local Bonds unless and until it has available funds sufficient to purchase all the Local Bonds and that, prior to execution of this Loan Agreement, the Authority may commit to and purchase the revenue bonds of other governmental agencies for which it has sufficient funds available. The Governmental Agency further specifically recognizes that during the last 90 days of a period to originate Loans from its water development revenue bond proceeds, the Authority may execute Loan Agreements, commit moneys and close Local Bond sales in such order and manner as it deems in the best interest of the Program. Additionally, the Governmental Agency recognizes that the Authority will purchase the Local Bonds only with funds from the Program and not with funds from any other loan programs of the Authority.

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 adopted or enacted, contain provisions and covenants in substantially the form as follows, unless the specific provision or covenant is modified or waived by the Authority:

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

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document, as reflected on the Schedule X attached hereto, and beginning seven (7) months prior to the first date of payment of interest on the Local Bonds and thirteen (13) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth ($1/6$) of the interest payment next coming due on the Local Bonds and one-twelfth ($1/12$) of the principal payment next coming due on the Local Bonds and, beginning thirteen (13) months prior to the first date of payment of principal of the Local Bonds, if the reserve account for the Local Bonds (the "Reserve Account") was not funded

from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof (which, with an approving opinion of bond counsel to the Governmental Agency, may be with a letter of credit or surety or other security instrument) in an amount equal to the maximum amount of principal and interest which will come due on the Local Bonds in the then current or any succeeding year (the "Reserve Requirement"), by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) (or such other amount as shall be acceptable to the Authority and as shall fund the Reserve Account over not more than ten (10) years) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

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

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

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by a pledge of either the gross or net revenues of the System, as more fully set forth in the Local Act;

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

(iv) That, except as otherwise required by State law or with the written consent of the Authority, 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; provided that, any sale or disposition of the properties of the System in excess of \$100,000 shall require the written consent of the Authority;

(v) That the Governmental Agency shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on all Local Bonds and parity bonds theretofore and then being issued and on any obligations secured by a lien on or payable from the revenues of the System prior to the Local Bonds and with the prior written consent of the Authority; provided that, the Authority shall have received a bond counsel parity opinion and an accountant certificate stating that the coverage and parity requirements have been met and the parity bonds must have a reserve account requirement of at least 1 year's debt service, to be funded at closing or over 10 years;

(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 the Authority 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 or construction of the Project, or both, as provided by law;

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

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

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority, which report shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the Governmental Agency's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

(xii) That the Governmental Agency shall annually, at least 30 days prior to each new fiscal year, adopt a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding fiscal year and shall submit a copy of such budget to the Authority within 30 days of adoption thereof;

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

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

(xv) That, as long as the Authority is the owner of any of the Local Bonds, the Governmental Agency may advance refund its Local Bonds during the first 15 years at a premium of 1% over the premium, if any, to be paid by the Authority by depositing sufficient funds (principal, interest and premium, if any,) at the Commission (as hereinafter defined) to redeem such Local Bonds on the first available call date; provided that, after the first 15 years, the Governmental Agency may prepay its Local Bonds at par, plus interest payable to the next available call date, at any time.

(xvi) That, to the full extent permitted by applicable law and the rules and regulations of the PSC, the Governmental Agency shall terminate the services of any water facility owned by it to any customer of the System who is delinquent in payment of charges for services provided by the System and will not restore the services of the water facility until all delinquent charges for the services of the System have been fully paid or, if the water facility is not owned by the Governmental Agency, then the Governmental Agency shall enter into a termination agreement with the water provider;

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

(xviii) That the Governmental Agency shall provide the Authority with annual financial information and such other information as is necessary for the Authority to meet its ongoing disclosure requirements;

(xix) That the Governmental Agency shall have obtained the certificate of the Consulting Engineers in the form attached hereto as Exhibit A, to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority is sufficient to pay the costs of acquisition and construction of the Project and all permits required by federal and State laws for construction of the Project have been obtained;

(xx) That the West Virginia Municipal Bond Commission (the "Commission") shall serve as paying agent for the Local Bonds;

(xxi) That the Governmental Agency shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required interest, principal and reserve account payment. The Governmental Agency shall complete the Monthly Payment Form, attached hereto as

Exhibit D and incorporated herein by reference, and submit a copy of said form along with a copy of the check or electronic transfer to the Authority by the 5th day of such calendar month;

(xxii) That the Governmental Agency shall obtain the written approval of the Authority before expending any proceeds of the Local Bonds available due to bid/construction/project underruns, including the "contingency" as set forth in the final Schedule A attached to the certificate of the Consulting Engineers;

(xxiii) That the Governmental Agency shall list the funding provided by the Authority in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any groundbreaking or dedication of the Project; and

(xxiv) That, unless it qualifies for an exception, the Governmental Agency shall comply with all the requirements of Chapter 21, Article 1C of the Code of West Virginia, 1931, as amended (the "West Virginia Jobs Act") and shall require its contractors and subcontractors to comply with the West Virginia Jobs Act. The Governmental Agency shall provide the Authority with a certificate stating that (I) the Governmental Agency will comply with all the requirements of the West Virginia Jobs Act; (II) the Governmental Agency has included the provisions of the West Virginia Jobs Act in each contract and subcontract for the Project; (III) the Governmental Agency has received or will receive, prior to entering into contracts or subcontracts, from each contractor or subcontractor a certificate demonstrating compliance with Section 4 of the West Virginia Jobs Act or waiver certificates from the West Virginia Division of Labor ("DOL"); and (IV) the Governmental Agency will file with the DOL and the Authority copies of the waiver certificates and certified payrolls or comparable documents that include the number of employees, the county and state wherein the employees reside and their occupation, following the procedures established by the DOL.

The Governmental Agency hereby represents and warrants that the Local Act has been or shall be duly adopted or enacted 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, validity, sale and delivery of the Local Bonds shall be approved without qualification by recognized bond counsel acceptable to the Authority in substantially the form of legal opinion attached hereto as Exhibit B.

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

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

4.3 The principal payments of the Loan shall be made by the Commission annually on the days and in the years provided in Schedule X hereto. The interest payments on the Loan shall be made by the Commission semiannually 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 Authority shall provide both the Governmental Agency and the trustee for the water development revenue bonds with a schedule of such fees and charges, and the Governmental Agency shall pay such fees and charges on the dates indicated directly to the trustee. The Governmental Agency hereby specifically authorizes the Authority to exercise the powers granted it by Section 9.06 of the General Resolution.

4.7 Unless otherwise agreed by the Authority, the Governmental Agency agrees to expend the net proceeds of the Local Bonds for the Project within 3 years of the issuance of the Authority's bonds.

4.8 As long as the Authority is the owner of any of the Local Bonds outstanding, the Governmental Agency may redeem its Local Bonds in accordance with the conditions set forth in Section 4.1 (b)(xv). The Authority hereby agrees that it will not refund the water development revenue bonds which provided the funds for the Local Bonds without the prior written consent of each of the affected Governmental Agencies.

ARTICLE V

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

5.1 The Governmental Agency hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Loan Agreement and the Local Act. The Governmental Agency hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to make the Loan, it has fixed and collected, or will fix and collect, the rates, fees and other charges for the use of the System and will take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Local Act and in compliance with the provisions of Subsections 4.1(a) and 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 required sums set forth in the Local Act and this Loan Agreement, 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 (or where applicable, immediately file with the PSC for a rate increase) and take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Local Act and this Loan Agreement.

5.3 In the event the Governmental Agency defaults in any payment to the Authority pursuant to this Loan Agreement, the amount of such default shall bear interest at the interest rate of the installment of the Loan next due, plus 2%, from the date of the default until the date of the payment thereof. The defaulted interest shall be paid from the first deposits made by the Governmental Agency to the Commission.

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 7 of the Act, including, without limitation, the right to impose, enforce and collect charges 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 the Governmental Agency in the terms and covenants of this Loan Agreement, 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 the Act or 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 take all actions necessary or desirable to preserve the exclusion from gross income for federal income tax purposes of interest on the Authority's water development revenue bonds.

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

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

ARTICLE VII

Miscellaneous

7.1 Additional definitions, additional terms and provisions of the Loan and additional covenants and agreements of the Governmental Agency, if any, may be 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 Schedules X and Y shall be attached to this Loan Agreement by the Authority as soon as practicable after the Date of Loan Closing is established and shall be approved by an official action of the 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 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 or such later date as is agreed to in writing 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.

(SEAL)

Attest:

James M. Beckman
Its: City Clerk

CITY OF CHARLESTON

By: *[Signature]*

Its: Mayor

Date: May 5, 2005

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

(SEAL)

Attest:

Barbara B. Meadows
Its: Secretary-Treasurer

By: *Samuel B. Lyubash*

Its: Director

Date: April 28, 2005

00832/00302
04/28/05

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEERS

(Issuer)

(Name of Bonds)

I, _____, Registered Professional Engineer, West Virginia License No. _____, of _____, Consulting Engineers, _____, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of _____ to the _____ system (the "Project") of _____ (the "Issuer"), to be constructed primarily in _____ County, West Virginia, which acquisition and construction are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer. Capitalized words not defined herein shall have the same meanings set forth in the bond _____ adopted or enacted by the Issuer on _____, and the Loan Agreement by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), dated _____.

2. The Bonds are being issued for the purposes of (i) _____, and (ii) paying certain issuance and other costs in connection therewith.

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by [DEP/BPH/PSC] and any change orders approved by the Issuer and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least _____ years if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the

Schedule A attached hereto as Exhibit A and my firm¹ has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the [DEP/BPH/PSC] and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) as of the effective date thereof,² the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project set forth in the Schedule A attached hereto; and (xi) attached hereto as Exhibit A is the final amended "Schedule A - Final Total Cost of Project, Sources of Funds and Costs of Financing" for the Project.

WITNESS my signature and seal on this ____ day of _____, ____.

[SEAL]

By: _____
West Virginia License No. _____

¹If another responsible party, such as the Issuer's attorney, reviews the insurance and payment bonds, then insert the following: [and in reliance upon the opinion of _____, Esq.] and delete "my firm has ascertained that."

²If the Rule 42 Exhibit and/or rate structure was prepared by an accountant, then insert the following: "In reliance upon the certificate of _____ of even date herewith," at the beginning of (ix).

EXHIBIT B

OPINION OF BOND COUNSEL FOR GOVERNMENTAL AGENCY

[To Be Dated as of Date of Loan Closing]

West Virginia Water Development Authority
180 Association Drive
Charleston, West Virginia 25311

Ladies and Gentlemen:

We are bond counsel to _____ (the
"Governmental Agency"), a _____.

We have examined a certified copy of proceedings and other papers relating to the authorization of (i) a loan agreement dated _____, _____, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated _____, _____ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are issued in the principal amount of \$_____, in the form of one bond, registered as to principal and interest to the Authority, with interest payable semiannually on April 1 and October 1 of each year, commencing _____ 1, _____, at the rate of ___% per annum, and with principal payable annually on October 1 of each year, commencing _____ 1, _____, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

The Local Bonds are issued for the purposes of (i) _____, and
(ii) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the bond _____ duly adopted or enacted by the Governmental Agency on _____, as supplemented by the supplemental resolution duly adopted by the Governmental Agency on _____ (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 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 Governmental Agency and is a valid and binding special obligation of the Governmental Agency, 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 Governmental Agency without the consent of the Authority.

3. The Governmental Agency is a duly organized and validly existing _____, with full power and authority to acquire and construct the Project, to operate and maintain the System, to adopt or enact the Local Act and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.

4. The Local Act and all other necessary orders and resolutions have been legally and effectively adopted or enacted by the Governmental Agency and constitute valid and binding obligations of the Governmental Agency, enforceable against the Governmental Agency in accordance with their terms. 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 have been duly authorized, issued, executed and delivered by the Governmental Agency to the Authority and are valid, legally enforceable and binding special obligations of the Governmental Agency, payable from the net or gross revenues of the System set forth in the Local Act and secured by a first lien on and pledge of the net or gross revenues of the System, all in accordance with the terms of the Local Bonds and the Local Act.

6. Under the Local Statute, the Local Bonds and the interest thereon are exempt _____.

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 the executed and authenticated Local Bond numbered R-1, and in our opinion the form of said bond and its execution and authentication are regular and proper.

Very truly yours,

EXHIBIT C

MONTHLY FINANCIAL REPORT

Name of Governmental Agency _____
 Name of Bond Issue(s) _____
 Type of Project _____ Water _____ Wastewater _____
 Fiscal Year _____ Report Month _____

<u>Item</u>	<u>Current Month</u>	<u>Total Year To Date</u>	<u>Budget Year To Date</u>	<u>Budget Year To Date Minus Total Year To Date</u>
1. Gross Revenues	_____	_____	_____	_____
2. Operating Expenses	_____	_____	_____	_____
3. Bond Payments:				
<u>Type of Issue</u>				
Clean Water SRF	_____	_____	_____	_____
Drinking Water TRF	_____	_____	_____	_____
Infrastructure Fund	_____	_____	_____	_____
Water Development	_____	_____	_____	_____
Authority				
Rural Utilities Service	_____	_____	_____	_____
Economic Development	_____	_____	_____	_____
Administration	_____	_____	_____	_____
Other (Identify)	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
4. Renewal and Replacement Fund Deposits	_____	_____	_____	_____

Name of Person Completing Form

Address

Telephone

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

- Item 1 You will need a copy of the current fiscal year budget adopted by the Governmental Agency to complete Items 1 and 2. In Item 1, provide the amount of actual **Gross Revenues** for the current month and the total amount year-to-date in the respective columns. Divide the budgeted annual Gross Revenues by 12. For example, if Gross Revenues of \$1,200 are anticipated to be received for the year, each month the base would be increased by \$100 ($\$1,200/12$). This is the incremental amount for the Budget Year-to-Date column.
- Item 2 Provide the amount of actual **Operating Expenses** for the current month and the total amount year-to-date in the respective columns. Any administrative fee should be included in the Operating Expenses. Divide the budgeted annual Operating Expenses by 12. For example, if Operating Expenses of \$900 are anticipated to be incurred for the year, each month the base would be increased by \$75 ($\$900/12$). This is the incremental amount for the Budget Year-to-Date column.
- Item 3 Provide the **Bond Payments (principal, interest and reserve account)** for all the outstanding bonds of the Governmental Agency according to the source of funding. For example, Clean Water State Revolving Fund loan from Department of Environmental Protection, Drinking Water Treatment Revolving Fund loan from Bureau for Public Health, Infrastructure Fund loan from Infrastructure and Jobs Development Council, or a loan from the Water Development Authority, etc.
- Item 4 Provide the amount deposited into the **Renewal and Replacement Fund** each month. This amount is equal to 2.5% of Gross Revenues minus the total reserve account payments included in Item 3. If Gross Revenues are \$1,200, then \$30 (2.5% of \$1,200), LESS the amount of all reserve account payments in Item 3 should be deposited into the Renewal and Replacement Fund. The money in the Renewal and Replacement Fund should be kept separate and apart from all other funds of the Governmental Agency.

The Governmental Agency must complete the Monthly Financial Report and forward it to the Water Development Authority by the 10th day of each month, commencing on the date contracts are executed for the acquisition or construction of the Project and for two years following the completion of acquisition or construction of the Project.

EXHIBIT D

MONTHLY PAYMENT FORM

West Virginia Water Development Authority
180 Association Drive
Charleston, WV 25311

Re: [Name of bond issue]

Ladies and Gentlemen:

The following deposits were made to the West Virginia Municipal Bond Commission on behalf of [Name of Governmental Agency] on [Date].

Sinking Fund:

Interest \$_____

Principal \$_____

Total: \$_____

Reserve Account: \$_____

Witness my signature this ____ day of_____.

[Name of Governmental Agency]

By: _____
Authorized Officer

Enclosure: copy of check(s)

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds \$36,617,310

Purchase Price of Local Bonds \$36,617,310

Interest on the Local Bonds is payable on April 1 and October 1 in each year, beginning with the first semiannual interest payment date after delivery of the Local Bonds to the Authority, until the Local Bonds are paid in full, at the rate of 5.05% per annum. Principal of the Local Bonds is payable on October 1 in each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

The Local Bonds are fully registered in the name of the Authority as to interest and principal and the Local Bonds shall grant the Authority a first lien on the gross or net revenues of the Governmental Agency's system as provided in the Local Act.

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

(1) Sewer Revenue Bonds, Series 1989 A, dated March 21, 1989, issued in the original principal amount of \$1,912,194 (the "Series 1989 A Bonds"); (2) Sewer Revenue Bonds, Series 1989 C, dated November 21, 1989, issued in the original principal amount of \$829,856 (the "Series 1989 C Bonds"); (3) Sewerage System Revenue Bonds, Series 1993 A, dated December 2, 1993, issued in the original principal amount of \$773,237 (the "Series 1993 A Bonds"); (4) Sewerage System Revenue Bonds, Series 1996 A, dated October 9, 1996, issued in the original principal amount of \$2,671,058 (the "Series 1996 A Bonds"); (5) Sewerage System Revenue Bonds, Series 1996 B, dated November 26, 1996, issued in the original principal amount of \$395,299 (the "Series 1996 B Bonds"); (6) Sewerage System Revenue Bonds, Series 1997 A, dated July 22, 1997, issued in the original principal amount of \$732,688 (the "Series 1997 A Bonds"); (7) Sewerage System Revenue Bonds, Series 1997 B, dated October 7, 1997, issued in the original principal amount of \$5,237,584 (the "Series 1997 B Bonds"); (8) Sewerage System Revenue Bonds, Series 1998 A, dated December 10, 1998, issued in the original principal amount of \$994,537 (the "Series 1998 A Bonds"); (9) Sewerage System Revenue Bonds, Series 1999 A, dated June 22, 1999, issued in the original principal amount of \$686,229 (the "Series 1999 A Bonds"); (10) Sewerage System Revenue Bonds, Series 2001 A, dated February 22, 2001, issued in the original principal amount of \$1,111,357 (the "Series 2001 A Bonds"); (11) Sewerage System Revenue Bonds, Series 2001 B, dated May 22, 2001, issued in the original principal amount of \$823,741 (the "Series 2001 B Bonds"); (12) Sewerage System Refunding Revenue Bonds, Series 2002 A, dated December 1, 2002, issued in the original principal amount of \$1,755,000 (the "Series 2002 A Bonds"); (13) Sewerage System Refunding Revenue Bonds, Series 2002 B, dated December 1, 2002, issued in the original principal amount of \$5,160,000 (the "Series 2002 B Bonds"); (14) Sewerage System Revenue Bonds, Series 2004 A, dated March 23, 2004, issued in the original principal amount of \$9,835,120 (the "Series 2004 A Bonds").

SCHEDULE Y

\$36,617,310

City of Charleston

(WDA LP-IV 2005 Series A Loan)

Closing Date: May 5, 2005

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
10/01/2005	150,000.00	5.050%	749,942.85	899,942.85
04/01/2006	-	-	920,799.58	920,799.58
10/01/2006	315,862.00	5.050%	920,799.58	1,236,661.58
04/01/2007	-	-	912,824.06	912,824.06
10/01/2007	331,813.00	5.050%	912,824.06	1,244,637.06
04/01/2008	-	-	904,445.78	904,445.78
10/01/2008	348,569.00	5.050%	904,445.78	1,253,014.78
04/01/2009	-	-	895,644.42	895,644.42
10/01/2009	366,172.00	5.050%	895,644.42	1,261,816.42
04/01/2010	-	-	886,398.57	886,398.57
10/01/2010	384,663.00	5.050%	886,398.57	1,271,061.57
04/01/2011	-	-	876,685.83	876,685.83
10/01/2011	404,089.00	5.050%	876,685.83	1,280,774.83
04/01/2012	-	-	866,482.59	866,482.59
10/01/2012	424,495.00	5.050%	866,482.59	1,290,977.59
04/01/2013	-	-	855,764.09	855,764.09
10/01/2013	445,932.00	5.050%	855,764.09	1,301,696.09
04/01/2014	-	-	844,504.30	844,504.30
10/01/2014	468,452.00	5.050%	844,504.30	1,312,956.30
04/01/2015	-	-	832,675.89	832,675.89
10/01/2015	492,109.00	5.050%	832,675.89	1,324,784.89
04/01/2016	-	-	820,250.14	820,250.14
10/01/2016	516,960.00	5.050%	820,250.14	1,337,210.14
04/01/2017	-	-	807,196.90	807,196.90
10/01/2017	543,067.00	5.050%	807,196.90	1,350,263.90
04/01/2018	-	-	793,484.46	793,484.46
10/01/2018	570,492.00	5.050%	793,484.46	1,363,976.46
04/01/2019	-	-	779,079.53	779,079.53
10/01/2019	599,302.00	5.050%	779,079.53	1,378,381.53
04/01/2020	-	-	763,947.16	763,947.16
10/01/2020	629,566.00	5.050%	763,947.16	1,393,513.16
04/01/2021	-	-	748,050.62	748,050.62
10/01/2021	661,359.00	5.050%	748,050.62	1,409,409.62
04/01/2022	-	-	731,351.30	731,351.30
10/01/2022	694,758.00	5.050%	731,351.30	1,426,109.30
04/01/2023	-	-	713,808.66	713,808.66
10/01/2023	729,843.00	5.050%	713,808.66	1,443,651.66
04/01/2024	-	-	695,380.13	695,380.13
10/01/2024	766,700.00	5.050%	695,380.13	1,462,080.13
04/01/2025	-	-	676,020.95	676,020.95
10/01/2025	805,419.00	5.050%	676,020.95	1,481,439.95
04/01/2026	-	-	655,684.12	655,684.12
10/01/2026	846,092.00	5.050%	655,684.12	1,501,776.12
04/01/2027	-	-	634,320.30	634,320.30

\$36,617,310

City of Charleston

(WDA LP-IV 2005 Series A Loan)

Closing Date: May 5, 2005

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
10/01/2027	888,820.00	5.050%	634,320.30	1,523,140.30
04/01/2028	-	-	611,877.59	611,877.59
10/01/2028	933,706.00	5.050%	611,877.59	1,545,583.59
04/01/2029	-	-	588,301.52	588,301.52
10/01/2029	980,858.00	5.050%	588,301.52	1,569,159.52
04/01/2030	-	-	563,534.85	563,534.85
10/01/2030	1,030,391.00	5.050%	563,534.85	1,593,925.85
04/01/2031	-	-	537,517.48	537,517.48
10/01/2031	1,082,426.00	5.050%	537,517.48	1,619,943.48
04/01/2032	-	-	510,186.22	510,186.22
10/01/2032	1,137,088.00	5.050%	510,186.22	1,647,274.22
04/01/2033	-	-	481,474.75	481,474.75
10/01/2033	1,194,511.00	5.050%	481,474.75	1,675,985.75
04/01/2034	-	-	451,313.35	451,313.35
10/01/2034	1,254,834.00	5.050%	451,313.35	1,706,147.35
04/01/2035	-	-	419,628.79	419,628.79
10/01/2035	1,318,203.00	5.050%	419,628.79	1,737,831.79
04/01/2036	-	-	386,344.16	386,344.16
10/01/2036	1,384,772.00	5.050%	386,344.16	1,771,116.16
04/01/2037	-	-	351,378.67	351,378.67
10/01/2037	1,454,703.00	5.050%	351,378.67	1,806,081.67
04/01/2038	-	-	314,647.42	314,647.42
10/01/2038	1,528,166.00	5.050%	314,647.42	1,842,813.42
04/01/2039	-	-	276,061.23	276,061.23
10/01/2039	1,605,338.00	5.050%	276,061.23	1,881,399.23
04/01/2040	-	-	235,526.45	235,526.45
10/01/2040	1,686,408.00	5.050%	235,526.45	1,921,934.45
04/01/2041	-	-	192,944.64	192,944.64
10/01/2041	1,771,571.00	5.050%	192,944.64	1,964,515.64
04/01/2042	-	-	148,212.48	148,212.48
10/01/2042	1,861,036.00	5.050%	148,212.48	2,009,248.48
04/01/2043	-	-	101,221.32	101,221.32
10/01/2043	1,955,018.00	5.050%	101,221.32	2,056,239.32
04/01/2044	-	-	51,857.11	51,857.11
10/01/2044	2,053,747.00	5.050%	51,857.11	2,105,604.11
Total	\$36,617,310.00	-	\$48,423,597.67	\$85,040,907.67

SCHEDULE Z

None

WDA-SF
(4/28/05)

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 CHARLESTON (Series 2005 B-1)
(Governmental Agency)

WITNESSETH:

WHEREAS, pursuant to the provisions of Chapter 22C, Article 1 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, 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 of West Virginia (the "State") to acquire, construct, improve, operate and maintain a water development project, as defined by the Act, and to finance the cost of acquisition and construction of the same by borrowing money to be evidenced by revenue bonds issued by the Governmental Agency;

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

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

WHEREAS, having reviewed the Application and made all findings required by Section 5 of the Act and having available sufficient funds therefor, the Authority is willing to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Governmental Agency with money in the Supplemental Fund of the Authority, 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," "cost," governmental agency," "water development project," "wastewater facility" and "water facility" have the definitions and meanings ascribed to them in the Act.

1.2 "Consulting Engineers" means the professional engineer, licensed by the State, designated in the Application and any qualified 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, 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 or being or having been constructed by the Governmental Agency in whole or in part with the proceeds of bond anticipation notes or other interim financing, which is to be paid in whole or in part with the net proceeds of the Local Bonds.

1.9 "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, being or having been constructed in accordance with plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers, the Authority having found, to the extent applicable, that the Project is consistent with the Act.

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

necessary to construct the Project in accordance with the plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers.

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

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 and representatives shall, prior to, during 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 with respect to 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 agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at any and all reasonable times for the purpose of audit and examination, and the 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, the operation and maintenance of the System and the administration of the Loan or of any State and federal grants or other sources of financing for the Project.

2.6 The Governmental Agency agrees that it will permit the Authority and its agents and representatives 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 or, if the Project is an improvement to an existing system, at any reasonable time following commencement of construction.

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 and shall verify or shall have verified such bonds prior to commencement of construction.

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 and shall verify or shall have verified such insurance prior to commencement of construction. 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 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 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 shall at all times provide operation and maintenance of the System in compliance with any and all State and federal standards. The Governmental Agency shall employ qualified operating personnel properly certified by the State 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.

2.12 The Governmental Agency, commencing on the date contracts are executed for the acquisition or construction of the Project and for two years following the

completion of acquisition or construction of the Project, shall each month complete a Monthly Financial Report, the form of which is attached hereto as Exhibit C and incorporated herein by reference, and forward a copy by the 10th of each month to the Authority.

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 delivery to the Authority of the Local Bonds described in this Article III and in Article IV hereof;

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

(d) No Loan shall be made for the purpose of refinancing any outstanding long-term indebtedness of a Governmental Agency unless an opinion of counsel is received by the Authority to the effect that such refinancing is permitted by the Act;

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

(f) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") and the West Virginia Infrastructure and Jobs Development Council necessary for the construction of the Project and operation of the System, with all requisite appeal periods having expired without successful appeal, and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

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

(h) The Governmental Agency shall have obtained any and all approvals of rates and charges required by State law and shall have taken any other action required to establish and impose such rates and charges (imposition of such rates and charges is not, however, required to be effective until completion of construction of the Project), with all requisite appeal periods having expired without successful appeal, and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

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

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

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

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

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Governmental Agency by written notice to the Authority, which written notice shall be given not less than ten (10) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as possible to the designated date and mutually agreeable to the Authority and the Governmental Agency. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Loan Closing." Notwithstanding the foregoing, the Date of Loan Closing shall in no event occur more than ninety (90) days after the date of execution of this Loan Agreement by the Authority or such later date as is agreed to in writing 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 from the Program 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. The Governmental Agency specifically recognizes that the Authority will not purchase the Local Bonds unless and until it has available funds sufficient to purchase all the Local Bonds and that, prior to execution of this Loan Agreement, the Authority may commit to and purchase the revenue bonds of other governmental agencies for which it has sufficient funds available. Additionally, the Governmental Agency recognizes that the Authority will purchase the Local Bonds only with funds from the Program and not with funds from any other loan programs of the Authority.

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 adopted or enacted, contain provisions and covenants in substantially the form as follows, unless the specific provision or covenant is modified or waived by the Authority:

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

(i) to pay Operating Expenses of the System;

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

(iii) to create a renewal and replacement, or similar, fund in an amount equal to two and one-half percent ($2\frac{1}{2}\%$) of the gross revenues from the

System, exclusive of any payments into the Reserve Account, for the purpose of improving or making emergency repairs or replacements to the System or eliminating any deficiencies in the Reserve Account; and

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

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

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by a pledge of either the gross or net revenues of the System, as more fully set forth in the Local Act;

(ii) That the schedule of rates or charges for the services of the System shall be sufficient to provide funds which, along with other revenues of the System, will pay all Operating Expenses and leave a balance each year equal to at least one hundred fifteen percent (115%) of the maximum amount required in any year for debt service on the Local Bonds and all other obligations secured by a lien on or payable from the revenues of the System prior to or on a parity with the Local Bonds or, if the Reserve Account is funded (whether by Local Bond proceeds, monthly deposits or otherwise) at an amount equal to 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 shall complete the Project, shall operate and maintain the System in good condition and, to the extent applicable, in compliance with, among other state and federal standards, the water quality standards established by the West Virginia Bureau for Public Health (the "BPH"), the West Virginia Department of Environmental Protection (the "DEP") and the United States Environmental Protection Agency (the "EPA"), shall permit the BPH, the DEP and 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, and shall, as a condition precedent to the Authority's making the Loan, have obtained, among other permits required, permits from the BPH, the DEP and the EPA, if required;

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

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

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

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

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority, which report shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the Governmental Agency's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

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

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

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

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

(xvi) That, to the full extent permitted by applicable law and the rules and regulations of the PSC, the Governmental Agency shall terminate the services of any water facility owned by it to any customer of the System who is delinquent in payment of charges for services provided by the System and will not restore the services of the water facility until all delinquent charges for the services of the System have been fully paid or, if

the water facility is not owned by the Governmental Agency, then the Governmental Agency shall enter into a termination agreement with the water provider;

(xvii) That, if required by the Authority, the Governmental Agency shall take any and all action, or shall refrain from taking any action regarding the use of the proceeds of the Local Bonds, as shall be deemed necessary by the Authority to maintain the exclusion from gross income for federal income tax purposes of interest on the Authority's bonds;

(xviii) That the Governmental Agency shall provide the Authority with annual financial information and such other information as is necessary for the Authority to meet its ongoing disclosure requirements;

(xix) That the Governmental Agency shall have obtained the certificate of the Consulting Engineers in the form attached hereto as Exhibit A, to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority is sufficient to pay the costs of acquisition and construction of the Project and all permits required by federal and State laws for construction of the Project have been obtained;

(xx) That the West Virginia Municipal Bond Commission (the "Commission") shall serve as paying agent for the Local Bonds;

(xxi) That the Governmental Agency shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required interest, principal and reserve account payment. The Governmental Agency shall complete the Monthly Payment Form, attached hereto as Exhibit D and incorporated herein by reference, and submit a copy of said form along with a copy of the check or electronic transfer to the Authority by the 5th day of such calendar month;

(xxii) That, unless it qualifies for an exception to the provisions of Section 148 of the Internal Revenue Code of 1986, as amended, which exception shall be set forth in an opinion of bond counsel, the Governmental Agency will furnish to the Authority, annually, at such time as it is required to perform its rebate calculations under the Internal Revenue Code of 1986, as amended, a certificate with respect to its rebate calculations and, at any time, any additional information requested by the Authority;

(xxiii) That the Governmental Agency shall furnish to the Authority such information with respect to earnings on all funds constituting "gross

proceeds" of the Local Bonds (as that term is defined in the Internal Revenue Code of 1986, as amended) from time to time as the Authority may request, or, if applicable, the Governmental Agency shall annually furnish to the Authority such information with respect to the Governmental Agency's use of the proceeds of the Local Bonds and any additional information requested by the Authority;

(xxiv) That the Governmental Agency shall obtain the written approval of the Authority before expending any proceeds of the Local Bonds available due to bid/construction/project underruns, including the "contingency" as set forth in the final Schedule A attached to the certificate of the Consulting Engineers;

(xxv) That the Governmental Agency shall list the funding provided by the Authority in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any groundbreaking or dedication of the Project;

(xxvi) That, to the extent required by law, the Governmental Agency shall secure the approval of the Authority and all other state agencies having jurisdiction before applying for federal 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 of West Virginia;

(xxvii) That, as a condition precedent to the Authority's making the Loan, the Governmental Agency shall deliver to the Authority a tax and non-arbitrage certificate or a certificate with respect to the used of proceeds of the Local Bonds satisfactory to the Authority; and

(xxviii) That, unless it qualifies for an exception, the Governmental Agency shall comply with all the requirements of Chapter 21, Article 1C of the Code of West Virginia, 1931, as amended (the "West Virginia Jobs Act") and shall require its contractors and subcontractors to comply with the West Virginia Jobs Act. The Governmental Agency shall provide the Authority with a certificate stating that (I) the Governmental Agency will comply with all the requirements of the West Virginia Jobs Act; (II) the Governmental Agency has included the provisions of the West Virginia Jobs Act in each contract and subcontract for the Project; (III) the Governmental Agency has received or will receive, prior to entering into contracts or subcontracts, from each contractor or subcontractor a certificate demonstrating compliance with Section 4 of the West Virginia Jobs Act or waiver certificates from the West Virginia Division of Labor ("DOL"); and (IV) the Governmental Agency will file with the DOL and the Authority copies of the waiver certificates and certified payrolls or comparable documents that include the number of

employees, the county and state wherein the employees reside and their occupation, following the procedures established by the DOL.

The Governmental Agency hereby represents and warrants that the Local Act has been or shall be duly adopted or enacted 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, validity, sale and delivery of the Local Bonds shall be approved without qualification by recognized bond counsel acceptable to the Authority in substantially the form of legal opinion attached hereto as Exhibit B.

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

4.3 The principal payments of the Loan shall be made by the Commission annually on the days and in the years provided in Schedule X hereto. The interest payments on the Loan shall be made by the Commission semiannually 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 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.

ARTICLE V

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

5.1 The Governmental Agency hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Loan Agreement and the Local Act. The Governmental Agency hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to make the Loan, it has fixed and collected, or will fix and collect, the rates, fees and other charges for the use of the System and will take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Local Act and in compliance with the provisions of Subsections 4.1(a) and 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 required sums set forth in the Local Act and this Loan Agreement, 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 (or where applicable, immediately file with the PSC for a rate increase) and take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Local Act and this Loan Agreement.

5.3 In the event the Governmental Agency defaults in any payment to the Authority pursuant to this Loan Agreement, the amount of such default shall bear interest at the interest rate of the installment of the Loan next due, plus 2%, from the date of the default until the date of the payment thereof. The defaulted interest shall be paid from the first deposits made by the Governmental Agency to the Commission.

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 7 of the Act, including, without limitation, the right to impose, enforce and collect charges 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 the Governmental Agency in the terms and covenants of this Loan Agreement, 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 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 the Act or this 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 Loan.

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

6.5 Notwithstanding Section 6.4, the Authority may at any time, in its sole discretion, cause the rebate calculations prepared by or on behalf of the Governmental Agency to be monitored or cause the rebate calculations for the Governmental Agency to be prepared, in either case at the expense of the Governmental Agency.

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

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

ARTICLE VII

Miscellaneous

7.1 Additional definitions, additional terms and provisions of the Loan and additional covenants and agreements of the Governmental Agency, if any, may be 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 Schedules X and Y shall be attached to this Loan Agreement by the Authority as soon as practicable after the Date of Loan Closing is established and shall be approved by an official action of the 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 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 or such later date as is agreed to in writing by the Authority if the Governmental Agency has failed to deliver the Local Bonds to the Authority;

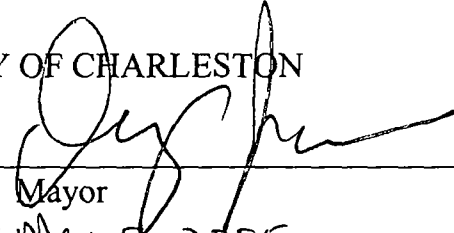
(ii) termination by the Authority pursuant to Section 6.3 hereof; or

(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.

(SEAL)

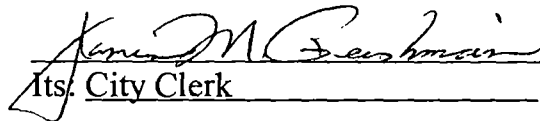
CITY OF CHARLESTON

By: 

Its: Mayor

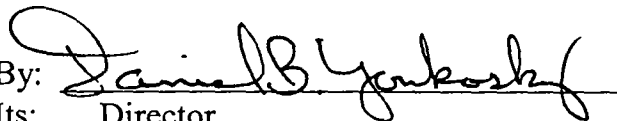
Date: May 5, 2005

Attest:


Its: City Clerk

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

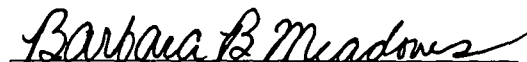
(SEAL)

By: 

Its: Director

Date: April 28, 2005

Attest:


Its: Secretary-Treasurer

00832/00302
04/28/05

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEERS

(Issuer)

(Name of Bonds)

I, _____, Registered Professional Engineer, West Virginia License No. _____, of _____, Consulting Engineers, _____, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of _____ to the _____ system (the "Project") of _____ (the "Issuer"), to be constructed primarily in _____ County, West Virginia, which acquisition and construction are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer. Capitalized words not defined herein shall have the same meanings set forth in the bond _____ adopted or enacted by the Issuer on _____, and the Loan Agreement by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), dated _____.

2. The Bonds are being issued for the purposes of (i) _____, and (ii) paying certain issuance and other costs in connection therewith.

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by [DEP/BPH/PSC] and any change orders approved by the Issuer and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least _____ years if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the

Schedule A attached hereto as Exhibit A and my firm¹ has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the [DEP/BPH/PSC] and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) as of the effective date thereof,² the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project set forth in the Schedule A attached hereto; and (xi) attached hereto as Exhibit A is the final amended "Schedule A - Final Total Cost of Project, Sources of Funds and Costs of Financing" for the Project.

WITNESS my signature and seal on this ____ day of _____, ____.

[SEAL]

By: _____
West Virginia License No. _____

¹If another responsible party, such as the Issuer's attorney, reviews the insurance and payment bonds, then insert the following: [and in reliance upon the opinion of _____, Esq.] and delete "my firm has ascertained that."

²If the Rule 42 Exhibit and/or rate structure was prepared by an accountant, then insert the following: "In reliance upon the certificate of _____ of even date herewith," at the beginning of (ix).

EXHIBIT B

OPINION OF BOND COUNSEL FOR GOVERNMENTAL AGENCY

[To Be Dated as of Date of Loan Closing]

West Virginia Water Development Authority
180 Association Drive
Charleston, West Virginia 25311

Ladies and Gentlemen:

We are bond counsel to _____ (the
"Governmental Agency"), a _____.

We have examined a certified copy of proceedings and other papers relating to the authorization of (i) a loan agreement dated _____, _____, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated _____, _____ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are issued in the principal amount of \$_____, in the form of one bond, registered as to principal and interest to the Authority, with interest payable semiannually on April 1 and October 1 of each year, commencing _____ 1, _____, at the rate of ____% per annum, and with principal payable annually on October 1 of each year, commencing _____ 1, _____, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

The Local Bonds are issued for the purposes of (i) _____, and
(ii) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the bond _____ duly adopted or enacted by the Governmental Agency on _____, as supplemented by the supplemental resolution duly adopted by the Governmental Agency on _____ (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 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 Governmental Agency and is a valid and binding special obligation of the Governmental Agency, 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 Governmental Agency without the consent of the Authority.

3. The Governmental Agency is a duly organized and validly existing _____, with full power and authority to acquire and construct the Project, to operate and maintain the System, to adopt or enact the Local Act and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.

4. The Local Act and all other necessary orders and resolutions have been legally and effectively adopted or enacted by the Governmental Agency and constitute valid and binding obligations of the Governmental Agency, enforceable against the Governmental Agency in accordance with their terms. 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 have been duly authorized, issued, executed and delivered by the Governmental Agency to the Authority and are valid, legally enforceable and binding special obligations of the Governmental Agency, payable from the net or gross revenues of the System set forth in the Local Act and secured by a first lien on and pledge of the net or gross revenues of the System, all in accordance with the terms of the Local Bonds and the Local Act.

6. The Local Bonds are, by statute, exempt _____, and under existing statutes and court decisions of the United States of America, as presently written and applied, the interest on the Local Bonds is excludable from the gross income of the recipients thereof for federal income tax purposes.

No opinion is given herein as to the effect upon enforceability of the Local Bonds of bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights or in the exercise of judicial discretion in appropriate cases.

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

Very truly yours,

EXHIBIT C

MONTHLY FINANCIAL REPORT

Name of Governmental Agency _____
Name of Bond Issue(s) _____
Type of Project _____ Water _____ Wastewater _____
Fiscal Year _____ Report Month _____

<u>Item</u>	<u>Current Month</u>	<u>Total Year To Date</u>	<u>Budget Year To Date</u>	<u>Budget Year To Date Minus Total Year To Date</u>
1. Gross Revenues	_____	_____	_____	_____
2. Operating Expenses	_____	_____	_____	_____
3. Bond Payments:				
<u>Type of Issue</u>				
Clean Water SRF	_____	_____	_____	_____
Drinking Water TRF	_____	_____	_____	_____
Infrastructure Fund	_____	_____	_____	_____
Water Development Authority	_____	_____	_____	_____
Rural Utilities Service	_____	_____	_____	_____
Economic Development	_____	_____	_____	_____
Administration	_____	_____	_____	_____
Other (Identify)	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
4. Renewal and Replacement Fund Deposits	_____	_____	_____	_____

Name of Person Completing Form

Address

Telephone

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

- Item 1 You will need a copy of the current fiscal year budget adopted by the Governmental Agency to complete Items 1 and 2. In Item 1, provide the amount of actual **Gross Revenues** for the current month and the total amount year-to-date in the respective columns. Divide the budgeted annual Gross Revenues by 12. For example, if Gross Revenues of \$1,200 are anticipated to be received for the year, each month the base would be increased by \$100 ($\$1,200/12$). This is the incremental amount for the Budget Year-to-Date column.
- Item 2 Provide the amount of actual **Operating Expenses** for the current month and the total amount year-to-date in the respective columns. Any administrative fee should be included in the Operating Expenses. Divide the budgeted annual Operating Expenses by 12. For example, if Operating Expenses of \$900 are anticipated to be incurred for the year, each month the base would be increased by \$75 ($\$900/12$). This is the incremental amount for the Budget Year-to-Date column.
- Item 3 Provide the **Bond Payments (principal, interest and reserve account)** for all the outstanding bonds of the Governmental Agency according to the source of funding. For example, Clean Water State Revolving Fund loan from Department of Environmental Protection, Drinking Water Treatment Revolving Fund loan from Bureau for Public Health, Infrastructure Fund loan from Infrastructure and Jobs Development Council, or a loan from the Water Development Authority, etc.
- Item 4 Provide the amount deposited into the **Renewal and Replacement Fund** each month. This amount is equal to 2.5% of Gross Revenues minus the total reserve account payments included in Item 3. If Gross Revenues are \$1,200, then \$30 (2.5% of \$1,200), LESS the amount of all reserve account payments in Item 3 should be deposited into the Renewal and Replacement Fund. The money in the Renewal and Replacement Fund should be kept separate and apart from all other funds of the Governmental Agency.

The Governmental Agency must complete the Monthly Financial Report and forward it to the Water Development Authority by the 10th day of each month, commencing on the date contracts are executed for the acquisition or construction of the Project and for two years following the completion of acquisition or construction of the Project.

EXHIBIT D

MONTHLY PAYMENT FORM

West Virginia Water Development Authority
180 Association Drive
Charleston, WV 25311

Re: [Name of bond issue]

Ladies and Gentlemen:

The following deposits were made to the West Virginia Municipal Bond Commission on behalf of [Name of Governmental Agency] on [Date].

Sinking Fund:

Interest \$_____

Principal \$_____

Total: \$_____

Reserve Account: \$_____

Witness my signature this ____ day of_____.

[Name of Governmental Agency]

By: _____
Authorized Officer

Enclosure: copy of check(s)

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds	<u>\$1,822,690</u>
Purchase Price of Local Bonds	<u>\$1,822,690</u>

Interest on the Local Bonds is payable on April 1 and October 1 in each year, beginning with the first semiannual interest payment date after delivery of the Local Bonds to the Authority, until the Local Bonds are paid in full, at the rate of 2% per annum. Principal of the Local Bonds is payable on October 1 in each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

The Local Bonds are fully registered in the name of the Authority as to interest and principal and the Local Bonds shall grant the Authority a first lien on the gross or net revenues of the Governmental Agency's system as provided in the Local Act.

As of the date of the Loan Agreement, the Local Bonds are junior and subordinate as to liens, pledge and source of and security for payment with the following obligations of the Governmental Agency:

(1) Sewer Revenue Bonds, Series 1989 A, dated March 21, 1989, issued in the original principal amount of \$1,912,194 (the "Series 1989 A Bonds"); (2) Sewer Revenue Bonds, Series 1989 C, dated November 21, 1989, issued in the original principal amount of \$829,856 (the "Series 1989 C Bonds"); (3) Sewerage System Revenue Bonds, Series 1993 A, dated December 2, 1993, issued in the original principal amount of \$773,237 (the "Series 1993 A Bonds"); (4) Sewerage System Revenue Bonds, Series 1996 A, dated October 9, 1996, issued in the original principal amount of \$2,671,058 (the "Series 1996 A Bonds"); (5) Sewerage System Revenue Bonds, Series 1996 B, dated November 26, 1996, issued in the original principal amount of \$395,299 (the "Series 1996 B Bonds"); (6) Sewerage System Revenue Bonds, Series 1997 A, dated July 22, 1997, issued in the original principal amount of \$732,688 (the "Series 1997 A Bonds"); (7) Sewerage System Revenue Bonds, Series 1997 B, dated October 7, 1997, issued in the original principal amount of \$5,237,584 (the "Series 1997 B Bonds"); (8) Sewerage System Revenue Bonds, Series 1998 A, dated December 10, 1998, issued in the original principal amount of \$994,537 (the "Series 1998 A Bonds"); (9) Sewerage System Revenue Bonds, Series 1999 A, dated June 22, 1999, issued in the original principal amount of \$686,229 (the "Series 1999 A Bonds"); (10) Sewerage System Revenue Bonds, Series 2001 A, dated February 22, 2001, issued in the original principal amount of \$1,111,357 (the "Series 2001 A Bonds"); (11) Sewerage System Revenue Bonds, Series 2001 B, dated May 22, 2001, issued in the original principal amount of \$823,741 (the "Series 2001 B Bonds"); (12) Sewerage System Refunding Revenue Bonds, Series 2002 A, dated December 1, 2002,

issued in the original principal amount of \$1,755,000 (the "Series 2002 A Bonds"); (13) Sewerage System Refunding Revenue Bonds, Series 2002 B, dated December 1, 2002, issued in the original principal amount of \$5,160,000 (the "Series 2002 B Bonds"); (14) Sewerage System Revenue Bonds, Series 2004 A, dated March 23, 2004, issued in the original principal amount of \$9,835,120 (the "Series 2004 A Bonds"); and (15) Sewerage System Revenue Bonds, Series 2005 A, dated May 5, 2005, issued in the original principal amount of \$36,617,310.

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

(1) Supplemental Sewer Revenue Bonds, Series 1989 B, dated March 21, 1989, issued in the original principal amount of \$283,458 (the "Series 1989 B Bonds"); (2) Supplemental Sewer Revenue Bonds, Series 1989 D, dated November 21, 1989, issued in the original principal amount of \$123,015 (the "Series 1989 D Bonds"); (3) Sewerage System Revenue Bonds, Series 1999 B, dated June 22, 1999, issued in the original principal amount of \$132,072 (the "Series 1999 B Bonds"); (4) Sewerage System Revenue Bonds, Series 2001 C, dated May 22, 2001, issued in the original principal amount of \$30,492 (the "Series 2001 C Bonds"); and (5) Sewerage System Revenue Bonds, Series 2005 B-2, dated May 5, 2005, issued in the original principal amount of \$334,771.

SCHEDULE Y

\$1,822,690

City of Charleston
(WDA Supplemental Loan)
Closing Date: May 5, 2005

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
10/01/2005	-	-	14,784.04	14,784.04
04/01/2006	-	-	18,226.90	18,226.90
10/01/2006	31,298.00	2.000%	18,226.90	49,524.90
04/01/2007	-	-	17,913.92	17,913.92
10/01/2007	31,924.00	2.000%	17,913.92	49,837.92
04/01/2008	-	-	17,594.68	17,594.68
10/01/2008	32,562.00	2.000%	17,594.68	50,156.68
04/01/2009	-	-	17,269.06	17,269.06
10/01/2009	33,213.00	2.000%	17,269.06	50,482.06
04/01/2010	-	-	16,936.93	16,936.93
10/01/2010	33,878.00	2.000%	16,936.93	50,814.93
04/01/2011	-	-	16,598.15	16,598.15
10/01/2011	34,555.00	2.000%	16,598.15	51,153.15
04/01/2012	-	-	16,252.60	16,252.60
10/01/2012	35,246.00	2.000%	16,252.60	51,498.60
04/01/2013	-	-	15,900.14	15,900.14
10/01/2013	35,951.00	2.000%	15,900.14	51,851.14
04/01/2014	-	-	15,540.63	15,540.63
10/01/2014	36,670.00	2.000%	15,540.63	52,210.63
04/01/2015	-	-	15,173.93	15,173.93
10/01/2015	37,404.00	2.000%	15,173.93	52,577.93
04/01/2016	-	-	14,799.89	14,799.89
10/01/2016	38,152.00	2.000%	14,799.89	52,951.89
04/01/2017	-	-	14,418.37	14,418.37
10/01/2017	38,915.00	2.000%	14,418.37	53,333.37
04/01/2018	-	-	14,029.22	14,029.22
10/01/2018	39,693.00	2.000%	14,029.22	53,722.22
04/01/2019	-	-	13,632.29	13,632.29
10/01/2019	40,487.00	2.000%	13,632.29	54,119.29
04/01/2020	-	-	13,227.42	13,227.42
10/01/2020	41,297.00	2.000%	13,227.42	54,524.42
04/01/2021	-	-	12,814.45	12,814.45
10/01/2021	42,122.00	2.000%	12,814.45	54,936.45
04/01/2022	-	-	12,393.23	12,393.23
10/01/2022	42,965.00	2.000%	12,393.23	55,358.23
04/01/2023	-	-	11,963.58	11,963.58
10/01/2023	43,824.00	2.000%	11,963.58	55,787.58
04/01/2024	-	-	11,525.34	11,525.34
10/01/2024	44,701.00	2.000%	11,525.34	56,226.34
04/01/2025	-	-	11,078.33	11,078.33
10/01/2025	45,595.00	2.000%	11,078.33	56,673.33
04/01/2026	-	-	10,622.38	10,622.38
10/01/2026	46,507.00	2.000%	10,622.38	57,129.38
04/01/2027	-	-	10,157.31	10,157.31

WDA 4-27-05 | 40 Year Supplemental Loan | 4/27/2005 | 1:07 PM

Ferris, Baker Watts, Inc.
West Virginia Public Finance Office

\$1,822,690

City of Charleston

(WDA Supplemental Loan)

Closing Date: May 5, 2005

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
10/01/2027	47,437.00	2.000%	10,157.31	57,594.31
04/01/2028	-	-	9,682.94	9,682.94
10/01/2028	48,385.00	2.000%	9,682.94	58,067.94
04/01/2029	-	-	9,199.09	9,199.09
10/01/2029	49,353.00	2.000%	9,199.09	58,552.09
04/01/2030	-	-	8,705.56	8,705.56
10/01/2030	50,340.00	2.000%	8,705.56	59,045.56
04/01/2031	-	-	8,202.16	8,202.16
10/01/2031	51,347.00	2.000%	8,202.16	59,549.16
04/01/2032	-	-	7,688.69	7,688.69
10/01/2032	52,374.00	2.000%	7,688.69	60,062.69
04/01/2033	-	-	7,164.95	7,164.95
10/01/2033	53,421.00	2.000%	7,164.95	60,585.95
04/01/2034	-	-	6,630.74	6,630.74
10/01/2034	54,490.00	2.000%	6,630.74	61,120.74
04/01/2035	-	-	6,085.84	6,085.84
10/01/2035	55,580.00	2.000%	6,085.84	61,665.84
04/01/2036	-	-	5,530.04	5,530.04
10/01/2036	56,691.00	2.000%	5,530.04	62,221.04
04/01/2037	-	-	4,963.13	4,963.13
10/01/2037	57,825.00	2.000%	4,963.13	62,788.13
04/01/2038	-	-	4,384.88	4,384.88
10/01/2038	58,982.00	2.000%	4,384.88	63,366.88
04/01/2039	-	-	3,795.06	3,795.06
10/01/2039	60,161.00	2.000%	3,795.06	63,956.06
04/01/2040	-	-	3,193.45	3,193.45
10/01/2040	61,365.00	2.000%	3,193.45	64,558.45
04/01/2041	-	-	2,579.80	2,579.80
10/01/2041	62,592.00	2.000%	2,579.80	65,171.80
04/01/2042	-	-	1,953.88	1,953.88
10/01/2042	63,844.00	2.000%	1,953.88	65,797.88
04/01/2043	-	-	1,315.44	1,315.44
10/01/2043	65,121.00	2.000%	1,315.44	66,436.44
04/01/2044	-	-	664.23	664.23
10/01/2044	66,423.00	2.000%	664.23	67,087.23
Total	\$1,822,690.00	-	\$834,401.30	\$2,657,091.30

SCHEDULE Z

MODIFICATION TO THE LOAN AGREEMENT

The Authority hereby waives the debt service reserve account requirement set forth in Section 4.1(a)(ii) of the Loan Agreement.

WDA-SF
(4/28/05)

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 CHARLESTON (Series 2005 B-2)
(Governmental Agency)

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Chapter 22C, Article 1 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, 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 of West Virginia (the "State") to acquire, construct, improve, operate and maintain a water development project, as defined by the Act, and to finance the cost of acquisition and construction of the same by borrowing money to be evidenced by revenue bonds issued by the Governmental Agency;

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

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

WHEREAS, having reviewed the Application and made all findings required by Section 5 of the Act and having available sufficient funds therefor, the Authority is willing to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Governmental Agency with money in the Supplemental Fund of the Authority, 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," "cost," governmental agency," "water development project," "wastewater facility" and "water facility" have the definitions and meanings ascribed to them in the Act.

1.2 "Consulting Engineers" means the professional engineer, licensed by the State, designated in the Application and any qualified 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, 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 or being or having been constructed by the Governmental Agency in whole or in part with the proceeds of bond anticipation notes or other interim financing, which is to be paid in whole or in part with the net proceeds of the Local Bonds.

1.9 "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, being or having been constructed in accordance with plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers, the Authority having found, to the extent applicable, that the Project is consistent with the Act.

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

necessary to construct the Project in accordance with the plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers.

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

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 and representatives shall, prior to, during 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 with respect to 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 agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at any and all reasonable times for the purpose of audit and examination, and the 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, the operation and maintenance of the System and the administration of the Loan or of any State and federal grants or other sources of financing for the Project.

2.6 The Governmental Agency agrees that it will permit the Authority and its agents and representatives 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 or, if the Project is an improvement to an existing system, at any reasonable time following commencement of construction.

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 and shall verify or shall have verified such bonds prior to commencement of construction.

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 and shall verify or shall have verified such insurance prior to commencement of construction. 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 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 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 shall at all times provide operation and maintenance of the System in compliance with any and all State and federal standards. The Governmental Agency shall employ qualified operating personnel properly certified by the State 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.

2.12 The Governmental Agency, commencing on the date contracts are executed for the acquisition or construction of the Project and for two years following the

completion of acquisition or construction of the Project, shall each month complete a Monthly Financial Report, the form of which is attached hereto as Exhibit C and incorporated herein by reference, and forward a copy by the 10th of each month to the Authority.

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 delivery to the Authority of the Local Bonds described in this Article III and in Article IV hereof;

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

(d) No Loan shall be made for the purpose of refinancing any outstanding long-term indebtedness of a Governmental Agency unless an opinion of counsel is received by the Authority to the effect that such refinancing is permitted by the Act;

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

(f) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") and the West Virginia Infrastructure and Jobs Development Council necessary for the construction of the Project and operation of the System, with all requisite appeal periods having expired without successful appeal, and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

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

(h) The Governmental Agency shall have obtained any and all approvals of rates and charges required by State law and shall have taken any other action required to establish and impose such rates and charges (imposition of such rates and charges is not, however, required to be effective until completion of construction of the Project), with all requisite appeal periods having expired without successful appeal, and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

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

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

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

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

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Governmental Agency by written notice to the Authority, which written notice shall be given not less than ten (10) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as possible to the designated date and mutually agreeable to the Authority and the Governmental Agency. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Loan Closing." Notwithstanding the foregoing, the Date of Loan Closing shall in no event occur more than ninety (90) days after the date of execution of this Loan Agreement by the Authority or such later date as is agreed to in writing 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 from the Program 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. The Governmental Agency specifically recognizes that the Authority will not purchase the Local Bonds unless and until it has available funds sufficient to purchase all the Local Bonds and that, prior to execution of this Loan Agreement, the Authority may commit to and purchase the revenue bonds of other governmental agencies for which it has sufficient funds available. Additionally, the Governmental Agency recognizes that the Authority will purchase the Local Bonds only with funds from the Program and not with funds from any other loan programs of the Authority.

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 adopted or enacted, contain provisions and covenants in substantially the form as follows, unless the specific provision or covenant is modified or waived by the Authority:

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

(i) to pay Operating Expenses of the System;

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

(iii) to create a renewal and replacement, or similar, fund in an amount equal to two and one-half percent ($2\frac{1}{2}\%$) of the gross revenues from the

System, exclusive of any payments into the Reserve Account, for the purpose of improving or making emergency repairs or replacements to the System or eliminating any deficiencies in the Reserve Account; and

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

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

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by a pledge of either the gross or net revenues of the System, as more fully set forth in the Local Act;

(ii) That the schedule of rates or charges for the services of the System shall be sufficient to provide funds which, along with other revenues of the System, will pay all Operating Expenses and leave a balance each year equal to at least one hundred fifteen percent (115%) of the maximum amount required in any year for debt service on the Local Bonds and all other obligations secured by a lien on or payable from the revenues of the System prior to or on a parity with the Local Bonds or, if the Reserve Account is funded (whether by Local Bond proceeds, monthly deposits or otherwise) at an amount equal to 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 shall complete the Project, shall operate and maintain the System in good condition and, to the extent applicable, in compliance with, among other state and federal standards, the water quality standards established by the West Virginia Bureau for Public Health (the "BPH"), the West Virginia Department of Environmental Protection (the "DEP") and the United States Environmental Protection Agency (the "EPA"), shall permit the BPH, the DEP and 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, and shall, as a condition precedent to the Authority's making the Loan, have obtained, among other permits required, permits from the BPH, the DEP and the EPA, if required;

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

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

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

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

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority, which report shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the Governmental Agency's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

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

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

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

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

(xvi) That, to the full extent permitted by applicable law and the rules and regulations of the PSC, the Governmental Agency shall terminate the services of any water facility owned by it to any customer of the System who is delinquent in payment of charges for services provided by the System and will not restore the services of the water facility until all delinquent charges for the services of the System have been fully paid or, if

the water facility is not owned by the Governmental Agency, then the Governmental Agency shall enter into a termination agreement with the water provider;

(xvii) That, if required by the Authority, the Governmental Agency shall take any and all action, or shall refrain from taking any action regarding the use of the proceeds of the Local Bonds, as shall be deemed necessary by the Authority to maintain the exclusion from gross income for federal income tax purposes of interest on the Authority's bonds;

(xviii) That the Governmental Agency shall provide the Authority with annual financial information and such other information as is necessary for the Authority to meet its ongoing disclosure requirements;

(xix) That the Governmental Agency shall have obtained the certificate of the Consulting Engineers in the form attached hereto as Exhibit A, to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority is sufficient to pay the costs of acquisition and construction of the Project and all permits required by federal and State laws for construction of the Project have been obtained;

(xx) That the West Virginia Municipal Bond Commission (the "Commission") shall serve as paying agent for the Local Bonds;

(xxi) That the Governmental Agency shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required interest, principal and reserve account payment. The Governmental Agency shall complete the Monthly Payment Form, attached hereto as Exhibit D and incorporated herein by reference, and submit a copy of said form along with a copy of the check or electronic transfer to the Authority by the 5th day of such calendar month;

(xxii) That, unless it qualifies for an exception to the provisions of Section 148 of the Internal Revenue Code of 1986, as amended, which exception shall be set forth in an opinion of bond counsel, the Governmental Agency will furnish to the Authority, annually, at such time as it is required to perform its rebate calculations under the Internal Revenue Code of 1986, as amended, a certificate with respect to its rebate calculations and, at any time, any additional information requested by the Authority;

(xxiii) That the Governmental Agency shall furnish to the Authority such information with respect to earnings on all funds constituting "gross

proceeds" of the Local Bonds (as that term is defined in the Internal Revenue Code of 1986, as amended) from time to time as the Authority may request, or, if applicable, the Governmental Agency shall annually furnish to the Authority such information with respect to the Governmental Agency's use of the proceeds of the Local Bonds and any additional information requested by the Authority;

(xxiv) That the Governmental Agency shall obtain the written approval of the Authority before expending any proceeds of the Local Bonds available due to bid/construction/project underruns, including the "contingency" as set forth in the final Schedule A attached to the certificate of the Consulting Engineers;

(xxv) That the Governmental Agency shall list the funding provided by the Authority in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any groundbreaking or dedication of the Project;

(xxvi) That, to the extent required by law, the Governmental Agency shall secure the approval of the Authority and all other state agencies having jurisdiction before applying for federal 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 of West Virginia;

(xxvii) That, as a condition precedent to the Authority's making the Loan, the Governmental Agency shall deliver to the Authority a tax and non-arbitrage certificate or a certificate with respect to the used of proceeds of the Local Bonds satisfactory to the Authority; and

(xxviii) That, unless it qualifies for an exception, the Governmental Agency shall comply with all the requirements of Chapter 21, Article 1C of the Code of West Virginia, 1931, as amended (the "West Virginia Jobs Act") and shall require its contractors and subcontractors to comply with the West Virginia Jobs Act. The Governmental Agency shall provide the Authority with a certificate stating that (I) the Governmental Agency will comply with all the requirements of the West Virginia Jobs Act; (II) the Governmental Agency has included the provisions of the West Virginia Jobs Act in each contract and subcontract for the Project; (III) the Governmental Agency has received or will receive, prior to entering into contracts or subcontracts, from each contractor or subcontractor a certificate demonstrating compliance with Section 4 of the West Virginia Jobs Act or waiver certificates from the West Virginia Division of Labor ("DOL"); and (IV) the Governmental Agency will file with the DOL and the Authority copies of the waiver certificates and certified payrolls or comparable documents that include the number of

employees, the county and state wherein the employees reside and their occupation, following the procedures established by the DOL.

The Governmental Agency hereby represents and warrants that the Local Act has been or shall be duly adopted or enacted 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, validity, sale and delivery of the Local Bonds shall be approved without qualification by recognized bond counsel acceptable to the Authority in substantially the form of legal opinion attached hereto as Exhibit B.

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

4.3 The principal payments of the Loan shall be made by the Commission annually on the days and in the years provided in Schedule X hereto. The interest payments on the Loan shall be made by the Commission semiannually 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 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.

ARTICLE V

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

5.1 The Governmental Agency hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Loan Agreement and the Local Act. The Governmental Agency hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to make the Loan, it has fixed and collected, or will fix and collect, the rates, fees and other charges for the use of the System and will take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Local Act and in compliance with the provisions of Subsections 4.1(a) and 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 required sums set forth in the Local Act and this Loan Agreement, 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 (or where applicable, immediately file with the PSC for a rate increase) and take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Local Act and this Loan Agreement.

5.3 In the event the Governmental Agency defaults in any payment to the Authority pursuant to this Loan Agreement, the amount of such default shall bear interest at the interest rate of the installment of the Loan next due, plus 2%, from the date of the default until the date of the payment thereof. The defaulted interest shall be paid from the first deposits made by the Governmental Agency to the Commission.

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 7 of the Act, including, without limitation, the right to impose, enforce and collect charges 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 the Governmental Agency in the terms and covenants of this Loan Agreement, 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 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 the Act or this 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 Loan.

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

6.5 Notwithstanding Section 6.4, the Authority may at any time, in its sole discretion, cause the rebate calculations prepared by or on behalf of the Governmental Agency to be monitored or cause the rebate calculations for the Governmental Agency to be prepared, in either case at the expense of the Governmental Agency.

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

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

ARTICLE VII

Miscellaneous

7.1 Additional definitions, additional terms and provisions of the Loan and additional covenants and agreements of the Governmental Agency, if any, may be 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 Schedules X and Y shall be attached to this Loan Agreement by the Authority as soon as practicable after the Date of Loan Closing is established and shall be approved by an official action of the 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 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 or such later date as is agreed to in writing 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.

(SEAL)

CITY OF CHARLESTON

By: 

Its: Mayor

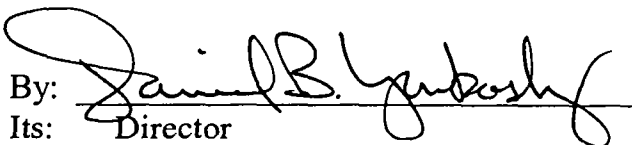
Date: May 5, 2005

Attest:

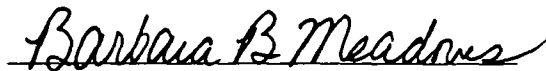

Its: City Clerk

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

By: 
Its: Director
Date: April 28, 2005

Attest:


Its: Secretary-Treasurer

00832/00302
04/28/05

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEERS

(Issuer)

(Name of Bonds)

I, _____, Registered Professional Engineer, West Virginia License No. _____, of _____, Consulting Engineers, _____, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of _____ to the _____ system (the "Project") of _____ (the "Issuer"), to be constructed primarily in _____ County, West Virginia, which acquisition and construction are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer. Capitalized words not defined herein shall have the same meanings set forth in the bond _____ adopted or enacted by the Issuer on _____, and the Loan Agreement by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), dated _____.

2. The Bonds are being issued for the purposes of (i) _____, and (ii) paying certain issuance and other costs in connection therewith.

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by [DEP/BPH/PSC] and any change orders approved by the Issuer and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least _____ years if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the

Schedule A attached hereto as Exhibit A and my firm¹ has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the [DEP/BPH/PSC] and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) as of the effective date thereof,² the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project set forth in the Schedule A attached hereto; and (xi) attached hereto as Exhibit A is the final amended "Schedule A - Final Total Cost of Project, Sources of Funds and Costs of Financing" for the Project.

WITNESS my signature and seal on this ____ day of _____, ____.

[SEAL]

By: _____
West Virginia License No. _____

¹If another responsible party, such as the Issuer's attorney, reviews the insurance and payment bonds, then insert the following: [and in reliance upon the opinion of _____, Esq.] and delete "my firm has ascertained that."

²If the Rule 42 Exhibit and/or rate structure was prepared by an accountant, then insert the following: "In reliance upon the certificate of _____ of even date herewith," at the beginning of (ix).

EXHIBIT B

OPINION OF BOND COUNSEL FOR GOVERNMENTAL AGENCY

[To Be Dated as of Date of Loan Closing]

West Virginia Water Development Authority
180 Association Drive
Charleston, West Virginia 25311

Ladies and Gentlemen:

We are bond counsel to _____ (the
"Governmental Agency"), a _____.

We have examined a certified copy of proceedings and other papers relating to the authorization of (i) a loan agreement dated _____, _____, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated _____, _____ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are issued in the principal amount of \$_____, in the form of one bond, registered as to principal and interest to the Authority, with interest payable semiannually on April 1 and October 1 of each year, commencing _____ 1, _____, at the rate of ____% per annum, and with principal payable annually on October 1 of each year, commencing _____ 1, _____, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

The Local Bonds are issued for the purposes of (i) _____, and
(ii) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the bond _____ duly adopted or enacted by the Governmental Agency on _____, as supplemented by the supplemental resolution duly adopted by the Governmental Agency on _____ (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 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 Governmental Agency and is a valid and binding special obligation of the Governmental Agency, 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 Governmental Agency without the consent of the Authority.

3. The Governmental Agency is a duly organized and validly existing _____, with full power and authority to acquire and construct the Project, to operate and maintain the System, to adopt or enact the Local Act and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.

4. The Local Act and all other necessary orders and resolutions have been legally and effectively adopted or enacted by the Governmental Agency and constitute valid and binding obligations of the Governmental Agency, enforceable against the Governmental Agency in accordance with their terms. 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 have been duly authorized, issued, executed and delivered by the Governmental Agency to the Authority and are valid, legally enforceable and binding special obligations of the Governmental Agency, payable from the net or gross revenues of the System set forth in the Local Act and secured by a first lien on and pledge of the net or gross revenues of the System, all in accordance with the terms of the Local Bonds and the Local Act.

6. The Local Bonds are, by statute, exempt _____, and under existing statutes and court decisions of the United States of America, as presently written and applied, the interest on the Local Bonds is excludable from the gross income of the recipients thereof for federal income tax purposes.

No opinion is given herein as to the effect upon enforceability of the Local Bonds of bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights or in the exercise of judicial discretion in appropriate cases.

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

Very truly yours,

EXHIBIT C

MONTHLY FINANCIAL REPORT

Name of Governmental Agency _____
 Name of Bond Issue(s) _____
 Type of Project _____ Water _____ Wastewater _____
 Fiscal Year _____ Report Month _____

<u>Item</u>	<u>Current Month</u>	<u>Total Year To Date</u>	<u>Budget Year To Date</u>	<u>Budget Year To Date Minus Total Year To Date</u>
1. Gross Revenues	_____	_____	_____	_____
2. Operating Expenses	_____	_____	_____	_____
3. Bond Payments:				
<u>Type of Issue</u>				
Clean Water SRF	_____	_____	_____	_____
Drinking Water TRF	_____	_____	_____	_____
Infrastructure Fund	_____	_____	_____	_____
Water Development	_____	_____	_____	_____
Authority				
Rural Utilities Service	_____	_____	_____	_____
Economic Development	_____	_____	_____	_____
Administration	_____	_____	_____	_____
Other (Identify)	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
4. Renewal and Replacement Fund Deposits	_____	_____	_____	_____

 Name of Person Completing Form

 Address

 Telephone

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

- Item 1 You will need a copy of the current fiscal year budget adopted by the Governmental Agency to complete Items 1 and 2. In Item 1, provide the amount of actual **Gross Revenues** for the current month and the total amount year-to-date in the respective columns. Divide the budgeted annual Gross Revenues by 12. For example, if Gross Revenues of \$1,200 are anticipated to be received for the year, each month the base would be increased by \$100 ($\$1,200/12$). This is the incremental amount for the Budget Year-to-Date column.
- Item 2 Provide the amount of actual **Operating Expenses** for the current month and the total amount year-to-date in the respective columns. Any administrative fee should be included in the Operating Expenses. Divide the budgeted annual Operating Expenses by 12. For example, if Operating Expenses of \$900 are anticipated to be incurred for the year, each month the base would be increased by \$75 ($\$900/12$). This is the incremental amount for the Budget Year-to-Date column.
- Item 3 Provide the **Bond Payments (principal, interest and reserve account)** for all the outstanding bonds of the Governmental Agency according to the source of funding. For example, Clean Water State Revolving Fund loan from Department of Environmental Protection, Drinking Water Treatment Revolving Fund loan from Bureau for Public Health, Infrastructure Fund loan from Infrastructure and Jobs Development Council, or a loan from the Water Development Authority, etc.
- Item 4 Provide the amount deposited into the **Renewal and Replacement Fund** each month. This amount is equal to 2.5% of Gross Revenues minus the total reserve account payments included in Item 3. If Gross Revenues are \$1,200, then \$30 (2.5% of \$1,200), LESS the amount of all reserve account payments in Item 3 should be deposited into the Renewal and Replacement Fund. The money in the Renewal and Replacement Fund should be kept separate and apart from all other funds of the Governmental Agency.

The Governmental Agency must complete the Monthly Financial Report and forward it to the Water Development Authority by the 10th day of each month, commencing on the date contracts are executed for the acquisition or construction of the Project and for two years following the completion of acquisition or construction of the Project.

EXHIBIT D

MONTHLY PAYMENT FORM

West Virginia Water Development Authority
180 Association Drive
Charleston, WV 25311

Re: [Name of bond issue]

Ladies and Gentlemen:

The following deposits were made to the West Virginia Municipal Bond Commission on behalf of [Name of Governmental Agency] on [Date].

Sinking Fund:

Interest \$_____

Principal \$_____

Total: \$_____

Reserve Account: \$_____

Witness my signature this ____ day of _____.

[Name of Governmental Agency]

By: _____
Authorized Officer

Enclosure: copy of check(s)

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds	<u>\$334,771</u>
Purchase Price of Local Bonds	<u>\$334,771</u>

Interest on the Local Bonds is payable on April 1 and October 1 in each year, beginning with the first semiannual interest payment date after delivery of the Local Bonds to the Authority, until the Local Bonds are paid in full, at the rate of 2% per annum. Principal of the Local Bonds is payable on October 1 in each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

The Local Bonds are fully registered in the name of the Authority as to interest and principal and the Local Bonds shall grant the Authority a first lien on the gross or net revenues of the Governmental Agency's system as provided in the Local Act.

As of the date of the Loan Agreement, the Local Bonds are junior and subordinate as to liens, pledge and source of and security for payment with the following obligations of the Governmental Agency:

(1) Sewer Revenue Bonds, Series 1989 A, dated March 21, 1989, issued in the original principal amount of \$1,912,194 (the "Series 1989 A Bonds"); (2) Sewer Revenue Bonds, Series 1989 C, dated November 21, 1989, issued in the original principal amount of \$829,856 (the "Series 1989 C Bonds"); (3) Sewerage System Revenue Bonds, Series 1993 A, dated December 2, 1993, issued in the original principal amount of \$773,237 (the "Series 1993 A Bonds"); (4) Sewerage System Revenue Bonds, Series 1996 A, dated October 9, 1996, issued in the original principal amount of \$2,671,058 (the "Series 1996 A Bonds"); (5) Sewerage System Revenue Bonds, Series 1996 B, dated November 26, 1996, issued in the original principal amount of \$395,299 (the "Series 1996 B Bonds"); (6) Sewerage System Revenue Bonds, Series 1997 A, dated July 22, 1997, issued in the original principal amount of \$732,688 (the "Series 1997 A Bonds"); (7) Sewerage System Revenue Bonds, Series 1997 B, dated October 7, 1997, issued in the original principal amount of \$5,237,584 (the "Series 1997 B Bonds"); (8) Sewerage System Revenue Bonds, Series 1998 A, dated December 10, 1998, issued in the original principal amount of \$994,537 (the "Series 1998 A Bonds"); (9) Sewerage System Revenue Bonds, Series 1999 A, dated June 22, 1999, issued in the original principal amount of \$686,229 (the "Series 1999 A Bonds"); (10) Sewerage System Revenue Bonds, Series 2001 A, dated February 22, 2001, issued in the original principal amount of \$1,111,357 (the "Series 2001 A Bonds"); (11) Sewerage System Revenue Bonds, Series 2001 B, dated May 22, 2001, issued in the original principal amount of \$823,741 (the "Series 2001 B Bonds"); (12) Sewerage System Refunding Revenue Bonds, Series 2002 A, dated December 1, 2002,

issued in the original principal amount of \$1,755,000 (the "Series 2002 A Bonds"); (13) Sewerage System Refunding Revenue Bonds, Series 2002 B, dated December 1, 2002, issued in the original principal amount of \$5,160,000 (the "Series 2002 B Bonds"); (14) Sewerage System Revenue Bonds, Series 2004 A, dated March 23, 2004, issued in the original principal amount of \$9,835,120 (the "Series 2004 A Bonds"); and (15) Sewerage System Revenue Bonds, Series 2005 A, dated May 5, 2005, issued in the original principal amount of \$36,617,310.

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

(1) Supplemental Sewer Revenue Bonds, Series 1989 B, dated March 21, 1989, issued in the original principal amount of \$283,458 (the "Series 1989 B Bonds"); (2) Supplemental Sewer Revenue Bonds, Series 1989 D, dated November 21, 1989, issued in the original principal amount of \$123,015 (the "Series 1989 D Bonds"); (3) Sewerage System Revenue Bonds, Series 1999 B, dated June 22, 1999, issued in the original principal amount of \$132,072 (the "Series 1999 B Bonds"); (4) Sewerage System Revenue Bonds, Series 2001 C, dated May 22, 2001, issued in the original principal amount of \$30,492 (the "Series 2001 C Bonds"); and (5) Sewerage System Revenue Bonds, Series 2005 B-1, dated May 5, 2005, issued in the original principal amount of \$1,822,690.

SCHEDULE Y

\$334,771

City of Charleston
(WDA Supplemental Loan)
Closing Date: May 5, 2005

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
10/01/2005	-	-	2,715.36	2,715.36
04/01/2006	-	-	3,347.71	3,347.71
10/01/2006	13,778.00	2.000%	3,347.71	17,125.71
04/01/2007	-	-	3,209.93	3,209.93
10/01/2007	14,054.00	2.000%	3,209.93	17,263.93
04/01/2008	-	-	3,069.39	3,069.39
10/01/2008	14,335.00	2.000%	3,069.39	17,404.39
04/01/2009	-	-	2,926.04	2,926.04
10/01/2009	14,621.00	2.000%	2,926.04	17,547.04
04/01/2010	-	-	2,779.83	2,779.83
10/01/2010	14,914.00	2.000%	2,779.83	17,693.83
04/01/2011	-	-	2,630.69	2,630.69
10/01/2011	15,212.00	2.000%	2,630.69	17,842.69
04/01/2012	-	-	2,478.57	2,478.57
10/01/2012	15,516.00	2.000%	2,478.57	17,994.57
04/01/2013	-	-	2,323.41	2,323.41
10/01/2013	15,827.00	2.000%	2,323.41	18,150.41
04/01/2014	-	-	2,165.14	2,165.14
10/01/2014	16,143.00	2.000%	2,165.14	18,308.14
04/01/2015	-	-	2,003.71	2,003.71
10/01/2015	16,466.00	2.000%	2,003.71	18,469.71
04/01/2016	-	-	1,839.05	1,839.05
10/01/2016	16,795.00	2.000%	1,839.05	18,634.05
04/01/2017	-	-	1,671.10	1,671.10
10/01/2017	17,131.00	2.000%	1,671.10	18,802.10
04/01/2018	-	-	1,499.79	1,499.79
10/01/2018	17,474.00	2.000%	1,499.79	18,973.79
04/01/2019	-	-	1,325.05	1,325.05
10/01/2019	17,823.00	2.000%	1,325.05	19,148.05
04/01/2020	-	-	1,146.82	1,146.82
10/01/2020	18,180.00	2.000%	1,146.82	19,326.82
04/01/2021	-	-	965.02	965.02
10/01/2021	18,544.00	2.000%	965.02	19,509.02
04/01/2022	-	-	779.58	779.58
10/01/2022	18,914.00	2.000%	779.58	19,693.58
04/01/2023	-	-	590.44	590.44
10/01/2023	19,293.00	2.000%	590.44	19,883.44
04/01/2024	-	-	397.51	397.51
10/01/2024	19,679.00	2.000%	397.51	20,076.51
04/01/2025	-	-	200.72	200.72
10/01/2025	20,072.00	2.000%	200.72	20,272.72
Total	\$334,771.00	-	\$77,414.36	\$412,185.36

SCHEDULE Z

MODIFICATION TO THE LOAN AGREEMENT

The Authority hereby waives the debt service reserve account requirement set forth in Section 4.1(a)(ii) of the Loan Agreement.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23

THE CITY OF CHARLESTON

SEWERAGE SYSTEM

BOND AND NOTE SUPPLEMENTAL ORDINANCE

THE CITY OF CHARLESTON

SEWERAGE SYSTEM
BOND AND NOTE SUPPLEMENTAL ORDINANCE

TABLE OF CONTENTS

PAGE

ARTICLE I

STATUTORY AUTHORITY, DEFINITIONS AND FINDINGS	2
Section 1.01. Authority of this Ordinance	2
Section 1.02. Findings	2
Section 1.03. Ordinance Constitutes Contract	6
Section 1.04. Definitions	6

ARTICLE II

AUTHORIZATION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO SYSTEM; AUTHORIZATION OF THE NOTES	12
Section 2.01. Authorization of Extensions, Additions, Betterments and Improvements	12
Section 2.02. Authorization of the Notes	12
Section 2.03. Security for the Notes	12

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION OF BONDS	13
Section 3.01. Authorization and Terms of Bonds	13
Section 3.02. Execution of Bonds	13
Section 3.03. Authentication and Registration	14
Section 3.04. Negotiability, Transfer and Registration	14
Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost	14
Section 3.06. Bonds not to be Indebtedness of the City	15
Section 3.07. Bonds Secured by Pledge of Net Revenues	15
Section 3.08. Form of Bonds	15
Section 3.09. Sale of Bonds	15
Section 3.10. Bonds are Issued as Parity Bonds	15
Section 3.11. Term Bonds	16
Section 3.12. Notice of Redemption	17
Section 3.13. Persons Treated as Owners	18
Section 3.14. Book Entry System for Bonds Sold to the Underwriters	18

1	Section 3.15 Delivery of Bonds	20
2		
3	ARTICLE IV	
4		
5	APPLICATION OF BOND PROCEEDS; FUNDS AND ACCOUNTS	21
6	Section 4.01. Application of Bond Proceeds	21
7	Section 4.02. Disbursements From the Bond Construction Trust Fund	21
8	Section 4.03. Funds and Accounts; Flow of Funds	22
9	Section 4.04. Investments	23
10		
11	ARTICLE V	
12		
13	DEFAULT AND REMEDIES	24
14	Section 5.01. Events of Default	24
15	Section 5.02. Remedies	24
16	Section 5.03. Appointment of Receiver	24
17		
18	ARTICLE VI	
19		
20	ADDITIONAL COVENANTS OF THE CITY	26
21	Section 6.01. Completion of Project; Permits and Orders	26
22	Section 6.02. Insurance and Construction Bonds	26
23	Section 6.03. Issuance of Other Obligations Payable Out of Revenues	27
24	Section 6.04. Engineering Services and Operating Personnel	27
25	Section 6.05. Compliance With Law	27
26	Section 6.06. Books; Records and Audit	27
27	Section 6.07. Operating Budget	28
28	Section 6.08. Tax Covenants	29
29	Section 6.09. Rebate Covenant	29
30	Section 6.10. Arbitrage	30
31	Section 6.11. Tax Certificate and Rebate	30
32	Section 6.12. Securities Laws Compliance.	31
33	Section 6.13. Defeasance of Bonds	31
34	Section 6.14. Rates and Charges	32
35	Section 6.15. Contracts	33
36	Section 6.16. Covenants Regarding the Municipal Bond Insurance Policy	33
37		
38	ARTICLE VII	
39		
40	REGISTRAR	
41	Section 7.01. Appointment of Registrar	34
42	Section 7.02. Responsibilities of Registrar	34
43	Section 7.03. Evidence on Which Registrar May Act	34
44	Section 7.04. Compensation and Expenses	34
45	Section 7.05. Certain Permitted Acts	34
46	Section 7.06 Resignation of Registrar	34
47	Section 7.07. Removal	35
48	Section 7.08. Appointment of Successor	35

1	Section 7.09. Transfer of Rights and Property to Successor	35
2	Section 7.10. Merger or Consolidation	35
3	Section 7.11. Adoption of Authentication	36
4		
5	ARTICLE VIII	
6		
7	MISCELLANEOUS	37
8	Section 8.01. Modification or Amendment	37
9	Section 8.02. Severability of Invalid Provisions	37
10	Section 8.03. Repeal of Conflicting Ordinances	37
11	Section 8.04. Covenant of Due Procedure	37
12	Section 8.05. Statutory Notice and Public Hearing	37
13	Section 8.06. Effective Date	38
14		
15	EXHIBIT A DESCRIPTION OF PROJECT	A-1
16	EXHIBIT B FORM OF BOND	B-1
17	EXHIBIT C NOTICE OF PUBLIC HEARING AND ABSTRACT OF BOND	
18	ORDINANCE	C-1
19	CERTIFICATE OF TRUTH AND ACCURACY	44

Bill No. _____

Ordinance No. _____

Introduced in Council:

Referred to:

Introduced by:

Passed by Council:

1 A Bill supplementing Ordinance No. 4423 passed by the Council of The City of Charleston,
2 West Virginia, on March 6, 1989, as supplemented by Ordinance No. 4506 passed by the
3 Council on November 6, 1989, by Ordinance No. 4954 passed by the Council on May 3, 1993,
4 by Ordinance No. 6276 passed by the Council on September 3, 1996, by Ordinance No. 6349
5 passed by the Council on June 2, 1997, by Ordinance No. 6532 passed by the Council on
6 November 16, 1998, by Ordinance No. 6544 passed by the Council on February 1, 1999, by
7 Ordinance No. 6670 passed by the Council on February 5, 2001, by Ordinance No. 6777
8 passed by the Council on March 19, 2001, by Ordinance No. 6948 passed by the Council on
9 November 4, 2002, and by Ordinance No. 6977 passed by the Council on May 19, 2003;
10 authorizing the design, acquisition and construction of certain extensions, additions,
11 betterments and improvements to the existing sewerage system of The City of Charleston;
12 authorizing the issuance of not more than \$50,000,000 in aggregate principal amount of
13 Sewerage System Revenue Bonds, in one or more series as designated in a supplemental
14 resolution, of The City of Charleston, the proceeds of which, shall be used, along with other
15 funds and moneys of, or available to, The City of Charleston which may be lawfully expended
16 for such purposes, to permanently finance the cost of such design, acquisition and
17 construction, to fund reserve accounts for such bonds and to pay other costs in connection
18 therewith; authorizing the issuance of not more than \$10,000,000 in aggregate principal
19 amount of Sewerage System Bond Anticipation Notes, to temporarily finance a portion of the
20 cost of such design, acquisition and construction; providing for the rights and remedies of and
21 security for the registered owners of such bonds and notes; and adopting other provisions
22 related thereto.

23
24 Be It Ordained by the Council of The City of Charleston, West Virginia:
25
26
27
28
29
30

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45

ARTICLE I

STATUTORY AUTHORITY, DEFINITIONS AND FINDINGS

Section 1.01. Authority of this Ordinance. This Ordinance is enacted pursuant to the provisions of Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Act"), and other applicable provisions of law, and as a supplement to Ordinance No. 4423 passed by the Council of The City of Charleston (the "Council") on March 6, 1989, as supplemented by Ordinance No. 4506 passed by the Council on November 6, 1989, by Ordinance No. 4954 passed by the Council on May 3, 1993, by Ordinance No. 6276 passed by the Council on September 3, 1996, by Ordinance No. 6349, passed by the Council on June 2, 1997, and by Ordinance No. 6532 passed by the Council on November 16, 1998, by Ordinance No. 6544 passed by the Council on February 1, 1999, by Ordinance No. 6670 passed by the Council on February 5, 2001, by Ordinance No. 6777 passed by the Council on March 19, 2001, by Ordinance No. 6948 passed by the Council on November 4, 2002, and by Ordinance No. 6977 passed by the Council on May 19, 2003 (collectively, the "Prior Ordinances").

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

A. The City of Charleston, West Virginia (the "City" or the "Issuer"), now owns a sewerage system (the "System"), both within and without the corporate limits of the City, consisting of a sewage treatment plant or plants and its collecting, intercepting and outlet sewers, lateral sewers, drains, force mains, conduits, pumping stations and ejector stations and all other appurtenances, extensions, improvements and betterments necessary, appropriate, useful, convenient or incidental for the collection, treatment, purification and disposal in a sanitary manner of liquid and solid waste, sewage and industrial waste.

B. In accordance with Section 2 of the Act, the System is under the supervision and control of the Sanitary Board of the City (the "Sanitary Board").

C. The Sanitary Board has presented a petition to the City for the design, acquisition and construction of certain extensions, additions, betterments and improvements to the System (the "Project") as more fully described on Exhibit A, the enactment of this Ordinance and the issuance of the Sewerage System Revenue Bonds (the "Bonds") and the Sewerage System Bond Anticipation Notes (the "Notes").

D. The estimated maximum cost of design, acquisition and construction of the Project is \$50,000,000, which will be obtained from the proceeds of the Bonds and the Notes herein authorized.

E. The acquisition and construction of the System were financed or refinanced with proceeds of certain obligations of the City, which obligations are designated and have lien positions with respect to the Bonds as follows:

<u>Designation</u>	<u>Lien Position</u>
1. \$1,912,194 Sewer Revenue Bonds, Series 1989 A, dated March 21, 1989 (the "Series 1989 A Bonds").	First Lien
2. \$829,856 Sewer Revenue Bonds, Series 1989 C, dated November 21, 1989 (the "Series 1989 C Bonds").	First Lien
3. \$773,237 Sewerage System Revenue Bonds, 1993 Series A, dated December 2, 1993 (the "Series 1993 A Bonds").	First Lien
4. \$2,671,058 Sewerage System Revenue Bonds, Series 1996 A, dated October 9, 1996 (the "Series 1996 A Bonds").	First Lien
5. \$395,299 Sewerage System Revenue Bonds, Series 1996 B, dated November 26, 1996 (the "Series 1996 B Bonds").	First Lien
6. \$732,688 Sewerage System Revenue Bonds, Series 1997 A, dated July 22, 1997 (the "Series 1997 A Bonds").	First Lien
7. \$5,237,584 Sewerage System Revenue Bonds, Series 1997 B, dated October 7, 1997 (the "Series 1997 B Bonds").	First Lien
8. \$994,537 Sewerage System Revenue Bonds, 1998 Series A, dated December 10, 1998 (the "Series 1998 A Bonds").	First Lien
9. \$686,229 Sewerage System Revenue Bonds, 1999 Series A, dated June 22, 1999 (the "Series 1999 A Bonds").	First Lien
10. \$1,111,357 Sewerage System Revenue Bonds, Series 2001 A, dated February 22, 2001 (the "Series 2001 A Bonds").	First Lien
11. \$823,741 Sewerage System Revenue Bonds, 2001 Series B, dated May 22, 2001 (the "Series 2001 B Bonds").	First Lien

- 1 12. \$1,755,000 Sewerage System Refunding First Lien
2 Revenue Bonds, Series 2002 A, dated
3 December 1, 2002 (the "Series 2002 A Bonds").
4
5 13. \$5,160,000 Sewerage System Refunding First Lien
6 Revenue Bonds, Series 2002 B, dated
7 December 1, 2002 (the "Series 2002 B Bonds").
8
9 14. \$9,835,120 Sewerage System Revenue First Lien
10 Bonds, Series 2004 A, dated March 23,
11 2004 (the "Series 2004 A Bonds").
12
13 15. \$283,458 Supplemental Sewer Revenue Second Lien
14 Bonds, Series 1989 B, dated March 21, 1989
15 (the "Series 1989 B Bonds").
16
17 16. \$123,015 Supplemental Sewer Revenue Second Lien
18 Bonds, Series 1989 D, dated November 21, 1989
19 (the "Series 1989 D Bonds").
20
21 17. \$132,072 Sewerage System Revenue Bonds, Second Lien
22 1999 Series B, dated June 22, 1999
23 (the "Series 1999 B Bonds").
24
25 18. \$30,492 Sewerage System Revenue Bonds, Second Lien
26 2001 Series C, dated May 22, 2001
27 (the "Series 2001 C Bonds").
28

29 The Series 1989 A Bonds, the Series 1989 C Bonds, the Series 1993 A Bonds,
30 the Series 1996 A Bonds, the Series 1996 B Bonds, the Series 1997 A Bonds, the Series 1997
31 B Bonds, the Series 1998 A Bonds, the Series 1999 A Bonds, the Series 2001 A Bonds, the
32 Series 2001 B Bonds, the Series 2002 A Bonds, the Series 2002 B Bonds and the Series 2004
33 A Bonds are collectively referred to as the "First Lien Bonds." The Series 1989 B Bonds, the
34 Series 1989 D Bonds, the Series 1999 B Bonds and the Series 2001 C Bonds are collectively
35 referred to as the "Second Lien Bonds," which are subordinate and junior to the First Lien
36 Bonds and the Bonds. The First Lien Bonds and the Second Lien Bonds are collectively
37 referred to as the "Prior Bonds."
38

39 F. The City derives revenues from the System, and, except for the pledges
40 thereof to secure and pay the Prior Bonds, said revenues are not pledged or encumbered in any
41 manner.
42

43 G. It is necessary and essential to design, acquire and construct the Project,
44 generally described on Exhibit A hereto and incorporated herein by reference, in order to
45 preserve the public health, to be financed through the issuance of the Bonds, in the aggregate

1 principal amount not to exceed \$50,000,000. The period of usefulness of the System after
2 completion of the Project is not less than 40 years.

3
4 H. The estimated revenues to be derived in each year after the enactment of
5 this Ordinance from the operation of the System will be sufficient to pay all Operating
6 Expenses of the System, the principal of and interest on the Prior Bonds and the Bonds and all
7 funds and accounts and other payments provided for in this Ordinance and the Prior
8 Ordinances.

9
10 I. The Bonds and the Certificate of Authentication and Registration to be
11 endorsed thereon are to be in substantially the form set forth in Exhibit B attached hereto and
12 incorporated herein by reference with necessary and appropriate variations, omissions and
13 insertions as permitted or required by this Ordinance or a Supplemental Resolution or as
14 deemed necessary by the Registrar or the City.

15
16 J. All things necessary to make the Bonds, when authenticated by the
17 Registrar and issued as in this Ordinance provided, the valid, binding and legal special
18 obligations of the City according to the import thereof, and to validly pledge and assign those
19 funds pledged hereby to the payment of the principal of and interest on the Bonds, will be
20 timely done and duly performed.

21
22 K. The enactment of this Ordinance, and the execution and issuance of the
23 Bonds, subject to the terms thereof, will not result in any breach of, nor constitute a default
24 under, any instrument to which the City is a party or by which it may be bound or affected.

25
26 L. The City is a governmental unit which has general taxing powers to
27 finance operations of or facilities of the nature of the Project and the System; 95% or more
28 of the Net Proceeds of the Bonds are to be used for local government activities of the City (or
29 of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the City).

30
31 M. It is deemed necessary for the City to issue the Bonds in the aggregate
32 principal amount of not more than \$50,000,000, to permanently finance the costs of design,
33 acquisition and construction of the Project and to issue the Notes in the aggregate principal
34 amount of not more than \$10,000,000, to temporarily finance the costs of design, acquisition
35 and construction of the Project. Such costs shall be deemed to include the cost of all property
36 rights, easements and franchises deemed necessary or convenient therefor; repayment of any
37 interim financing notes; interest on the Bonds prior to and during construction or acquisition
38 and for six months after completion of construction of the Project; engineering and legal
39 expenses; expenses for estimates of cost and revenues; expenses for plans, specifications and
40 surveys; other expenses necessary or incident to determining the feasibility or practicability
41 of the enterprise; administrative expense, any fees or expenses of the Original Purchaser or
42 DEP, commitment fees, discount, initial fees for the service of registrars, paying agents,
43 depositories or trustees or other costs in connection with the sale of the Bonds, and such other
44 expenses as may be necessary or incidental to the financing herein authorized, the construction
45 or acquisition of the Project and the placing of the same in operation, and the performance of

1 the things herein required or permitted, in connection with any thereof; provided, that
2 reimbursement to the City for any amounts expended by it for allowable costs prior to the
3 issuance of the Bonds or the repayment of the indebtedness incurred by the City for such
4 purposes shall be deemed part of the Cost of the Project.

5
6 N. It is in the best interests of the City that the Bonds be sold to the Original
7 Purchaser pursuant to the terms and provisions set forth in the Supplemental Resolution.

8
9 O. Prior to the issuance of the Bonds, the City shall obtain (i) a certificate
10 from an independent certified public accountant stating that the coverage and parity tests of the
11 First Lien Bonds have been met; and (ii) the written consent of the registered owners of the
12 Prior Bonds to the issuance of the Bonds on a parity with the First Lien Bonds and senior and
13 prior to the Second Lien Bonds. The Bonds shall be issued with a lien on the Net Revenues on
14 a parity with the lien held by the registered owners of the First Lien Bonds, but the lien of the
15 Bonds shall be senior and superior to the lien of the registered owners of the Second Lien
16 Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the
17 City which are secured by revenues or assets of the System.

18
19 The Notes shall be issued junior and subordinate to the Bonds and the Prior
20 Bonds with respect to liens, pledge and source of and security for payment and in all other
21 respects. The Notes shall be payable solely from and secured by the proceeds of the Bonds
22 to be sold to the Authority on behalf of the SRF Program or any other WDA Program.

23
24 P. The City has complied with all requirements of West Virginia law relating
25 to the authorization of the design, acquisition, construction and operation of Project and the
26 System and issuance of the Bonds and the Notes, or will have so complied prior to the issuance
27 of any thereof, including, among other things, the obtaining of a Certificate of Convenience
28 and Necessity, if required, from the Public Service Commission of West Virginia by final
29 order not subject to appeal or rehearing.

30
31 Q. The City will not permit, at any time, any of the proceeds of the Bonds
32 or any other funds of the City to be used directly or indirectly in a manner which would result
33 in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Code.

34
35 R. The Project has been approved by the West Virginia Infrastructure and
36 Jobs Development Council as required under Chapter 31, Article 15A of the Code of West
37 Virginia, 1931, as amended.

38
39 Section 1.03. Ordinance Constitutes Contract. In consideration of the
40 acceptance of the Bonds authorized to be issued hereunder by those who shall own the same
41 from time to time, this Ordinance shall be deemed to be and shall constitute a contract between
42 the City and such Registered Owners, and the covenants and agreements herein set forth to be
43 performed by the City shall be for the equal benefit, protection and security of the Registered
44 Owners of any and all of such Bonds issued hereunder, all of which shall be of equal rank and

1 without preference, priority or distinction between any one Bond and any other Bond by reason
2 of priority of issuance or otherwise, except as expressly provided therein and herein.

3
4 Section 1.04. Definitions. Except as provided below, terms used in this
5 Supplemental Ordinance have the meanings set forth in the Prior Ordinances, as supplemented
6 by this Supplemental Ordinance, unless the context expressly requires otherwise.

7
8 "Act" shall mean Chapter 16, Article 13 of the Code of West Virginia, 1931, as
9 amended and in effect on the date of enactment of this Ordinance.

10
11 "Authority" shall mean the West Virginia Water Development Authority, which
12 may be one of the original purchasers and Registered Owners of the Bonds and the Notes on
13 behalf of the SRF Program and the WDA Program, or any other agency of the State of West
14 Virginia that succeeds to the function of the Authority.

15
16 "Bond Counsel" shall mean any law firm having a national reputation in the field
17 of municipal law whose opinions are generally accepted by purchasers of municipal bonds,
18 appointed by the City or the Sanitary Board, and shall initially mean Jackson Kelly PLLC,
19 Charleston, West Virginia.

20
21 "Bond Insurer" shall mean any entity which shall insure all or any portion of
22 the payment of principal of and interest on the Bonds and which shall be designated as such in
23 the Supplemental Resolution, and in the event no such entity is so designated, all references
24 in this Ordinance to the Bond Insurer shall be null and void and have no force and effect.

25
26 "Bond Register" shall mean the books of the City maintained by the Registrar for
27 the registration and transfer of the Bonds.

28
29 "Bond Year" shall mean the 12-month period beginning on the anniversary of the
30 Closing Date in each year and ending on the day prior to the anniversary date of the Closing
31 Date in the following year except that the first Bond Year shall begin on the Closing Date.

32
33 "Bondholder" or "Holder of the Bonds" or "Owner of the Bonds" or "Registered
34 Owner" or any similar term shall mean any person who shall be the Registered Owner of any
35 Outstanding Bond as hereinafter defined.

36
37 "Bonds" shall mean the not more than \$50,000,000 in aggregate principal
38 amount of Sewerage System Revenue Bonds of the City, authorized by this Ordinance to be
39 issued in one or more series as designated in the Supplemental Resolution.

40
41 "Bonds Construction Trust Fund" shall mean the Bonds Construction Trust Fund
42 created by Section 4.01 D hereof.

43
44 "City Clerk" shall mean the City Clerk of the City.

1 "Closing Date" shall mean the date or dates upon which there is an exchange of
2 the Bonds and the Notes for all or a portion of the proceeds of the Bonds and the Notes from
3 the Original Purchaser.

4
5 "Code" shall mean the Internal Revenue Code of 1986, as amended, and the
6 Regulations.

7
8 "Commission" shall mean the West Virginia Municipal Bond Commission or any
9 other agency of the State of West Virginia which succeeds to the functions of the
10 Commission.

11
12 "Completion Date" shall mean the completion date of the Project as defined in
13 the SRF Regulations.

14
15 "Consulting Engineers" shall mean HNTB Corporation, Scott Depot, West
16 Virginia, or any engineer or firm of engineers, licensed by the State, which shall at any time
17 hereafter be retained by the City as Consulting Engineers for the System in accordance with
18 Chapter 5G, Article 1 of the Code of West Virginia, 1931, as amended.

19
20 "Costs of the Project" shall mean those costs described in Section 1.02(M)
21 hereof to be a part of the cost of the design, acquisition and construction of the Project.

22
23 "Council" or "City Council" shall mean the Council of the City.

24
25 "DEP" shall mean the West Virginia Department of Environmental Protection
26 or any other agency of the State of West Virginia that succeeds to the function of the DEP.

27
28 "Depository Bank" shall mean the bank or banks to be designated as such in the
29 Supplemental Resolution, and its successors and assigns.

30
31 "DTC" shall mean The Depository Trust Company, New York, New York.

32
33 "Fiscal Year" shall mean each twelve month period beginning on July 1 and ending
34 on the succeeding June 30.

35
36 "Independent Accountants" or "Independent Certified Public Accountants" shall
37 mean any firm of certified public accountants which shall be retained by the City as
38 independent accountants for the System.

39
40 "Loan Agreement" shall mean, collectively, the Loan Agreement by and between
41 the Authority and the City and the Loan Agreement by and among the Authority, the DEP and
42 the City, providing for the purchase of all or a part of the Bonds from the City by the Authority,
43 the forms of which are attached as exhibits in the Supplemental Resolution.

44
45 "Mayor" shall mean the Mayor of the City.

1 "Municipal Bond Insurance Policy" shall mean the municipal bond insurance
2 policy, if any, issued by the Bond Insurer simultaneously with the delivery of the Bonds,
3 insuring the payment of the principal of and interest on all or any of the Bonds in accordance
4 with the terms thereof.

5
6 "Ordinance" shall mean the Prior Ordinances, as previously defined, as
7 supplemented by this Supplemental Ordinance and as further amended or supplemented.
8 Unless the context clearly requires a different meaning, reference to "this Ordinance" in the
9 Prior Ordinances shall mean the Ordinance.

10
11 "Original Purchaser" shall mean, collectively, either the Authority and/or the
12 Underwriter which are expected to be the purchasers of the Bonds and/or the Notes directly
13 from the City, as determined by a resolution supplemental hereto.

14
15 "Outstanding" when used with reference to Bonds, as of any particular date,
16 describes all such Bonds theretofore and thereupon being authenticated and delivered, except
17 (i) any such Bond canceled by the Registrar, at or prior to said date; (ii) any such Bond for the
18 payment of which moneys, equal to its principal amount, with interest to the date of maturity
19 of any such Bond, shall be in trust hereunder and set aside for such payment (whether upon or
20 prior to maturity); (iii) any such Bond deemed to have been paid as provided in Section 6.13
21 hereof; and (iv) for purposes of consents or other action by a specified percentage of
22 Bondholders, any such Bond registered to the City.

23
24 "Paying Agent" shall mean the West Virginia Municipal Bond Commission or
25 other entity designated as such for the Bonds in the Supplemental Resolution.

26
27 "Private Business Use" shall mean use (directly or indirectly) in a trade or
28 business carried on by any person other than a governmental unit; provided that, use as a
29 member of the general public shall not be taken into account, all as determined by the Code.

30
31 "Project" shall mean the extensions, additions, betterments and improvements
32 to the existing sewerage system of the City described in Exhibit A attached hereto.

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

1 “Rebate Fund” shall mean the Rebate Fund created by Section 6.11 hereof.

2
3 “Redemption Account” shall mean the Redemption Account for the Bonds
4 created by Section 4.03 hereof.

5
6 “Redemption Date” shall mean, collectively, the dates fixed for the redemption
7 of the Bonds called for redemption.

8
9 “Redemption Price” shall mean, collectively, the prices at which the Bonds may
10 be called for redemption and includes the principal amount of the Bonds to be redeemed, plus
11 the interest and premium, if any, required to be paid to effect such redemption.

12
13 “Registrar” shall mean the entity named as such in the Supplemental Resolution.

14
15 “Regulations” shall mean the temporary and permanent regulations promulgated
16 under the Code.

17
18 “Reserve Account” shall mean, collectively, one or more reserve accounts for
19 the Bonds created by Section 4.03 hereof.

20
21 “Reserve Accounts” shall mean, collectively, the respective Reserve Accounts
22 created for the Prior Bonds and the Bonds.

23
24 “Reserve Requirement” shall mean, as of any date of calculation, the lesser of
25 (i) 10% of the original stated principal amount of the Bonds; (ii) the maximum amount of
26 principal and interest which will become due on the Bonds in any year; or (iii) 125% of the
27 average amount of principal and interest which will become due on the Bonds.

28
29 “Sinking Fund” shall mean, collectively, one or more Sinking Funds for the
30 Bonds created by Section 4.03 hereof.

31
32 “Sinking Funds” shall mean, collectively, the respective Sinking Funds created
33 for the Prior Bonds and the Bonds.

34
35 “SRF Program” shall mean the West Virginia Water Pollution Control
36 Revolving Fund Program, under which the Authority purchases the water pollution control
37 revenue bonds of local governmental entities satisfying certain legal and other requirements
38 with the proceeds of a capitalization grant award from the United States Environmental
39 Protection Agency and funds of the State.

40
41 “SRF Regulations” shall mean the regulations set forth in Title 47, Series 31 of
42 the West Virginia Code of State Regulations.

43
44 “State” shall mean the State of West Virginia.

1 "Supplemental Ordinance" or "this Ordinance" shall mean this ordinance as
2 hereafter amended or supplemented.

3
4 "Supplemental Resolution" shall mean any resolution, ordinance or order of the
5 City supplementing or amending this Ordinance and, when preceded by the article "the", refers
6 specifically to the supplemental resolutions authorizing the sale of one or more series of the
7 Bonds or the Notes; provided, that any matter intended by this Ordinance to be included in the
8 Supplemental Resolution with respect to the Bonds or the Notes and not so included may be
9 included in another Supplemental Resolution.

10
11 "Surplus Revenues" shall mean the Net Revenues not required by the Prior
12 Ordinances and this Ordinance, as supplemented and amended, to be set aside and held in,
13 including but not limited to, any sinking funds, reserve accounts and renewal and replacement
14 funds.

15
16 "System" shall mean the complete existing sewerage system now owned by the
17 City and managed by the Sanitary Board, consisting of a sewerage treatment and collection
18 system, and shall include any extensions, additions, betterments and improvements thereto,
19 including the Project, hereafter acquired or constructed for the sewerage system from any
20 sources whatsoever, both within and without the City.

21
22 "Term Bonds" shall mean the Bonds subject to mandatory sinking fund
23 redemption as described in Section 3.12 hereof.

24
25 "Underwriter" shall mean one or more underwriting firms designated as such in
26 the Supplemental Resolution.

27
28 "WDA Program" shall mean the Authority's loan program, under which the
29 Authority purchases the water development revenue bonds of local governmental entities
30 satisfying certain legal and other requirements with the proceeds of the water development
31 revenue bonds of the Authority.

32
33 Words importing singular number shall include the plural number in each case
34 and vice versa, and words importing persons shall include firms and corporations. Words
35 importing the masculine gender include all other genders.

36
37 Additional terms and phrases are defined in this Ordinance as they are used.
38 Accounting terms not specifically defined herein shall be given meaning in accordance with
39 general accepted accounting principles.

40
41 The terms "herein", "hereunder", "hereby", "hereto", "hereof" and any similar terms
42 refer to this Ordinance; and the term "hereafter" means after the date of the enactment of this
43 Ordinance.

44
45 Articles, sections and subsections mentioned by number only are the respective
46 articles, sections and subsections of this Ordinance so numbered.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38

ARTICLE II

AUTHORIZATION OF EXTENSIONS, ADDITIONS,
BETTERMENTS AND IMPROVEMENTS TO SYSTEM;
AUTHORIZATION OF THE NOTES

Section 2.01. Authorization of Extensions, Additions, Betterments and Improvements. There is hereby authorized and ordered the design, acquisition and construction of the Project at an estimated cost of not to exceed \$50,000,000, in accordance with plans and specifications prepared by the Consulting Engineers, approved by the DEP and the City, and on file in the office of the Sanitary Board.

The City has received bids and will enter into contracts for the design, acquisition and construction of the Project which are in an amount and otherwise compatible with the financing plan submitted to the Original Purchaser.

Section 2.02. Authorization of the Notes. To provide funds for a portion of the cost of design, acquisition and construction of the Project, subject to the receipt of a commitment from the SRF Program, there shall be and hereby are authorized to be issued "Sewerage System Bond Anticipation Notes," of the City in an aggregate principal amount of not to exceed \$10,000,000. The exact amount and terms of the Notes shall be approved by the Council of the City in a resolution supplemental hereto. The text of the Notes shall be in substantially the form set forth in a resolution supplemental hereto.

Section 2.03. Security for the Notes. The principal of and interest on the Notes shall be payable solely from and secured by the proceeds of the Bonds to be sold to the Authority on behalf of the SRF Program or any other WDA Program. The Notes shall not, in any event, be or constitute a corporate indebtedness of the City within the meaning of any statutory or constitutional limitations, but shall be payable solely from the proceeds of the Bonds to be sold to the Authority on behalf of the SRF Program or any other WDA Program. No Owner of the Notes shall ever have the right to compel the exercise of the taxing power of the City to pay the Notes or any interest thereon.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION
AND REGISTRATION OF BONDS

Section 3.01. Authorization and Terms of Bonds. For the purposes of capitalizing interest on the Bonds, funding the Reserve Account for the Bonds, paying Costs of the Project not otherwise provided for, paying costs of issuance of the Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the Bonds of the City. The Bonds shall be issued in one or more series as set forth in the Supplemental Resolution, designated as "Sewerage System Revenue Bonds", in an aggregate principal amount of not more than \$50,000,000. The Bonds shall be issued in such principal amounts, shall have the series designation, shall be dated as of the date of delivery thereof, shall bear interest at such rate or rates, not exceeding the then legal maximum rate, and shall mature at such times and in such amounts as shall be set forth in the Supplemental Resolution. The repayment of principal, interest and the SRF Administrative Fee, if any, on the Bonds shall be as set forth in the Supplemental Resolution. The Bonds shall contain such other terms, provisions, conditions and limitations, all as provided by this Ordinance and as the Council of the City shall prescribe by resolution (or by supplemental or amendatory ordinance of said Council as said Council shall determine) adopted in connection with the sale of such Bonds.

The Bonds shall be payable as to principal at the office of the Paying Agent in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Bonds shall be paid by check or draft mailed to the registered owner thereof at the address as it appears on the books of the Bond Registrar.

Each series of Bonds shall be issued in fully registered form, in such denominations and shall have such terms as set forth in the Supplemental Resolution. The Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bonds in aggregate principal amount equal to the amount of the Bonds then Outstanding, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of the Bonds.

Section 3.02. Execution of Bonds. The Bonds shall be executed in the name of the City by the Mayor and attested by the City Clerk, and the seal of the City shall be affixed thereto or imprinted thereon. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the City before the Bonds so signed and sealed have been sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the City by such person as, at the actual time of the execution of such Bonds, shall hold the proper office in the City, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

1 Section 3.03. Authentication and Registration. No Bond shall be valid or
2 obligatory for any purpose or entitled to any security or benefit under this Ordinance unless
3 and until the Certificate of Authentication and Registration on such Bond, substantially in the
4 form set forth in Exhibit B, shall have been duly manually executed by the Registrar. Any such
5 executed Certificate of Authentication and Registration upon any such Bond shall be
6 conclusive evidence that such Bond has been authenticated, registered and delivered under this
7 Ordinance. The Certificate of Authentication and Registration on any Bond shall be deemed
8 to have been executed by the Registrar if manually signed by an authorized officer of the
9 Registrar, but it shall not be necessary that the same officer sign the Certificate of
10 Authentication and Registration on all of the Bonds issued hereunder.

11
12 Section 3.04. Negotiability, Transfer and Registration. Subject to the provisions
13 for transfer of registration set forth below, the Bonds shall be, and have all of the qualities and
14 incidents of negotiable instruments under the Uniform Commercial Code of the State of West
15 Virginia, and each successive Registered Owner, in accepting any of said Bonds shall be
16 conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and
17 incidents of negotiable instruments under the Uniform Commercial Code of the State of West
18 Virginia, and each successive Registered Owner shall further be conclusively deemed to have
19 agreed that said Bonds shall be incontestable in the hands of a bona fide owner for value.

20
21 So long as any of the Bonds remain Outstanding, the City, through the Registrar,
22 shall keep and maintain books for the registration and transfer of the Bonds.

23
24 Bonds shall be transferable only upon the books of the Registrar, by the
25 Registered Owner thereof in person or by the Registered Owner's attorney duly authorized in
26 writing, upon surrender thereto, together with a written instrument of transfer satisfactory to
27 the Registrar, duly executed by the Registered Owner or the Registered Owner's duly
28 authorized attorney.

29
30 In all cases in which the privilege of exchanging Bonds or transferring Bonds is
31 exercised, Bonds shall be delivered in accordance with the provisions of this Ordinance. All
32 Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the
33 Registrar. For every such exchange or transfer of Bonds, the Registrar may make a charge
34 sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with
35 respect to such exchange or transfer and the cost of preparing each new Bond upon each
36 exchange or transfer, and any other expenses of the Registrar incurred in connection therewith,
37 which sum or sums shall be paid by the City. The Registrar shall not be obliged to make any
38 such exchange or transfer of Bonds during the 15 days preceding an interest payment date on
39 the Bonds, or, in the case of any proposed redemption of Bonds, next preceding the date of the
40 selection of Bonds to be redeemed.

41
42 Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond
43 shall become mutilated or be destroyed, stolen or lost, the City may, in its discretion, issue
44 and deliver a new Bond in exchange and substitution for such mutilated Bond, upon surrender
45 and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed,
46 stolen or lost, and upon the Registered Owner's furnishing the City proof of ownership thereof

1 and satisfactory indemnity and complying with such other reasonable regulations and
2 conditions as the City may prescribe and paying such expenses as the City may incur and the
3 Registrar shall authenticate the new Bond. All Bonds so surrendered shall be canceled by the
4 Registrar and held for the account of the City. If such Bond shall have matured or be about to
5 mature, instead of issuing a substitute Bond, the City may pay the same, upon being
6 indemnified as aforesaid, and, if such Bond be lost, stolen, or destroyed, without surrender
7 therefor.
8

9 Any such duplicate Bonds issued pursuant to this Section shall constitute
10 original, additional contractual obligations on the part of the City, whether or not the lost,
11 stolen or destroyed Bonds be at any time found by anyone, and such duplicate Bonds shall be
12 entitled to equal and proportionate benefits and rights as to lien and source of security for
13 payment from the revenues pledged herein with all other Bonds issued hereunder.
14

15 Section 3.06. Bonds not to be Indebtedness of the City. The Bonds shall not,
16 in any event, be or constitute a corporate indebtedness of the City within the meaning of any
17 statutory or constitutional limitations, but shall be payable solely from the Net Revenues
18 derived from the operation of the System as herein provided on a parity with the First Lien
19 Bonds but senior and superior to the Second Lien Bonds. No Registered Owner of the Bonds
20 shall ever have the right to compel the exercise of the taxing power of the City to pay the
21 Bonds or any interest thereon.
22

23 Section 3.07. Bonds Secured by Pledge of Net Revenues. The payment of the
24 debt service of all the Bonds shall be secured forthwith equally and ratably with each other by
25 a first lien on the Net Revenues derived from the System on a parity with the First Lien Bonds
26 but senior and superior to the Second Lien Bonds. Such Net Revenues in an amount sufficient
27 to pay the principal of and interest on and other payments for the Bonds and the Prior Bonds
28 and to make the payments into the sinking funds and the reserve accounts therein and in the
29 Renewal and Replacement Fund established herein or in the Prior Ordinances are hereby
30 irrevocably pledged to the payment of the principal of and any interest on the Bonds and the
31 Prior Bonds as the same become due.
32

33 Section 3.08. Form of Bonds. The text of the Bonds shall be substantially as
34 set forth in Exhibit B, with such omissions, insertions and variations as may be necessary and
35 desirable and authorized or permitted by this Ordinance or any subsequent resolution or
36 ordinance adopted or enacted prior to the issuance thereof.
37

38 Section 3.09. Sale of Bonds. The Bonds shall be sold pursuant to the terms and
39 conditions of a loan agreement or bond purchase agreement as set forth in a resolution
40 supplemental hereto.
41

42 Section 3.10. Bonds are Issued as Parity Bonds. The Bonds are issued as and
43 shall constitute additional Parity Bonds in accordance with the Prior Ordinances. Prior to the
44 issuance of the Bonds, the following must occur:
45

1 A. The City must receive the written consent of the Authority for the
2 issuance of parity bonds.

3
4 B. The coverage and parity requirements of the Prior Ordinances must be
5 satisfied.

6
7 C. Unless waived in writing by the Authority, the City or the Sanitary Board
8 must enter into written contracts for the immediate design, acquisition or construction of the
9 Project not later than simultaneously with the delivery of the Bonds.

10
11 D. The Bonds shall not be issued unless all the payments into the respective
12 funds and accounts provided for in the Prior Ordinances on account of the Prior Bonds and any
13 other payments provided for in the Prior Ordinances, shall have been made in full as required
14 to the date of delivery of the Bonds.

15
16 Section 3.11. Term Bonds. In the event Term Bonds are issued pursuant to this
17 Ordinance, the following provisions shall apply:

18
19 A. The amounts to be deposited, apportioned and set apart by the City from
20 the Revenue Fund and into the Redemption Account for the Bonds in accordance with
21 Section 4.03 hereof shall include (after credit as provided below) on the first of each month,
22 beginning on the first day of that month which is 12 months prior to the first mandatory
23 Redemption Date of said Term Bonds, a sum equal to 1/12th of the amount required to redeem
24 the principal amount of such Term Bonds which are to be redeemed as of the next ensuing
25 mandatory Redemption Date, which amounts and dates, if any, with respect to a series of Bonds
26 shall be set forth in the Supplemental Resolution relating thereto.

27
28 B. At its option, to be exercised on or before the 60th day next preceding
29 any such mandatory Redemption Date, the City may (a) deliver to the Registrar for cancellation
30 such Term Bonds in any aggregate principal amount desired or (b) receive a credit in respect
31 of its mandatory redemption obligation for any such Term Bonds which prior to said date have
32 been redeemed (otherwise than pursuant to this section) and canceled by the Registrar and not
33 theretofore applied as a credit against any such mandatory redemption obligation. Each Term
34 Bond so delivered or previously redeemed shall be credited by the Registrar at 100% of the
35 principal amount thereof against the obligation of the City on such mandatory Redemption
36 Date, and Term Bonds delivered in excess of such mandatory redemption obligation shall be
37 credited against future mandatory redemption obligations in the order directed by the City, and
38 the principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund
39 redemption shall be accordingly reduced.

40
41 C. The City shall on or before the 60th day next preceding each mandatory
42 Redemption Date furnish the Registrar and the Commission with its certificate indicating
43 whether and to what extent the provisions of (a) and (b) of the preceding paragraph are to be
44 utilized with respect to such mandatory redemption payment and stating, in the case of the
45 credit provided for in (b) of the preceding paragraph, that such credit has not theretofore been
46 applied against any mandatory redemption obligation.

1 D. After said 60th day but prior to the date on which the Registrar selects
2 the Term Bonds to be redeemed, the Bond Commission may use the moneys in the
3 Redemption Account for the Bonds to purchase Term Bonds at a price less than the par value
4 thereof and accrued interest thereon. The Bond Commission shall advise the City and the
5 Registrar of any Term Bonds so purchased, and they shall be credited by the Registrar at 100%
6 of the principal amount thereof against the obligation of the City on such mandatory
7 Redemption Date, and any excess shall be credited against future mandatory redemption
8 obligations in the order directed by the City, and the principal amount of such Term Bonds to
9 be redeemed pursuant to mandatory sinking fund redemption shall be accordingly reduced.

10
11 E. The Registrar shall call for redemption, in the manner provided herein,
12 an aggregate principal amount of such Term Bonds, at the principal amount thereof plus
13 interest accrued to the Redemption Date (interest to be paid from the Sinking Funds of the
14 Bonds), as will exhaust as nearly as practicable the Redemption Account payment designated
15 to be made in accordance with paragraph (A) of this section. Such redemption shall be by
16 random selection made on the 45th day preceding the mandatory Redemption Date, in such
17 manner as may be determined by the Registrar. For purposes of this section, "Term Bonds"
18 shall include any portion of a fully registered Term Bond, in integrals of \$5,000.

19
20 Section 3.12. Notice of Redemption. Unless waived by any Registered Owner
21 of the Bonds to be redeemed, official notice of any redemption shall be given by the Registrar
22 on behalf of the City by mailing a copy of an official redemption notice by registered or
23 certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption
24 to the Bond Insurer, if any, the Original Purchaser and the Registered Owner of the Bond or
25 Bonds to be redeemed at the address shown on the Bond Register or at such other address as
26 is furnished in writing by such Registered Owner to the Bond Registrar.

27
28 So long as DTC (as CEDE & CO.) is the Registered Owner of the Bonds, the
29 Registrar shall send all notices of redemption to DTC and shall verify that DTC has received
30 notice. Copies of all redemption notices relating to optional redemption of the Bonds shall
31 also be sent to registered securities depositories.

32
33 All official notices of redemption shall be dated and shall state:

34
35 (1) The Redemption Date,

36
37 (2) The Redemption Price,

38
39 (3) If less than all outstanding Bonds are to be redeemed, the identification
40 (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be
41 redeemed,

42
43 (4) That on the Redemption Date the Redemption Price and interest accrued
44 will become due and payable upon each such Bond or portion thereof called for redemption,
45 and that interest thereon shall cease to accrue from and after said date,
46

(5) The place where such Bonds are to be surrendered for payment of the Redemption Price, which place of payment shall be the principal office of the Paying Agent, and

(6) Such other information, if any, as shall be required for DTC-eligible Bonds.

If funds sufficient to redeem all Bonds called for optional redemption have not been deposited with the Paying Agent at the time of mailing any notice of optional redemption, such notice shall also state that such optional redemption is subject to the deposit of such moneys with the Paying Agent on or before the Redemption Date. If such moneys are not so deposited, the Registrar shall notify all Registered Owners of such Bonds called for redemption of such fact.

Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the City shall default in the payment of the Redemption Price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Paying Agent at the Redemption Price. Installments of interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the Registered Owner a new Bond or Bonds of the same maturity in the amount of the unredeemed principal of such Bond. All Bonds which have been redeemed shall be canceled and destroyed by the Registrar and shall not be reissued.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of Bonds, and failure to mail or otherwise send such notice shall not affect the validity of proceedings for the redemption of any portion of Bonds for which there was no such failure.

Section 3.13. Persons Treated as Owners. The City, the Registrar, the Paying Agent and any agent of the City, the Registrar or the Paying Agent may treat the person in whose name any Bond is registered as the Registered 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 3.14. Book Entry System for Bonds Sold to the Underwriter. A. Each series of the Bonds sold to the Underwriter shall initially be issued in the form of one fully-registered bond for the aggregate principal amount of the Bonds of each maturity, registered in the name of CEDE & CO., as nominee of DTC. Except as provided in paragraph E below, all of the Bonds shall be registered in the registration books kept by the Registrar in the name of CEDE & CO., as nominee of DTC; provided that if DTC shall request that the Bonds be registered in the name of a different nominee, the Registrar shall exchange all or any portion of the Bonds registered in the name of such nominee or nominees. No person other than DTC or its nominee shall be entitled to receive from the City or the Registrar either a

1 Bond or any other evidence of ownership of the Bonds, or any right to receive any payment in
2 respect thereof unless DTC or its nominee shall transfer record ownership of all or any portion
3 of the Bonds on the registration books maintained by the Registrar, in connection with
4 discontinuing the book entry system as provided in paragraph E below.
5

6 B. At or prior to settlement for the Bonds, the City and the Registrar shall
7 execute or signify their approval of a representation letter addressed to DTC in a form
8 satisfactory to DTC (the "Representation Letter"). Any successor Registrar shall, in its written
9 acceptance of its duties under this Ordinance, agree to take any actions necessary from time
10 to time to comply with the requirements of the Representation Letter.
11

12 C. So long as the Bonds or any portion thereof are registered in the name
13 of DTC or any nominee thereof, all payments of the principal or Redemption Price of or
14 interest on such Bonds shall be made to DTC or its nominee at the addresses set forth in the
15 Representation Letter in New York Clearing House or equivalent next day funds on the dates
16 provided for such payments to be made to any Registered Owner under this Ordinance. Each
17 such payment to DTC or its nominee shall be valid and effective to fully discharge all liability
18 of the City and the Registrar with respect to the principal or Redemption Price of or interest
19 on the Bonds to the extent of the sum or sums so paid. In the event of the redemption of less
20 than all of the Bonds Outstanding of any maturity, the Registrar shall not require surrender by
21 DTC of the Bonds so redeemed, but DTC may return such Bonds and make an appropriate
22 notation on the Bond certificate as to the amount of such partial redemption; provided that
23 DTC shall deliver to the Registrar, upon request, a written confirmation of such partial
24 redemption. The records maintained by the Registrar shall be conclusive as to the amount of
25 the Bonds of such maturity which have been redeemed.
26

27 D. The City, the Paying Agent and the Registrar may treat DTC as the sole
28 and exclusive owner of the Bonds registered in its name or the name of its nominee for the
29 purposes of payment of the principal or Redemption Price of or interest on the Bonds,
30 selecting the Bonds or portions thereof to be redeemed, giving any notice permitted or
31 required to be given to the Registered Owners under this Ordinance, registering the transfer
32 of Bonds, obtaining any consent or other action to be taken by the Registered Owners and for
33 all other purposes whatsoever; and neither the City nor the Registrar shall be affected by any
34 notice to the contrary. Neither the City nor the Registrar shall have any responsibility or
35 obligation to any direct or indirect participant in DTC, any person claiming a beneficial
36 ownership interest in the Bonds under or through DTC or any such participant, or any other
37 person which is not shown on the registration books of the Registrar as being a Registered
38 Owner with respect to (i) the Bonds, (ii) the accuracy of any records maintained by DTC or any
39 such participant, (iii) the payment by DTC or any such participant of any amount in respect of
40 the principal or Redemption Price of or interest on the Bonds, (iv) any notice which is
41 permitted or required to be given to the Registered Owners under this Ordinance, (v) the
42 selection by DTC or any such participant of any person to receive payment in the event of a
43 partial redemption of the Bonds or (vi) any consent given or other action taken by DTC as
44 Registered Owner.
45

1 E. The book entry system for registration of the ownership of the Bonds may
2 be discontinued at any time if either: (i) DTC determines to resign as securities depository
3 for the Bonds; or (ii) the City determines that continuation of the system of book entry
4 transfers through DTC (or through a successor securities depository) is not in the best interest
5 of the beneficial owners of the Bonds. In either of such events (unless in the case described
6 in clause (ii) above, the City appoints a successor securities depository), the Bonds shall be
7 delivered in registered certificate form to such persons, and in such maturities and principal
8 amounts, as may be designated by DTC, but without any liability on the part of the City or the
9 Registrar for the accuracy of such designation. Whenever DTC requests the City and the
10 Registrar to do so, the City and the Registrar shall cooperate with DTC in taking appropriate
11 action after reasonable notice to arrange for another securities depository to maintain custody
12 of certificates evidencing the Bonds.
13

14 Section 3.15. Delivery of Bonds. The City shall execute and deliver the Bonds
15 to the Registrar, and the Registrar shall authenticate, register and deliver the Bonds to the
16 Original Purchaser upon receipt of the documents set forth below:
17

18 (A) A request and authorization to the Registrar on behalf of the City,
19 signed by an Authorized Officer, to authenticate and deliver the Bonds to the Original
20 Purchaser;
21

22 (B) Copies of this Ordinance and the Supplemental Resolution certified by
23 the City Clerk; and
24

25 (C) The unqualified approving opinion of Bond Counsel regarding the
26 Bonds.
27
28

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45

ARTICLE IV

APPLICATION OF BOND
PROCEEDS; FUNDS AND ACCOUNTS

Section 4.01. Application of Bond Proceeds. From the moneys received from the sale of the Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. All interest accrued on the Bonds from the date thereof to the date of delivery thereof shall be deposited with the Commission in the Sinking Fund and applied to payment of interest on the Bonds on the first interest payment date.

B. From the proceeds of the Bonds, there shall be deposited with the Commission in the Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

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

D. There is hereby created and established with the Depository Bank a special fund, designated the "Bonds Construction Trust Fund". The remaining moneys derived from the sale of the Bonds shall be deposited by the City in the Bonds Construction Trust Fund. Moneys in the Bonds Construction Trust Fund shall be used solely to pay Costs of the Project and costs of issuance of the Bonds and until so transferred or expended, are hereby pledged as additional security for the Bonds. All costs of issuance shall be paid within 60 days of the Closing Date.

E. After completion of acquisition and construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, the City shall (i) expend any remaining proceeds of the Bonds as provided in the Supplemental Resolution and (ii) file a schedule with the Authority and the DEP, setting forth the actual costs of the Project and sources of funds used therefor.

Section 4.02. Disbursements From the Bond Construction Trust Fund. Except as provided in Section 4.01 hereof, disbursements from the Bonds Construction Trust Fund shall be made only after submission to, and approval from, the Sanitary Board of the following:

A certificate, signed by the general manager of the Sanitary Board and the Consulting Engineers, stating that:

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

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

3
4 (C) Each of such costs has been otherwise properly incurred; and

5
6 (D) Payment for each of the items proposed is then due and owing.
7

8 Pending such application, moneys in the Bonds Construction Trust Fund shall
9 be invested and reinvested in Qualified Investments at the written direction of the City.

10
11 The City shall expend all proceeds of the Bonds within 3 years of the date of
12 issuance of the Bonds.

13
14 Section 4.03. Funds and Accounts; Flow of Funds. The funds and accounts
15 established by the Prior Ordinances are hereby continued. In addition to the funds and accounts
16 established by the Prior Ordinances, there are hereby created at the Commission the Sinking
17 Fund, the Reserve Account and the Redemption Account with respect to the Bonds as further
18 described in the Supplemental Resolution. Following the monthly payment of Operating
19 Expenses, the City shall make monthly payments to the Commission for the Prior Bonds as
20 required under the Prior Ordinances. The monthly payments to the Commission for the Bonds
21 shall be set forth in the Supplemental Resolution.

22
23 Moneys in the respective Sinking Funds shall be used only for the purposes of
24 paying principal of and interest on the respective series of Bonds as the same shall become
25 due. Moneys in the respective Reserve Accounts shall be used only for the purposes of paying
26 principal of and interest on the respective series of Bonds as the same shall become due, when
27 other moneys in the respective Sinking Funds are insufficient therefor, and for no other
28 purpose.

29
30 All investment earnings on moneys in the respective Reserve Accounts shall be
31 transferred, not less than once each year, to the Bonds Construction Trust Fund prior to
32 completion of the Project and thereafter, to the respective Sinking Funds.

33
34 Any withdrawals from the respective Reserve Accounts which result in a
35 reduction in the balance therein to below the applicable reserve requirement shall be
36 subsequently restored from the first Net Revenues available after all required payments to the
37 respective Sinking Funds for payment of debt service on the Bonds have been made in full.

38
39 Moneys in the Sinking Funds and the Reserve Accounts shall be invested and
40 reinvested by the Commission in accordance with Section 4.04 hereof.

41
42 If, on any monthly payment date, the revenues are insufficient to place the
43 required amount in any of the funds or accounts as provided herein and in the Prior Ordinances,
44 the deficiency shall be made up in subsequent payments, in addition to the payments which
45 would otherwise be required to be made into the funds and accounts on subsequent payment
46 dates.

1 Interest, principal or reserve payments, whether made for a deficiency or
2 otherwise, shall be made on a parity and pro rata, with respect to the First Lien Bonds and the
3 Bonds and thereafter, with respect to the Second Lien Bonds, in accordance with the respective
4 principal amounts then Outstanding.

5
6 The City shall on the first day of each month (if the first day is not a business
7 day, then the first business day of each month) deposit with the Commission the required
8 interest, principal and reserve account payments.

9
10 Except as provided above and in the Supplemental Resolution, all sinking fund,
11 reserve account, and renewal and replacement fund payments shall remain as governed by the
12 Prior Ordinances.

13
14 The Gross Revenues of the System shall only be used for purposes of the
15 System.

16
17 Section 4.04. Investments. Any moneys held as a part of the funds and accounts
18 created by this Ordinance, other than the Revenue Fund, shall be invested and reinvested by the
19 Commission, the Depository Bank or such other bank or national banking association holding
20 such fund or account, as the case may be, at the direction of the City in any Qualified
21 Investments to the fullest extent possible under applicable laws, this Ordinance, the Prior
22 Ordinances, the need for such moneys for the purposes set forth herein and the specified
23 restrictions and provisions set forth in this Section 4.04.

24
25 Any investment shall be held in and at all times deemed a part of the fund or
26 account in which such moneys were originally held, and the interest accruing thereon and any
27 profit or loss realized from such investment shall be credited or charged to the appropriate
28 fund or account. The investments held for any fund or account shall be valued at the lower of
29 cost or then current market value, or at the redemption price thereof if then redeemable at the
30 option of the holder, including the value of accrued interest and giving effect to the
31 amortization of discount. The Commission, the Depository Bank or such other bank or
32 national banking association, as the case may be, shall sell and reduce to cash a sufficient
33 amount of such investments whenever the cash balance in any fund or account is insufficient
34 to make the payments required from such fund or account, regardless of the loss of such
35 liquidation. The Depository Bank or such other bank or national banking association may make
36 any and all investments permitted by this section through its own investment or trust
37 department and shall not be responsible for any losses from such investments, other than for
38 its own negligence or willful misconduct.

39
40 The Depository Bank shall keep complete and accurate records of all funds,
41 accounts and investments, and shall distribute to the City, at least once each year (or more
42 often if reasonably requested by the City), a summary of such funds, accounts and investment
43 earnings. The City shall retain all such records and any additional records with respect to such
44 funds, accounts and investment earnings so long as any of the Bonds are Outstanding and as
45 long thereafter as necessary to comply with the Code and assure the exclusion of interest on
46 the Bonds from gross income for federal income tax purposes.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47

ARTICLE V

DEFAULT AND REMEDIES

Section 5.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Bonds:

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

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

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

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

Section 5.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond or any Bond Insurer if the Bonds are insured may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the City to perform its duties under the Act and the Ordinance relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds; (iv) by action at law or bill in equity require the City to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Bonds shall be on a parity with those of the Registered Owners of the First Lien Bonds and senior and prior to those of the Registered Owners of the Second Lien Bonds.

Section 5.03. Appointment of Receiver. Any Registered Owner of a Bond or any Bond Insurer if the Bonds are insured may, by proper legal action, compel the performance of the duties of the City under the Ordinance and the Act, including, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to the Bonds, any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer

1 the System or to complete the acquisition and construction of the Project on behalf of the
2 City, with the power to charge rates, rentals, fees and other charges sufficient to provide for
3 the payment of Operating Expenses of the System, the payment of the Bonds and interest and
4 the deposits into the funds and accounts hereby established, and to apply such rates, rentals,
5 fees, charges or other revenues in conformity with the provisions of this Ordinance and the
6 Act.

7
8 The receiver so appointed shall forthwith, directly or by his or her or its agents
9 and attorneys, enter into and upon and take possession of all facilities of the System and shall
10 hold, operate and maintain, manage and control such facilities, and each and every part thereof,
11 and in the name of the City exercise all the rights and powers of the City with respect to said
12 facilities as the City itself might exercise.

13
14 Whenever all that is due upon the Bonds and interest thereon and under any
15 covenants of this Ordinance for reserve, sinking or other funds and upon any other obligations
16 and interest thereon having a charge, lien or encumbrance upon the revenues of the System
17 shall have been paid and made good, and all defaults under the provisions of this Ordinance
18 shall have been cured and made good, possession of the System shall be surrendered to the
19 City upon the entry of an order of the court to that effect. Upon any subsequent default, any
20 Registered Owner of any Bonds shall have the same right to secure the further appointment of
21 a receiver upon any such subsequent default.

22
23 Such receiver, in the performance of the powers hereinabove conferred upon him
24 or her or it, shall be under the direction and supervision of the court making such appointment,
25 shall at all times be subject to the orders and decrees of such court and may be removed
26 thereby, and a successor receiver may be appointed in the discretion of such court. Nothing
27 herein contained shall limit or restrict the jurisdiction of such court to enter such other and
28 further orders and decrees as such court may deem necessary or appropriate for the exercise
29 by the receiver of any function not specifically set forth herein.

30
31 Any receiver appointed as provided herein shall hold and operate the System in
32 the name of the City and for the joint protection and benefit of the City and Registered Owners
33 of the Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose
34 of any assets of any kind or character belonging or pertaining to the System, but the authority
35 of such receiver shall be limited to the completion of the Project and the possession,
36 operation and maintenance of the System for the sole purpose of the protection of both the
37 City and Registered Owners of such Bonds and the curing and making good of any Event of
38 Default with respect thereto under the provisions of this Ordinance, and the title to and
39 ownership of the System shall remain in the City, and no court shall have any jurisdiction to
40 enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or
41 otherwise dispose of any assets of the System.

1 ARTICLE VI

2
3 ADDITIONAL COVENANTS OF THE CITY
4
5

6 All the covenants, agreements and provisions of the Prior Ordinances shall
7 remain in full force and effect as long as the Prior Bonds and the Bonds are outstanding and
8 shall apply to the Bonds as if fully set out herein. The following covenants are supplemental
9 and in addition to the covenants set forth in the Prior Ordinances.
10

11 Section 6.01. Completion of Project; Permits and Orders. The City shall
12 complete the Project as promptly as possible and operate and maintain the System as a
13 revenue-producing enterprise in good condition and in compliance with all federal and state
14 requirements and standards.
15

16 The City has obtained all permits required by state and federal laws for the
17 acquisition and construction of the Project, all orders and approvals from the Public Service
18 Commission of West Virginia and the West Virginia Infrastructure and Jobs Development
19 Council necessary for the acquisition and construction of the Project and the operation of the
20 System and all approvals for the issuance of the Bonds required by state law, with all requisite
21 appeal periods having expired without successful appeal.
22

23 Section 6.02. Insurance and Construction Bonds. The City hereby covenants and
24 agrees that so long as the Bonds remain Outstanding, the City will, as an Operating Expense,
25 procure, carry and maintain insurance with a reputable insurance carrier or carriers as is
26 customarily covered with respect to works and properties similar to the System. The City will
27 require that each of its contractors and all subcontractors maintain, during the life of the
28 construction contract, workers' compensation coverage, public liability insurance, property
29 damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the
30 Original Purchaser. Such insurance shall be made payable to the order of the Registered
31 Owners, the City, the prime contractor and all subcontractors, as their interests may appear.
32 The City will itself, or will require each contractor and subcontractor to, obtain and maintain
33 builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis
34 (completed value form) on the insurable portion of the Project, to protect the interests of the
35 City, the Registered Owners, the prime contractor and all subcontractors as their interests may
36 appear during construction of the Project in the full insurable value thereof. In time of war,
37 the City shall also carry in said amount such insurance as may be available against loss or
38 damage by the risks and hazards of war. The proceeds of all such insurance policies shall be
39 disposed of as provided in the Ordinance and otherwise shall be placed in the Renewal and
40 Replacement Fund and used only for the repair and restoration of the damaged or destroyed
41 properties or for the other purposes provided herein for the Renewal and Replacement Fund.
42 The City will also carry liability insurance for damage or injury to persons or property in
43 amounts adequate for such purposes and customarily carried with respect to works and
44 properties similar to the System. The City shall carry such other insurance as is required by
45 the Original Purchaser, including but not limited to flood insurance and business interruption
46 insurance, to the extent available at reasonable cost to the City. The City shall verify all such
47 insurance prior to commencement of construction.

1 The City shall require all contractors engaged in the construction of the Project
2 to furnish a performance bond and a payment bond, each in an amount equal to 100% of the
3 contract price of the portion of the Project covered by the particular contract as security for
4 the faithful performance of such contract. The City shall verify such bonds prior to
5 commencement of construction.
6

7 Section 6.03. Issuance of Other Obligations Payable Out of Revenues. In
8 addition to the limitations on the issuance of parity obligations set forth in the Prior
9 Ordinances, no parity obligations payable out of revenues of the System shall be issued after
10 the issuance of the Bonds without the prior written consent of the Registered Owner of the
11 Prior Bonds then Outstanding and without complying with the parity requirements of the Prior
12 Ordinance and the Supplemental Resolution.
13

14 Section 6.04. Engineering Services and Operating Personnel. Prior to the
15 issuance of the Bonds, the City shall obtain the certificate of the Consulting Engineers, among
16 other things, that the Project has been or will be constructed in accordance with the approved
17 plans, specifications and designs as submitted to the DEP, the Project is adequate for the
18 purposes for which it was designed, the funding plan as submitted to the DEP is sufficient to
19 pay the costs of acquisition and construction of the Project and all permits required by federal
20 and state laws for construction of the Project have been obtained.
21

22 The City shall provide and maintain competent and adequate engineering services
23 satisfactory covering the supervision and inspection of the development and construction of
24 the Project and bearing the responsibility of assuring that construction conforms to the plans,
25 specifications and designs prepared by the Consulting Engineers, which have been approved
26 by all necessary governmental bodies. Such engineer shall certify to the City at the completion
27 of construction that construction of the Project is in accordance with the approved plans,
28 specifications and designs, or amendments thereto, approved by all necessary governmental
29 bodies.
30

31 Section 6.05. Compliance With Law. The City hereby covenants and agrees to
32 perform, satisfy and comply with all terms, conditions and requirements of all applicable laws,
33 rules and regulations issued by the Authority, the DEP or other State, federal or local bodies
34 in regard to the construction of the Project and operation, maintenance and use of the System.
35

36 Section 6.06. Books; Records and Audit. The City shall keep complete and
37 accurate records of the cost of acquiring the Project site and the costs of acquiring,
38 constructing and installing the Project. The City shall permit the Original Purchaser, or their
39 agents and representatives, to inspect all books, documents, papers and records relating to the
40 Project and the System at all reasonable times for the purpose of audit and examination. The
41 City shall submit to the Original Purchaser such documents and information as they may
42 reasonably require in connection with the acquisition, construction and installation of the
43 Project, the operation and maintenance of the System and the administration of any state and
44 federal grants or other sources of financing for the Project.
45

1 All real estate and interests in real estate and all personal property constituting
2 the Project and the Project site heretofore or hereafter acquired shall at all times be and
3 remain the property of the City.
4

5 The City will keep books and records of the System, which shall be separate and
6 apart from all other books, records and accounts of the City, in which complete and correct
7 entries shall be made of all transactions relating to the System, and any Registered Owner of
8 the Bonds issued pursuant to the Ordinance shall have the right at all reasonable times to
9 inspect the System and all parts thereof and all records, accounts and data of the City relating
10 thereto.
11

12 The accounting system for the System shall follow current generally accepted
13 accounting principles and safeguards in accordance with the rules and regulations of the Public
14 Service Commission of West Virginia and the Act. Separate control accounting records shall
15 be maintained by the City. Subsidiary records as may be required shall be kept in the manner,
16 on the forms, in the books, and along with other bookkeeping records as prescribed by the City.
17 The City shall prescribe and institute the manner by which subsidiary records of the accounting
18 system which may be installed remote from the direct supervision of the City shall be reported
19 to such agent of the City as the Council shall direct.
20

21 The City shall file with the Original Purchaser, and shall mail in each year to any
22 Registered Owner or Owners of Bonds requesting the same, an annual report containing the
23 following:
24

25 (A) A statement of Gross Revenues, Operating Expenses and Net
26 Revenues derived from and relating to the System.
27

28 (B) A balance sheet statement showing all deposits in all the
29 funds and accounts provided for in this Ordinance and the status of all said funds and accounts.
30

31 (C) The amount of any bonds, notes or other obligations
32 Outstanding.
33

34 The City shall also, at least once a year, cause the books, records and accounts
35 of the System to be completely audited by Independent Accountants in compliance with the
36 applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor
37 thereto, to the extent legally required, and, shall mail upon request, and make available
38 generally, the report of the Independent Accountants, or a summary thereof, to any Registered
39 Owner or Owners of Bonds. The report of said audit shall include a statement that notes
40 whether the results of tests disclosed instances of noncompliance that are required to be
41 reported under government auditing standards and, if they are, describes the instances of
42 noncompliance and the audited financial statements shall include a statement that notes
43 whether the revenues of the System are adequate to meet its Operating Expenses and debt
44 service and reserve requirements.
45

46 Section 6.07. Operating Budget. The Sanitary Board shall annually prepare and
47 adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for

1 the operation and maintenance of the System during the succeeding Fiscal Year and shall
2 submit a copy of such budget to the Original Purchaser within 30 days of the adoption thereof.

3
4 Section 6.08. Tax Covenants. The City hereby further covenants and agrees as
5 follows:

6
7 A. PUBLIC PURPOSE BONDS. The City shall use the Bond proceeds
8 solely for the Project and as otherwise set forth herein, and the Project will be operated solely
9 for as a public purpose and as local governmental activity of the City.

10
11 B. PRIVATE ACTIVITY BOND COVENANT. The City shall not permit at
12 any time or times any of the proceeds of the Bonds or any other funds of the City to be used
13 directly or indirectly in a manner which would result in the exclusion of the Bonds from the
14 treatment afforded by Section 103(a) of the Code by reason of the classification of the Bonds
15 as "private activity bonds" within the meaning of the Code. The City will take all actions
16 necessary to comply with the Code in order to assure the tax-exempt status of the Bonds.

17
18 C. PRIVATE LOAN LIMITATION. The City shall assure that not in excess
19 of the lesser of 5% of the proceeds of the Bonds or \$5,000,000 are used, directly or
20 indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments)
21 to persons other than state or local government units.

22
23 D. FEDERAL GUARANTEE PROHIBITION. The City shall not take any
24 action or permit or suffer any action to be taken if the result of the same would be to cause the
25 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

26
27 E. INFORMATION RETURN. The City shall file all statements, instruments
28 and returns necessary to assure the tax-exempt status of the Bonds, and the interest thereon,
29 including, without limitation, the information return required under Section 149(e) of the
30 Code.

31
32 F. FURTHER ACTIONS. The City shall take any and all actions that may be
33 required of it (including those deemed necessary by the Authority) so that the interest on the
34 Bonds will be and remain excludable from gross income for federal income tax purposes, and
35 will not take any actions, or fail to take any actions (including those deemed necessary by the
36 Authority) which would adversely affect such exclusion.

37
38 Section 6.09. Rebate Covenant. The City is a governmental unit with general
39 taxing powers to finance operations of or facilities of the nature of the Project and the System.
40 As covenanted above, the Bonds are not private activity bonds within the meaning of the Code,
41 and ninety-five percent (95%) or more of the net proceeds (as defined in the Code) of the
42 Bonds will be used for local governmental activities of the City (or of a governmental unit the
43 jurisdiction of which is entirely within the jurisdiction of the City). The City reasonably
44 expects to expend the proceeds of the Bonds within the time period that would provide an
45 exception from the rebate requirements of Section 148(f) of the Code. Notwithstanding the
46 foregoing, if the City is in fact subject to such rebate requirements, the City hereby covenants
47 to rebate to the United States the amounts required by the Code and to take all steps necessary

1 to make such rebates. In the event the City fails to make such rebates as required, the City
2 shall pay any and all penalties and obtain a waiver from the Internal Revenue Service in order
3 to maintain the tax-exempt status of interest on the Bonds.
4

5 Section 6.10. Arbitrage. The City covenants that (i) it will not take, or permit
6 or suffer to be taken, any action with respect to the proceeds of the Bonds which would cause
7 the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it
8 will take all actions that may be required of it (including, without implied limitation, the timely
9 filing of a federal information return with respect to the Bonds) so that the interest on the
10 Bonds will be and remain excluded from gross income for federal income tax purposes, and
11 will not take any actions which would adversely affect such exclusion.
12

13 Section 6.11. Tax Certificate and Rebate. The City shall deliver a certificate of
14 arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized
15 bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a
16 condition to issuance of the Bonds. In addition, the City covenants to comply with all
17 Regulations from time to time in effect and applicable to the Bonds as may be necessary in
18 order to maintain the exclusion from gross income for federal income tax purposes of interest
19 on the Bonds and fully comply with Section 148(f) of the Code, and covenants to take such
20 actions, and refrain from taking such actions, as may be necessary to fully comply with such
21 Section 148(f) of the Code and such Regulations, regardless of whether such actions may be
22 contrary to any of the provisions of the Ordinance.
23

24 If it is determined that the City does not qualify for an exception to Section 148
25 of the Code or the City is otherwise subject to rebate in connection with the Bonds, the City
26 shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f)
27 of the Code. Upon completion of each such annual calculation, unless otherwise agreed by the
28 Authority, the City shall deposit, or cause to be deposited, with the Depository Bank in a
29 separate fund designated the Rebate Fund, such sums as are necessary to cause the aggregate
30 amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to
31 the United States, which, notwithstanding anything herein to the contrary, shall be paid from
32 investment earnings on the underlying fund or account established hereunder and on which such
33 rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding
34 anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or
35 pledge hereunder, if any, and used only for payment of rebatable arbitrage to the United States.
36 The City shall pay, or cause to be paid, to the United States, from the Rebate Fund, the
37 rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the
38 event that there are any amounts remaining in the Rebate Fund following all such payments
39 required by the preceding sentence, the Depository Bank shall pay said amounts to the City to
40 be used for any lawful purpose of the System. The City shall remit payments to the United
41 States in the time and at the address prescribed by the Regulations as the same may be from
42 time to time in effect with such reports and statements as may be prescribed by such
43 Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to
44 make the payments to the United States which are required, the City shall assure that such
45 payments are made by the City to the United States, on a timely basis, from any funds lawfully
46 available therefor. In addition, the City shall cooperate with the Authority in preparing rebate
47 calculations and in all other respects in connection with rebates and hereby consents to the

1 performance of all matters in connection with such rebates by the Authority at the expense of
2 the City. The City may provide for the employment of independent attorneys, accountants or
3 consultants compensated on such reasonable basis as the City may deem appropriate in order
4 to assure compliance with this Section 6.11. The City shall keep and retain, or cause to be kept
5 and retained, records of the determinations made pursuant to this Section 6.11 in accordance
6 with the requirements of Section 148(f) of the Code. In the event the City fails to make such
7 rebates as required, the City shall pay the required rebate amount and all interest, penalties and
8 other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue
9 Service, if necessary, and take any other actions necessary, in order to maintain the exclusion
10 of interest on the Bonds from gross income for federal income tax purposes.
11

12 The City shall submit to the Authority within 15 days following the end of each
13 Bond Year a certified copy of its rebate calculation and certificate with respect thereto or, if
14 the City qualifies for the small governmental issue exception to rebate or any other exception
15 therefrom, then the City shall submit to the Authority a certificate stating that it is exempt
16 from such rebate provisions and that no event has occurred to its knowledge during the Bond
17 Year which would make the Bonds subject to rebate. The City shall also furnish to the
18 Authority, at any time, such additional information relating to rebate as may be reasonably
19 requested by the Authority, including information with respect to earnings on all funds
20 constituting "gross proceeds" of the Bonds (as such term "gross proceeds" is defined in the
21 Code).
22

23 Section 6.12. Securities Laws Compliance. The City will provide the Original
24 Purchaser, in a timely manner, with any and all information that may be requested of it
25 (including its annual audit report, financial statements, related information and notices of
26 changes in usage and customer base) so that the Original Purchaser may comply with the
27 provisions of SEC Rule 15c2-12 (17 CFR Part 240). The City will also deliver a continuing
28 disclosure agreement or certificate in form acceptable to the Original Purchaser sufficient to
29 ensure compliance with SEC Rule 15c2-12, as amended from time to time.
30

31 Section 6.13. Defeasance of Bonds. If the City shall pay or cause to be paid,
32 or there shall otherwise be paid, to the Registered Owners of the Bonds, the principal thereof,
33 and redemption premium, if applicable, and interest due or to become due thereon, at the times
34 and in the manner stipulated therein and in this Ordinance, then the pledge of Net Revenues and
35 any other moneys and securities pledged under this Ordinance and all covenants, agreements
36 and other obligations of the City to the Registered Owners shall thereupon cease, terminate
37 and become void and be discharged and satisfied, except as may otherwise be necessary to
38 assure the exclusion of interest on the Bonds from gross income for federal income tax
39 purposes.
40

41 Bonds for the payment of which either moneys in an amount which shall be
42 sufficient, or securities the principal of and the interest on which, when due, will provide
43 moneys which, together with the moneys, if any, deposited with the Paying Agent at the same
44 or earlier time, shall be sufficient, to pay as and when due the respective principal of and
45 interest on such Bonds shall be deemed to have been paid within the meaning and with the
46 effect expressed in the first paragraph of this section. All Bonds shall, prior to the maturity
47 thereof, be deemed to have been paid within the meaning and with the effect expressed in the

1 first paragraph of this section if there shall have been deposited with the Commission or an
2 escrow trustee either moneys in an amount which shall be sufficient, or securities the principal
3 of and the interest on which, when due, will provide moneys which, together with the moneys,
4 if any, deposited with the Commission or said escrow trustee at the same or earlier time shall
5 be sufficient, to pay when due the principal of, any redemption premium on and interest due
6 and to become due on said Bonds on and prior to the maturity date thereof, or if the City
7 irrevocably determines to redeem any of said Bonds prior to the maturity thereof, on and prior
8 to said redemption date. Neither securities nor moneys deposited with the Commission or an
9 escrow trustee pursuant to this section nor principal or interest payments on any such
10 securities shall be withdrawn or used for any purpose other than, and shall be held in trust for,
11 the payment of the principal of and interest on said Bonds; provided, that any cash received
12 from such principal, redemption premium, if any, and interest payments on such securities
13 deposited with the Commission or said escrow trustee, if not then needed for such purpose,
14 shall, to the extent practicable, be reinvested in securities maturing at times and in amounts
15 sufficient to pay when due the principal of and redemption premium, if any, and interest to
16 become due on said Bonds on and prior to such maturity or redemption dates thereof, and
17 interest earned from such reinvestments shall be paid over to the City as received by the
18 Commission or said escrow trustee, free and clear of any trust, lien or pledge. For the purpose
19 of this section, securities shall mean and include only Government Obligations or such
20 additional securities as shall be set forth in the Supplemental Resolution.

21
22 Section 6.14. Rates and Charges. The City has obtained any and all approvals
23 of rates and charges required by state law and has taken any other action required to establish
24 and impose such rates and charges, with all requisite appeal periods having expired without
25 successful appeal. Such rates and charges shall be sufficient to comply with the requirements
26 of the Loan Agreement. The initial schedule of rates and charges for the services and facilities
27 of the System shall be as set forth in the sewer rate ordinance of the City duly enacted on
28 March 5, 2004, which rates are incorporated herein by reference as a part hereof.

29
30 So long as the Bonds are outstanding, the City covenants and agrees to fix and
31 collect rates, fees and other charges for the use of the System and to take all such actions
32 necessary to provide funds sufficient to produce the required sums set forth in this Ordinance.
33 In the event the schedule of rates, fees and charges initially established for the System in
34 connection with the Bonds shall prove to be insufficient to produce the required sums set forth
35 in this Ordinance, the City hereby covenants and agrees that it will, to the extent or in the
36 manner authorized by law, immediately adjust and increase such schedule of rates, fees and
37 charges and take all such actions necessary to provide funds sufficient to produce the required
38 sums set forth in this Ordinance. In any event, subject to any requirements of law, the City
39 shall not reduce the rates or charges for services set forth in the rate ordinance described
40 above.

41
42 The City shall diligently enforce and collect all fees, rentals or other charges for
43 the services and facilities of the System, and take all steps, actions and proceedings for the
44 enforcement and collection of such fees, rentals or other charges which shall become
45 delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the
46 Public Service Commission of West Virginia and other laws of the State of West Virginia.

1 Whenever any fees, rates, rentals or other charges for the services and facilities
2 of the System shall remain unpaid for a period of 20 days after the same shall become due and
3 payable, the property and the owner thereof, as well as the user of the services and facilities,
4 shall be delinquent until such time as all such rates and charges are fully paid. To the extent
5 authorized by the laws of the State and the rules and regulations of the Public Service
6 Commission of West Virginia, rates, rentals and other charges, if not paid when due, shall
7 become a lien on the premises served by the System. The City further covenants and agrees
8 that, it will, to the full extent permitted by law and the rules and regulations promulgated by the
9 Public Service Commission of West Virginia, discontinue and shut off the services of the
10 System, and any services and facilities of the water system, if so owned by the City, to all users
11 of the services of the System delinquent in payment of charges for the services of the System
12 and will not restore such services of either system until all delinquent charges for the services
13 of the System, plus reasonable interest and penalty charges for the restoration of service, have
14 been fully paid and shall take all further actions to enforce collections to the maximum extent
15 permitted by law. If the waterworks facilities are not owned by the City, the City will, to the
16 extent allowed by law, use diligent efforts to enter into a termination agreement with the
17 provider of such water, subject to any required approval of such agreement by the Public
18 Service Commission of West Virginia and all rules, regulations and orders of the Public
19 Service Commission of West Virginia.

20
21 Section 6.15. Contracts. The City shall, simultaneously with the delivery of the
22 Bonds or immediately thereafter, enter into written contracts for the immediate acquisition
23 or construction of the Project.

24
25 Section 6.16. Covenants Regarding the Municipal Bond Insurance Policy. The
26 City may obtain a Municipal Bond Insurance Policy for the Bonds. In the event such a
27 Municipal Bond Insurance Policy is obtained, certain additional covenants of the City may be
28 required by the Bond Insurer as a condition to insuring the Bonds. These additional covenants
29 shall be set forth in full in the Supplemental Resolution, shall apply to the Bonds and shall be
30 controlling in the event any other provisions of this Ordinance may be in conflict therewith.
31

ARTICLE VII

REGISTRAR

Section 7.01. Appointment of Registrar. The Registrar for the Bonds shall be appointed pursuant to the Supplemental Resolution. The City is hereby authorized and directed to enter into an agreement with the Registrar, the substantial form of which agreement is to be approved by Supplemental Resolution.

Section 7.02. 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 representation as to, and shall not incur any liability on account of, the validity of the execution of any Bonds by the City. Notwithstanding the foregoing, the Registrar shall be responsible for any representation in its Certificate of Authentication and Registration on the Bonds. The Registrar and any successor thereto shall agree to perform all the duties and responsibilities spelled out in this Ordinance and any other duties and responsibilities incident thereto, all as provided by said agreement described above.

Section 7.03. Evidence on Which Registrar May Act. Except as otherwise provided herein, 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 conclusively proved and established by a certificate of an Authorized Officer of the City, but in its discretion the Registrar may instead accept other evidence of such fact or matter.

Section 7.04. Compensation and Expenses. The City shall pay to the Registrar from time to time reasonable compensation for all services, including the transfer of registration of Bonds, the first exchange of Bonds and the exchange of Bonds in the event of partial redemption, incurred in the performance of its duties hereunder.

Section 7.05. Certain Permitted Acts. The Registrar may become the owner of or may deal in Bonds as fully and with the same rights it would have if it were not 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 the Registered Owners 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 Registered Owners of a majority in principal amount of the Bonds Outstanding.

Section 7.06. 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. A copy of such notice shall also be mailed to each

1 Registered Owner of a fully registered Bond or a coupon Bond registered as to principal (other
2 than to bearer). Such resignation shall take effect upon the day specified in such notice unless
3 a successor shall have been previously appointed by the City or the Registered Owners, in
4 which event such resignation shall take effect immediately; provided that, in no event shall such
5 resignation take effect until a successor has been appointed and has accepted its duties as
6 Registrar.
7

8 Section 7.07. Removal. The Registrar may be removed at any time by the City,
9 the Bond Insurer or the Registered Owners of a majority in principal amount of the Bonds then
10 Outstanding by an instrument or concurrent instruments in writing signed and duly
11 acknowledged by the City, the Bond Insurer or by such Registered Owners or their attorneys
12 duly authorized in writing and delivered to the City, as the case may be. Copies of each such
13 instrument shall be delivered by the City to the Registrar. Such removal shall take effect upon
14 the date stated in such instrument; provided that, in no event shall such removal take effect until
15 a successor has been appointed and has accepted its duties as Registrar.
16

17 Section 7.08. Appointment of Successor. In case at any time the Registrar shall
18 resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt
19 or insolvent, or if a receiver, liquidator or conservator of the Registrar or of its property shall
20 be appointed, or if any public officer or court shall take charge or control of the Registrar or
21 of its property or affairs, a successor may be appointed by the Registered Owners of a majority
22 in principal amount of the Bonds then Outstanding by an instrument or concurrent instruments
23 in writing signed by such Registered Owners or their attorneys duly authorized in writing and
24 delivered to the City and such successor Registrar, notification thereof being given to the
25 predecessor Registrar. Pending such appointment, the City shall forthwith appoint a Registrar
26 to fill such vacancy until a successor Registrar shall be appointed by such Registered Owners.
27

28 A copy of such notice shall also be mailed to each Registered Owner of a fully registered
29 Bond or a coupon Bond registered as to principal (other than to bearer). Any successor
30 Registrar appointed by the City shall, immediately and without further act, be superseded by
31 a Registrar appointed by such Registered Owners. If in a proper case no appointment of a
32 successor Registrar shall be made within 45 days after the Registrar shall have given to the
33 City written notice of resignation or after the occurrence of any other event requiring such
34 appointment, the Registrar or any Registered Owner may apply to any court of competent
35 jurisdiction to appoint a successor. Any Registrar appointed under the provisions of this
36 section shall be a bank, trust company or national banking association authorized to perform
37 the duties imposed upon it by this Ordinance.

38 Section 7.09. Transfer of Rights and Property to Successor. Any predecessor
39 Registrar shall pay over, assign and deliver any moneys, books and records held by it to its
40 successor.
41

42 Section 7.10. Merger or Consolidation. Any company into which the Registrar
43 may be merged or converted or with which it may be consolidated or any company resulting
44 from any merger, conversion or consolidation to which it shall be a party, or any company to
45 which the Registrar or any public officer or court may sell or transfer all or substantially all
46 of its corporate trust business, shall be the successor to such Registrar without the execution
47 or filing of any paper or the performance of any further act; provided, however, that such

1 company shall be a bank, trust company or national banking association meeting the
2 requirements set forth in Section 7.08 hereof.
3

4 Section 7.11. Adoption of Authentication. In case any of the Bonds shall have
5 been authenticated but not delivered, any successor Registrar may adopt a Certificate of
6 Authentication and Registration executed by any predecessor Registrar and deliver such Bonds
7 so authenticated, and, in case any Bonds shall have been prepared but not authenticated, any
8 successor Registrar may authenticate such Bonds in the name of the predecessor Registrar or
9 in its own name.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46

ARTICLE VIII
MISCELLANEOUS

Section 8.01. Modification or Amendment. Prior to the issuance of the Bonds, this Ordinance may be amended or supplemented in any way by a Supplemental Resolution. All provisions required by the Bond Insurer, if any, shall be set forth in the Supplemental Resolution and to the extent they constitute an amendment or modification of this Ordinance, shall be controlling. Following issuance of the Bonds, no material modification or amendment of this Ordinance or of any ordinance or resolution amendatory hereof or supplemental hereto which would materially and adversely affect the rights of Registered Owners shall be made without the consent in writing of the Registered Owners of the Bonds then Outstanding and to be affected by said modification; provided, however, that no change shall be made in the maturity of any Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the City to pay such principal and interest out of the revenues of the System without the consent of the Registered Owner thereof. No amendment or modification shall be made which would reduce the percentage of the principal amount of Bonds required for consent to the above permitted amendments or modifications. Notwithstanding the foregoing, this Ordinance may be amended without the consent of any Registered Owner as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest on the Bonds from gross income of the Registered Owners thereof.

Section 8.02. 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, the Supplemental Resolution or the Bonds.

Section 8.03. Repeal of Conflicting Ordinances. All ordinances, resolutions and orders, or parts thereof, other than the Prior Ordinances, in conflict with this Ordinance are, to the extent of such conflict, repealed.

Section 8.04. Covenant of Due Procedure. The City covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the final enactment and passage of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, the City Clerk and members of Council and the Sanitary Board were at all times when any actions in connection with this Ordinance occurred, and are, duly in office and duly qualified for such office.

Section 8.05. Statutory Notice and Public Hearing. Upon adoption hereof, the abstract of this Ordinance in the form set forth in Exhibit C attached hereto and incorporated herein by reference, shall be published once a week for two successive weeks, with at least 6 full days intervening between each publication, in the Charleston Gazette and Charleston Daily Mail, two qualified newspapers published and of general circulation in The City of Charleston,

1 together with a notice stating that this Ordinance has been adopted and that the City
2 contemplates the issuance of the Bonds, and that any person interested may appear before the
3 Council upon a certain date, not less than 10 days subsequent to the date of the first publication
4 of such abstract of this Ordinance and notice, and present protests, and that a certified copy of
5 this Ordinance is on file with the City for review by interested persons during office hours of
6 the City. The Council hereby determines that the abstract contains sufficient information as
7 to give notice of the contents hereof. At such hearing, all objections and suggestions shall be
8 heard and the Council shall take such action as it shall deem proper in the premises.
9

10 Section 8.06. Effective Date. This Ordinance shall take effect immediately
11 following public hearing and final reading hereof.

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24

Dated this 5th day of May, 2005.

James M. Garbino
City Clerk

[SEAL]

1
2
3
4
5
6
7
8
9
0
1
2
3
4
5
6
7
8
9
0
1

3

5
6
7
8
9
0
1
2
3
4
5
6
7
8
9
0
1

1 **EXHIBIT B**

2
3 FORM OF BOND

4
5 [Unless this Bond is presented by an authorized representative of The Depository
6 Trust Company, a New York corporation ("DTC"), to City or its agent for registration of
7 transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co.
8 or in such other name as is requested by an authorized representative of DTC (and any payment
9 is made to Cede & Co. or to such other entity as is requested by an authorized representative
10 of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR
11 OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner
12 hereof, Cede & Co., has an interest herein.]
13

14
15 No. _R-_____

\$ _____

16
17
18 UNITED STATES OF AMERICA
19 STATE OF WEST VIRGINIA
20 THE CITY OF CHARLESTON (WEST VIRGINIA)
21 SEWERAGE SYSTEM REVENUE BOND,
22 SERIES _____
23

24
25 INTEREST RATE MATURITY DATE BOND DATE CUSIP NO.
26
27

28
29 REGISTERED OWNER: _____
30

31 PRINCIPAL AMOUNT: _____
32
33

34 KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF CHARLESTON
35 (WEST VIRGINIA), a municipal corporation organized and existing under the laws of the State
36 of West Virginia (the "City"), for value received, hereby promises to pay, solely from the
37 special funds provided therefor, as hereinafter set forth, to the Registered Owner specified
38 above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above,
39 the Principal Amount specified above and solely from such special funds also to pay interest
40 on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding
41 the date of authentication hereof or, if authenticated after the Record Date (as hereinafter
42 defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date,
43 from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified
44 above, or, if and to the extent that the City shall default in the payment of interest on any
45 Interest Payment Date, then this Bond shall bear interest from the most recent Interest
46 Payment Date to which interest has been paid or duly provided for, and in which case any Bond

1 surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which
2 interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on
3 _____ 1 and _____ 1, in each year, beginning _____ 1, ____ (each an
4 "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is
5 called for prior redemption and payment on such date is provided for. Capitalized terms used
6 and not defined herein shall have the same meanings ascribed thereto in the hereinafter
7 described Ordinance.
8

9 Interest accruing on this Bond on and prior to the Maturity Date hereof shall be
10 payable by check or draft mailed by the West Virginia Municipal Bond Commission,
11 Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the
12 Registered Owner hereof as of the applicable Record Date (each _____ 15 and
13 _____ 15) or, in the event of a default in the payment of Bonds, that special
14 record date to be fixed by the hereinafter named Registrar by notice given to the Registered
15 Owners not less than 10 days prior to said special record date at the address of such Registered
16 Owner as it appears on the registration books of the City maintained by _____,
17 _____, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any
18 Registered Owner of at least \$500,000 in aggregate principal amount of Bonds, by wire
19 transfer in immediately available funds to a domestic bank account specified in writing by the
20 Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and
21 premium, if any, shall be paid when due upon presentation and surrender of this Bond for
22 payment at the office of the Paying Agent, in Charleston, West Virginia.
23

24 This Bond is one of a series of bonds, in the aggregate principal amount of
25 \$ _____ (the "Bonds"), of like date, tenor and effect, except as to number,
26 denomination, date of maturity and interest rate, the proceeds of which are to be used, together
27 with other funds of the City, (i) to pay the cost of design, acquisition and construction of
28 certain additions, betterments and improvements to the existing sewerage system of the City
29 (the "Project"); (ii) to fund a reserve account for this Bond; and (iii) to pay certain costs of
30 issuance hereof and related costs. The existing sewerage system of the City, the Project and
31 any further additions, betterments and improvements thereto are herein called the "System."
32 The Bonds are issued under the authority of and in full compliance with the Constitution and
33 statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the Code
34 of West Virginia, 1931, as amended (the "Act"), and an ordinance duly enacted by the City
35 Council of the City on _____, _____, and supplemented by a supplemental
36 resolution duly adopted by the City Council of the City on _____, _____
37 (collectively, the "Ordinance"), and is subject to all the terms and conditions of the Ordinance.
38 The Ordinance provides for the issuance of additional bonds under certain conditions, and such
39 bonds would be entitled to be paid and secured equally and ratably from and by the funds and
40 revenues and other security provided for the Bonds under the Ordinance. Reference is hereby
41 made to the Ordinance, as the same may be amended and supplemented from time to time, for
42 a description of the rights, limitations of rights, obligations, duties and immunities of the City,
43 the Registrar, the Paying Agent, the Registered Owners of the Bonds and the Registered
44 Owners of any subsequently issued additional bonds. Executed counterparts or certified copies
45 of the Ordinance are on file at the office of the City Clerk of the City.
46

1 THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE
2 AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE
3 CITY'S FIRST LIEN BONDS AND THE SEWERAGE SYSTEM REVENUE BONDS, SERIES
4 _____, ISSUED CONCURRENTLY HERewith (THE "SERIES _____ BONDS") AND
5 SENIOR TO THE SECOND LIEN BONDS (COLLECTIVELY, THE "PRIOR BONDS"), ALL
6 AS DEFINED IN THE ORDINANCE.

7
8 [This Bond is additionally secured, but only to the extent described in the
9 Statement of Insurance printed on the Bonds, by a policy of municipal bond insurance issued
10 by _____.]
11

12 The Bonds of this issue are subject to redemption prior to their stated maturity
13 dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:
14

15 (A) Optional Redemption. The Bonds maturing on or after
16 _____, _____ are subject to redemption prior to maturity at the option of the
17 City on and after _____, _____, in whole at any time and in part on any Interest
18 Payment Date, as directed by the City, at the following redemption prices (expressed as
19 percentages of the principal amount of Bonds to be redeemed), plus interest accrued thereon
20 to the date fixed for redemption:
21

22 Period During Which Redeemed	Redemption
23 _____ (Dates Inclusive) _____	Price _____

24
25
26
27
28
29
30 (B) Mandatory Sinking Fund Redemption. The Bonds maturing _____
31 _____, are subject to annual mandatory redemption
32 prior to maturity by random selection on _____ of the years and in the principal
33 amounts set forth below, at the redemption price of 100% of the principal amount of each
34 Bond so called for redemption plus interest accrued to the date fixed for redemption:
35

36 _____ Bonds Maturing _____	
37	
38 <u>Year ()</u>	<u>Principal Amount</u>

39
40
41
42
43

Bonds Maturing

Year ()

Principal Amount

* Final Maturity

In the event of any redemption of less than all outstanding Bonds, Bonds shall be selected for redemption by lot or in such other manner deemed appropriate by the Paying Agent. If less than all the Bonds are to be redeemed, the Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Bond, unless waived, shall be given by the Registrar on behalf of the City by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Registrar. Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Bond.

The Bonds and the interest hereon are payable only from and are secured by (1) the Net Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the registered owners of the First Lien Bonds and the Series _____ Bonds, (2) all moneys in the Series _____ Bonds Sinking Fund and the Series _____ Bonds Reserve Account established for the Bonds under the Ordinance, and (3) the unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose 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

1 provided from the Net Revenues, the moneys in the Series ____ Bonds Sinking Fund and the
2 Series ____ Bonds Reserve Account and any unexpended Bond proceeds. Pursuant to the
3 Ordinance, the City has covenanted and agreed to establish and maintain just and equitable rates
4 and charges for the use of the System and the services rendered thereby, which shall be
5 sufficient to provide for the reasonable expenses of operation, repair and maintenance of the
6 System, and to leave a balance each year equal to at least 115% of the maximum amount
7 payable in any year for principal of and interest on the Bonds and all obligations secured by a
8 lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds
9 and the Series ____ Bonds; provided however, that so long as there exists in the Series
10 ____ Bonds Reserve Account an amount equal to the maximum amount of principal and
11 interest which will become due on the Bonds in the then current or any succeeding year and
12 in the respective reserve accounts established for any obligations outstanding on a parity with
13 the Bonds, including the Prior Bonds and the Series ____ Bonds, an amount equal to the
14 requirement therefor, such percentage may be reduced to 110%. The City has entered into
15 certain further covenants with the registered owners of the Bonds for the terms of which
16 reference is made to the Ordinance. Remedies provided the registered owners of the Bonds
17 are exclusively as provided in the Ordinance, to which reference is here made for a detailed
18 description thereof.

19
20 All moneys received from the sale of the Bonds, except for accrued interest
21 thereon, shall be applied solely to pay the costs of the Project, to fund the Series ____
22 Bonds Reserve Account and to pay all costs of issuance of the Bonds, and there shall be, and
23 hereby is, created and granted a lien upon such moneys, until so applied, in favor of the
24 registered owners of the Bonds.

25
26 IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts,
27 conditions and things required to exist, happen and be performed precedent to and at the
28 issuance of this Bond do exist, have happened and have been performed in due time, form and
29 manner as required by law, and that the amount of this Bond, together with all other obligations
30 of the City, does not exceed any limit prescribed by the Constitution or statutes of the State
31 of West Virginia, and that a sufficient amount of the Net Revenues of the System has been
32 pledged to and will be set aside into said special fund by the City for the prompt payment of
33 the principal of and interest on the Bonds of which this Bond is one.

34
35 This Bond, under the provisions of the Act, is and has all the qualities and
36 incidents of a negotiable instrument under the Uniform Commercial Code of the State of
37 West Virginia, but may be transferred only upon the surrender hereof at the office of the
38 Registrar and otherwise as provided by the within-described Ordinance.

39
40 This Bond is, under the Act, exempt from all taxation by the State of
41 West Virginia or any county, municipality, political subdivision or agency thereof.

42
43 This Bond shall not be entitled to any benefit under the Ordinance, or become
44 valid or obligatory for any purpose, until the certificate of authentication and registration
45 hereon shall have been signed by the Registrar.

1 All provisions of the Ordinance, and the statutes under which this Bond is issued
2 shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if
3 written fully herein.
4

5
6 IN WITNESS WHEREOF, THE CITY OF CHARLESTON (WEST VIRGINIA)
7 has caused this Bond to be signed by its Mayor, and its corporate seal to be imprinted hereon
8 and attested by its City Clerk, and has caused this Bond to be dated as of the Bond Date
9 specified above.
10

11
12 [SEAL]
13

14
15 (Manual or Facsimile Signature)
16 Mayor
17

18
19
20 ATTEST:
21

22
23 (Manual or Facsimile Signature)
24 City Clerk
25
26

1 CERTIFICATE OF AUTHENTICATION AND REGISTRATION
2
3

4 This Bond is one of the fully registered Bonds described in the within-mentioned
5 Ordinance and has been duly registered in the name of the Registered Owner on the date set
6 forth below. Attached hereto is the complete text of the opinion of Jackson Kelly PLLC, bond
7 counsel, signed originals of which are on file with the Registrar, delivered and dated on the
8 date of the original delivery of and payment for the Bonds.
9

10 Dated: _____.
11
12

13
14
15 _____,
16 as Registrar
17

18
19 By _____
20 Its Authorized Officer
21
22

1
2
3
4
5
6
7
8
9
9
0
1
2
3
4
5
6
7
8
9
9
0
1
2
3
4
5
6
7
8
9
0
1
2
3
4
5
6
7

11

1
2

STATEMENT OF INSURANCE

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46

EXHIBIT C

THE CITY OF CHARLESTON, WEST VIRGINIA

NOTICE OF PUBLIC HEARING AND ABSTRACT OF BOND ORDINANCE

Notice is hereby given to any person interested that on _____, 200__, the Council of The City of Charleston, West Virginia (the "City") adopted an ordinance which, among other things:

1. Authorized the design, acquisition and construction of certain extensions, additions, betterments and improvements (the "Project") to the City's existing sewerage system (the "System"), the temporary financing of such costs thereof through the issuance of not more than \$10,000,000 in aggregate principal amount of Sewerage System Bond Anticipation Notes (the "Notes"), and the permanent financing of such costs thereof through the issuance of not more than \$50,000,000 in aggregate principal amount of Sewerage System Revenue Bonds, in one or more series (the "Bonds").

2. Directed that the Notes and the Bonds be issued in such principal amounts, bear interest at such rate or rates, not exceeding the then legal maximum rate, mature on such dates and in such amounts and redeemable, in whole or in part, as prescribed in a supplemental resolution.

3. Directed the continuation of the revenue fund and the disposition of the System revenues; provided for the payment of operating expenses of the System and debt service on the Bonds; directed the creation of a sinking fund and a reserve account for the Bonds and continuation of the renewal and replacement fund; and directed the creation of a bond construction trust fund and the disbursement of Bond proceeds.

4. Provided that the Bonds shall not be or constitute a corporate indebtedness of the City within the meaning of any statutory or constitutional limitations, but shall be payable solely from the Net Revenues of the System; pledged the Net Revenues of the System to payment of the Bonds and established the rights of the registered owners of the Bonds to such Net Revenues; provided certain conditions for the issuance of additional bonds.

5. Provided that the Notes shall not be or constitute a corporate indebtedness of the City within the meaning of any statutory or constitutional limitations, but shall be payable solely from the proceeds of the Bonds to be sold to the Water Development Authority on behalf of the SRF Program or any other WDA Program.

6. Provided for insurance coverage on the Project and the System, enforcement of collection of fees, rates or other charges for the System and other covenants in favor of the registered owners; established the events of default and the remedies of the registered owners; and provided for the modification or amendment of the Ordinance upon the terms and conditions set forth in the Ordinance.

1
2 The City contemplates the issuance of the Notes and the Bonds described in, and
3 under the conditions set forth in the Ordinance abstracted above. Any person interested may
4 appear before the Council of The City of Charleston at a _____ meeting on _____,
5 200_, at _____ p.m., in the Council Chambers, City Hall, Charleston, West Virginia, and
6 present protests and be heard as to whether the above-described Ordinance shall be put into
7 effect.
8

9 A certified copy of the Ordinance as adopted by the Council of City on _____
10 _____, 200_, is on file with the City Clerk for review by interested persons at the City Hall
11 during regular office hours, to-wit: 8:00 a.m. to 4:00 p.m., Monday through Friday.
12
13

14 /s/
15 _____
16 City Clerk of The City of Charleston, West Virginia

Resolution No. _____

Introduced in Council:

Adopted by Council:

Introduced by:

1 A resolution supplementing Ordinance No. 7132, which supplemented Ordinance No. 4423
2 passed by the Council of The City of Charleston, West Virginia, on March 6, 1989, as
3 supplemented by Ordinance No. 4506 passed by the Council on November 6, 1989, by
4 Ordinance No. 4954 passed by the Council on May 3, 1993, by Ordinance No. 6276 passed
5 by the Council on September 3, 1996, by Ordinance No. 6349 passed by the Council on June
6 2, 1997, by Ordinance No. 6532 passed by the Council on November 16, 1998, by Ordinance
7 No. 6544 passed by the Council on February 1, 1999, by Ordinance No. 6670 passed by the
8 Council on February 5, 2001, by Ordinance No. 6777 passed by the Council on March 19,
9 2001, by Ordinance No. 6948 passed by the Council on November 4, 2002; and by Ordinance
10 No. 6977 passed by the Council on May 19, 2003; authorizing the design, acquisition and
11 construction of certain extensions, additions, betterments and improvements to the existing
12 sewerage system of The City of Charleston; authorizing the issuance of not more than
13 \$42,000,000 in aggregate principal amount of Sewerage System Revenue Bonds, Series 2005
14 A and Series 2005 B, of The City of Charleston, the proceeds of which, shall be used, along
15 with other funds and moneys of, or available to, The City of Charleston which may be lawfully
16 expended for such purposes, to permanently finance the cost of such design, acquisition and
17 construction, to fund a reserve account for such bonds and to pay other costs in connection
18 therewith; authorizing the issuance of not more than \$10,000,000 in aggregate principal
19 amount of Sewerage System Bond Anticipation Notes, Series 2005 A, of The City of
20 Charleston, to temporarily finance a portion of the cost of such design, acquisition and
21 construction; providing for the rights and remedies of and security for the registered owners
22 of such bonds and notes; and adopting other provisions related thereto.

23
24 WHEREAS, the Council (the "Council") of The City of Charleston, West
25 Virginia (the "City"), on March 7, 2005, adopted Ordinance No. 7132, which became effective
26 following a public hearing on March 21, 2005 (the "Ordinance"), authorizing the issuance of
27 The City of Charleston Sewerage System Revenue Bonds (the "Bonds"), in an aggregate
28 principal amount not to exceed \$50,000,000, in one or more series, to permanently finance
29 the cost of design, acquisition and construction of certain extensions, additions, betterments
30 and improvements to the sewerage system of the City, and the issuance of The City of
31 Charleston Sewerage System Bond Anticipation Notes (the "Notes"), in an aggregate principal
32 amount not to exceed \$10,000,000, to temporarily finance the cost of such design, acquisition
33 and construction, and all as more fully set out therein;

1 WHEREAS, capitalized terms used herein and not otherwise defined herein shall
2 have the same meanings set forth in the Ordinance when used herein;
3

4 WHEREAS, the Ordinance provides for the issuance of the Bonds and the Notes,
5 all in accordance with Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended
6 (the "Act"), and further provides that the exact principal amount, series designation, date,
7 maturity date, redemption provision, interest rate, interest and principal payment dates, sale
8 price and other terms of and matters relating to, the Bonds and the Notes should be established
9 by a supplemental resolution;
10

11 WHEREAS, the Ordinance, pursuant to Section 6 of the Act, directed the City
12 Clerk to publish an abstract of the Ordinance (the "Abstract"), together with a notice that the
13 Ordinance has been adopted, that the City contemplates the issuance of the Bonds and the
14 Notes as described in the Ordinance and that any person interested may appear before the
15 Council upon a certain day and present protests (the "Notice");
16

17 WHEREAS, the Ordinance required that the Abstract and Notice be published
18 as a Class II legal advertisement in the Charleston Daily Mail and Charleston Gazette, two
19 newspapers published and of general circulation in the City, and the first publication of such
20 Abstract and Notice was to be not less than ten (10) days before the date set by the Ordinance
21 and the Notice at which interested persons may appear before the Council and present protests,
22 and the last publication of such Abstract and Notice was to be prior to said date set by the
23 Ordinance and the Notice;
24

25 WHEREAS, the Ordinance and the Notice provided for a public hearing to be
26 held at 7:00 p.m., prevailing time, on March 21, 2005, in Council Chambers in City Hall;
27

28 WHEREAS, the Bonds are proposed to be purchased by the West Virginia Water
29 Development Authority (the "Authority"), pursuant to the terms and conditions set forth under
30 a Loan Agreement for each series of the Bonds by and between the City and the Authority
31 (collectively, the "Loan Agreement");
32

33 WHEREAS, the Notes are proposed to be purchased by United Bank, Inc. (the
34 "Bank"), pursuant to the terms and conditions set forth under a commitment letter of the Bank
35 (the "Bank Commitment Letter");
36

37 WHEREAS, the Council wishes to delegate to the Mayor the authority to
38 approve, within the parameters set forth herein, the final terms of the Bonds and the Notes,
39 including the exact principal amount, the series designation, the date, the maturity date, the
40 redemption provision, the interest rate, the interest and principal payment dates, the sale price
41 and other terms of the Bonds and the Notes and to approve the Loan Agreement, the Bank
42 Commitment Letter and all other agreements in connection therewith, all as set forth in the
43 Certificate of Determination attached hereto, without the requirement of further official action
44 by the Council; and
45

1 WHEREAS, the Council deems it essential and desirable that this resolution (the
2 "Supplemental Resolution") be adopted, that the Loan Agreement and the Bank Commitment
3 Letter be entered into by the Issuer, that parameters be established for the exact principal
4 amount, series designation, date, maturity date, redemption provision, interest rate, interest and
5 principal payment dates, sale price and other terms of the Bonds and the Notes in the manner
6 stated herein, and that other matters relating to the Bonds and the Notes be herein provided for.
7

8 NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF
9 CHARLESTON, WEST VIRGINIA, AS FOLLOWS:
10

11 Section 1. It is hereby found and determined that:
12

13 (A) The Abstract and Notice were duly published in the Charleston Gazette
14 and Charleston Daily Mail, two newspapers published and of general circulation in the City,
15 with the first publication thereof being not less than ten (10) days before the day set by the
16 Ordinance and the Notice for the public hearing, at which interested persons may appear
17 before the Council and present protests and suggestions and with the last publication thereof
18 being prior to said date set by the Ordinance and the Notice for the public hearing, and the
19 Affidavit of Publication reflecting such publications is incorporated herein by reference;
20

21 (B) In accordance with the Ordinance and the Notice, the City Clerk has
22 maintained in his office a certified copy of the Ordinance for review by interested persons
23 during the regular office hours of such office;
24

25 (C) In Council Chambers, City Hall, Charleston, West Virginia, on March 21,
26 2005, at 7:00 p.m. prevailing time, in accordance with the Ordinance and the Notice, the
27 Council met for the purpose of hearing protests and suggestions regarding whether the
28 Ordinance should be put into effect and heard all protests and suggestions with regard thereto;
29

30 (D) At the public hearing, no significant reasons were presented that would
31 require modification or amendment of the Ordinance and no written protest with regard thereto
32 was filed by 30 percent or more of the freeholders of the City; and
33

34 (E) The Ordinance shall be put into effect as of the date hereof and the Bonds
35 and the Notes contemplated thereby shall be issued, all as provided in the Ordinance, this
36 Supplemental Resolution and the Certificate of Determination.
37

38 Section 2. Pursuant to the Ordinance and the Act, this Supplemental
39 Resolution is adopted and there are hereby authorized and ordered to be issued the following:
40

41 (A) The City of Charleston Sewerage System Revenue Bonds, Series 2005
42 A (the "Series 2005 A Bonds"), shall be issued in an aggregate principal amount not to exceed
43 \$38,000,000, shall be dated such date, shall finally mature no later than October 1, 2045, shall
44 bear interest at a rate not to exceed 7% per annum, with interest and principal payable on such

1 dates and shall have such redemption provisions and other terms as shall be approved by the
2 Mayor in the Certificate of Determination attached hereto.

3
4 (B) The City of Charleston Sewerage System Revenue Bonds, Series 2005
5 B (the "Series 2005 B Bonds"), shall be issued in an aggregate principal amount not to exceed
6 \$4,000,000, shall be dated such date, shall finally mature no later than October 1, 2045, shall
7 bear interest at a rate not to exceed 7% per annum, with interest and principal payable on such
8 dates and shall have such redemption provisions and other terms as shall be approved by the
9 Mayor in the Certificate of Determination attached hereto.

10
11 (C) The City of Charleston Sewerage System Bond Anticipation Notes,
12 Series 2005 A, shall be issued in an aggregate principal amount not to exceed \$10,000,000,
13 shall be dated such date, shall finally mature no later than March 1, 2008, shall bear interest
14 at a rate not to exceed 7% per annum, with interest and principal payable on such dates and
15 shall have such redemption provisions and other terms as shall be approved by he Mayor in the
16 Certificate of Determination attached hereto.

17
18 Section 3. All other provisions relating to the Bonds and the Notes shall be as
19 provided in the Ordinance. The text of the Bonds and the Notes shall be in substantially the
20 forms to be attached to the Certificate of Determination, with such changes, insertions and
21 omissions as may be approved by the Mayor. The execution of the Bonds and the Notes by the
22 Mayor shall be conclusive evidence of any approval required by this Section.

23
24 Section 4. The Loan Agreement for each series of the Bonds by and between
25 the Authority and the City, substantially in the forms to be attached to the Certificate of
26 Determination, and the execution and delivery (in multiple counterparts) by the Mayor thereof
27 shall be and the same are hereby authorized, approved, and directed. Upon approval of the
28 Mayor of the sale of the Bonds in the Certificate of Determination within the parameters set
29 forth in this Supplemental Resolution, the Mayor shall execute and deliver the Loan Agreement
30 with such changes, insertions and omissions as may be approved by the Mayor. The execution
31 of the Loan Agreement by the Mayor shall be conclusive evidence of any approval required by
32 this Section, and authorization of any action required by the Loan Agreement relating to the
33 issuance and sale of the Bonds. The price of the Bonds shall be 100% of par value, there being
34 no interest accrued thereon.

35
36 Section 5. The Bank Commitment Letter, substantially in the form to be
37 attached to the Certificate of Determination, and the execution and delivery by the Mayor
38 thereof shall be and the same are hereby authorized, approved, and directed. Upon approval of
39 the Mayor of the sale of the Notes in the Certificate of Determination within the parameters
40 set forth in this Supplemental Resolution, the Mayor shall execute and deliver the Bank
41 Commitment Letter with such changes, insertions and omissions as may be approved by the
42 Mayor. The execution of the Bank Commitment Letter by the Mayor shall be conclusive
43 evidence of any approval required by this Section, and authorization of any action required by
44 the Bank Commitment Letter relating to the issuance and sale of the Notes, including the

1 payment of all necessary fees and expenses in connection therewith. The price of the Notes
2 shall be 100% of par value, there being no interest accrued thereon.
3

4 Section 6. The City hereby appoints and designates the West Virginia Municipal
5 Bond Commission, Charleston, West Virginia (the "Commission"), as the Paying Agent for
6 the Bonds.
7

8 Section 7. The City hereby appoints and designates United Bank, Inc., as the
9 Registrar for the Bonds and the Notes and the Depository Bank/Trustee for the Bonds
10 Construction Trust Fund and the Notes Construction Trust Fund. The City hereby reaffirms
11 Bank One, a division of JPMorgan Chase Bank, N.A., Charleston, West Virginia, as the
12 Depository Bank for the Revenue Fund.
13

14 Section 8. The Series 2005 A Bonds shall be issued on a parity with the First
15 Lien Bonds with respect to liens, pledge and source of and security for payment and in all
16 respects. The Series 2005 A Bonds shall be secured by a first lien on the Net Revenues
17 derived from the System on a parity with the First Lien Bonds but senior and superior to the
18 Second Lien Bonds and the Series 2005 B Bonds. The Series 2005 B Bonds shall be issued
19 junior and subordinate to the First Lien Bonds and the Series 2005 A Bonds, and on a parity
20 with the Second Lien Bonds with respect to liens, pledge and source of and security for
21 payment and in all respects. The Series 2005 B Bonds shall be secured by a second lien on the
22 Net Revenues derived from the System on a parity with the Second Lien Bonds and junior and
23 subordinate to the First Lien Bonds and the Series 2005 A Bonds.
24

25 Section 9. Pursuant to Section 4.03 of the Ordinance, there are hereby created
26 at the Commission the Series 2005 A Bonds Sinking Fund, the Series 2005 A Bonds Reserve
27 Account, the Series 2005 B Bonds Sinking Fund and the Series 2005 B Bonds Reserve
28 Account. Following the monthly payment of Operating Expenses, the City shall make monthly
29 payments to the Commission for the Prior Bonds as required under the Prior Ordinances and
30 the Bonds as follows:
31

32 (1) Simultaneously with the interest payments made pursuant to the Prior
33 Ordinances with respect to the First Lien Bonds, the City shall also deposit with the
34 Commission in the Series 2005 A Bonds Sinking Fund on the first day of each month,
35 commencing 7 months prior to the first interest payment date of the Series 2005 A Bonds,
36 an amount equal to 1/6th of the amount of interest which will become due on the Series 2005
37 A Bonds on the next ensuing semiannual interest payment date; provided that, in the event the
38 period to elapse between the date of such initial deposit in the Series 2005 A Bonds Sinking
39 Fund and the next semiannual interest payment date is less than 7 months, then such monthly
40 payments shall be increased proportionately to provide, 1 month prior to the next semiannual
41 interest payment date, the required amount of interest coming due on such date.
42

43 (2) Simultaneously with the principal payments made pursuant to the Prior
44 Ordinances with respect to the First Lien Bonds, the City shall also deposit with the
45 Commission in the Series 2005 A Bonds Sinking Fund on the first day of each month,

1 commencing 13 months prior to the first principal payment date of the Series 2005 A Bonds,
2 an amount equal to 1/12th of the amount of principal which will mature and become due on
3 the Series 2005 A Bonds on the next ensuing annual principal payment date; provided that, in
4 the event the period to elapse between the date of such initial deposit in the Series 2005 A
5 Bonds Sinking Fund and the next annual principal payment date is less than 13 months, then
6 such monthly payments shall be increased proportionately to provide, 1 month prior to the next
7 annual principal payment date, the required amount of principal coming due on such date.
8

9 (3) Simultaneously with the reserve account payments made pursuant to
10 the Prior Ordinances with respect to the First Lien Bonds, the City shall also deposit with the
11 Commission in the Series 2005 A Bonds Reserve Account, if not fully funded upon issuance
12 of the Series 2005 A Bonds, on the first day of each month, commencing 13 months prior to
13 the first principal payment date of the Series 2005 A Bonds, an amount equal to 1/120th of the
14 Series 2005 A Bonds Reserve Requirement, until the amount in the Series 2005 A Bonds
15 Reserve Account equals the Series 2005 A Bonds Reserve Requirement; provided that, no
16 further payments shall be made into the Series 2005 A Bonds Reserve Account when there
17 shall have been deposited therein, and as long as there shall remain on deposit therein, an
18 amount equal to the Series 2005 A Bonds Reserve Requirement.
19

20 (4) Simultaneously with the interest payments made pursuant to the Prior
21 Ordinances with respect to the Second Lien Bonds, the City shall also deposit with the
22 Commission in the Series 2005 B Bonds Sinking Fund on the first day of each month,
23 commencing 7 months prior to the first interest payment date of the Series 2005 B Bonds,
24 an amount equal to 1/6th of the amount of interest which will become due on the Series 2005
25 B Bonds on the next ensuing semiannual interest payment date; provided that, in the event the
26 period to elapse between the date of such initial deposit in the Series 2005 B Bonds Sinking
27 Fund and the next semiannual interest payment date is less than 7 months, then such monthly
28 payments shall be increased proportionately to provide, 1 month prior to the next semiannual
29 interest payment date, the required amount of interest coming due on such date.
30

31 (5) Simultaneously with the principal payments made pursuant to the Prior
32 Ordinances with respect to the Second Lien Bonds, the City shall also deposit with the
33 Commission in the Series 2005 B Bonds Sinking Fund on the first day of each month,
34 commencing 13 months prior to the first principal payment date of the Series 2005 B Bonds,
35 an amount equal to 1/12th of the amount of principal which will mature and become due on
36 the Series 2005 B Bonds on the next ensuing annual principal payment date; provided that, in
37 the event the period to elapse between the date of such initial deposit in the Series 2005 B
38 Bonds Sinking Fund and the next annual principal payment date is less than 13 months, then
39 such monthly payments shall be increased proportionately to provide, 1 month prior to the next
40 annual principal payment date, the required amount of principal coming due on such date.
41

42 (6) Simultaneously with the reserve account payments made pursuant to
43 the Prior Ordinances with respect to the Second Lien Bonds, the City shall also deposit with
44 the Commission in the Series 2005 B Bonds Reserve Account, if not fully funded upon
45 issuance of the Series 2005 B Bonds, on the first day of each month, commencing 13 months

1 prior to the first principal payment date of the Series 2005 B Bonds, an amount equal to
2 1/120th of the Series 2005 B Bonds Reserve Requirement, until the amount in the Series 2005
3 B Bonds Reserve Account equals the Series 2005 B Bonds Reserve Requirement; provided
4 that, no further payments shall be made into the Series 2005 B Bonds Reserve Account when
5 there shall have been deposited therein, and as long as there shall remain on deposit therein,
6 an amount equal to the Series 2005 B Bonds Reserve Requirement.
7

8 (7) The City shall next, on the first day of each month, transfer from the
9 Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement
10 Fund, an amount equal to 2 1/2% of the Gross Revenues each month (as previously set forth
11 in the Prior Ordinances and not in addition thereto), exclusive of any payments for account
12 of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart
13 from all other funds of the City or of the Depository Bank and shall be invested and reinvested
14 in accordance with the Ordinance. Withdrawals and disbursements may be made from the
15 Renewal and Replacement Fund for replacements, repairs, or improvements or extensions to
16 the System; provided that, any deficiencies in any Reserve Account, except to the extent such
17 deficiency exists because the required payments into such account have not, as of the date of
18 determination of a deficiency, funded such account to the maximum extent required hereof,
19 shall be promptly eliminated with moneys from the Renewal and Replacement Fund.
20

21 Section 10. The Mayor and City Clerk are hereby authorized and directed to
22 execute and deliver such other documents, agreements and certificates required or desirable
23 in connection with the Bonds and the Notes. The City hereby approves and accepts all contracts
24 or agreements relating to the financing, design, acquisition and construction of the Project and
25 hereby authorizes the Sanitary Board to enter into all contracts or agreements relating to the
26 design, acquisition and construction of the Project.
27

28 Section 11. The design, acquisition and construction of the Project and the
29 financing thereof with proceeds of the Bonds and the Notes are in the public interest, serve a
30 public purpose of the City and will promote the health, welfare and safety of the residents of
31 the City. The proceeds of the Bonds and the Notes shall be deposited as set forth in the
32 Certificate of Determination. The City shall expend all proceeds of the Bonds before drawing
33 down on the principal of the Notes.
34

35 Section 12. The City hereby further covenants and agrees as follows:
36

37 A. PUBLIC PURPOSE NOTES. The City shall use the Note proceeds solely
38 for the Project and as otherwise set forth herein, and the Project will be operated solely for
39 a public purpose and as a local governmental activity of the City.
40

41 B. PRIVATE ACTIVITY BOND COVENANT. The City shall not permit at
42 any time or times any of the proceeds of the Notes or any other funds of the City to be used
43 directly or indirectly in a manner which would result in the exclusion of the Notes from the
44 treatment afforded by Section 103(a) of the Code by reason of the classification of the Notes

1 as "private activity bonds" within the meaning of the Code. The City will take all actions
2 necessary to comply with the Code in order to assure the tax-exempt status of the Notes.

3
4 C. PRIVATE LOAN LIMITATION. The City shall assure that not in excess
5 of the lesser of 5% of the proceeds of the Notes or \$5,000,000 are used, directly or
6 indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments)
7 to persons other than state or local government units.

8
9 D. FEDERAL GUARANTEE PROHIBITION. The City shall not take any
10 action or permit or suffer any action to be taken if the result of the same would be to cause the
11 Notes to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

12
13 E. INFORMATION RETURN. The City shall file all statements, instruments
14 and returns necessary to assure the tax-exempt status of the Notes, and the interest thereon,
15 including, without limitation, the information return required under Section 149(e) of the
16 Code.

17
18 F. FURTHER ACTIONS. The City shall take any and all actions that may be
19 required of it so that the interest on the Notes will be and remain excludable from gross
20 income for federal income tax purposes, and will not take any actions, or fail to take any
21 actions which would adversely affect such exclusion.

22
23 Section 13. The City is a governmental unit with general taxing powers to
24 finance operations of or facilities of the nature of the Project and the System. As covenanted
25 above, the Notes are not private activity bonds within the meaning of the Code, and ninety-five
26 percent (95%) or more of the net proceeds (as defined in the Code) of the Notes will be used
27 for local governmental activities of the City (or of a governmental unit the jurisdiction of
28 which is entirely within the jurisdiction of the City). The City reasonably expects to expend
29 the proceeds of the Notes within the time period that would provide an exception from the
30 rebate requirements of Section 148(f) of the Code. Notwithstanding the foregoing, if the City
31 is in fact subject to such rebate requirements, the City hereby covenants to rebate to the United
32 States the amounts required by the Code and to take all steps necessary to make such rebates.
33 In the event the City fails to make such rebates as required, the City shall pay any and all
34 penalties and obtain a waiver from the Internal Revenue Service in order to maintain the
35 tax-exempt status of interest on the Notes.

36
37 Section 14. The City covenants that (i) it will not take, or permit or suffer to be
38 taken, any action with respect to the proceeds of the Notes which would cause the Notes to be
39 "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take all
40 actions that may be required of it (including, without implied limitation, the timely filing of
41 a federal information return with respect to the Notes) so that the interest on the Notes will
42 be and remain excluded from gross income for federal income tax purposes, and will not take
43 any actions which would adversely affect such exclusion.

1 Section 15. The City shall deliver a certificate of arbitrage, a tax certificate or
2 other similar certificate to be prepared by nationally recognized bond counsel or tax counsel
3 relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the
4 Notes. In addition, the City covenants to comply with all Regulations from time to time in
5 effect and applicable to the Notes as may be necessary in order to maintain the exclusion from
6 gross income for federal income tax purposes of interest on the Notes and fully comply with
7 Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such
8 actions, as may be necessary to fully comply with such Section 148(f) of the Code and such
9 Regulations, regardless of whether such actions may be contrary to any of the provisions of
10 the Ordinance.
11

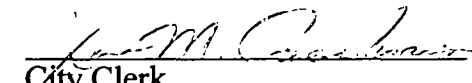
12 If it is determined that the City does not qualify for an exception to Section 148
13 of the Code or the City is otherwise subject to rebate in connection with the Notes, the City
14 shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f)
15 of the Code. Upon completion of each such annual calculation, the City shall deposit, or cause
16 to be deposited, with the Depository Bank in a separate fund designated the Rebate Fund, such
17 sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal
18 the sum determined to be subject to rebate to the United States, which, notwithstanding
19 anything herein to the contrary, shall be paid from investment earnings on the underlying fund
20 or account established hereunder and on which such rebatable arbitrage was earned or from
21 other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate
22 Fund shall be held free and clear of any lien or pledge hereunder, if any, and used only for
23 payment of rebatable arbitrage to the United States. The City shall pay, or cause to be paid, to
24 the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section
25 148(f) of the Code and such Regulations. In the event that there are any amounts remaining
26 in the Rebate Fund following all such payments required by the preceding sentence, the
27 Depository Bank shall pay said amounts to the City to be used for any lawful purpose of the
28 System. The City shall remit payments to the United States in the time and at the address
29 prescribed by the Regulations as the same may be from time to time in effect with such reports
30 and statements as may be prescribed by such Regulations. In the event that, for any reason,
31 amounts in the Rebate Fund are insufficient to make the payments to the United States which
32 are required, the City shall assure that such payments are made by the City to the United States,
33 on a timely basis, from any funds lawfully available therefor. The City may provide for the
34 employment of independent attorneys, accountants or consultants compensated on such
35 reasonable basis as the City may deem appropriate in order to assure compliance with this
36 Section 15. The City shall keep and retain, or cause to be kept and retained, records of the
37 determinations made pursuant to this Section 15 in accordance with the requirements of
38 Section 148(f) of the Code. In the event the City fails to make such rebates as required, the
39 City shall pay the required rebate amount and all interest, penalties and other amounts, from
40 lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary,
41 and take any other actions necessary, in order to maintain the exclusion of interest on the
42 Notes from gross income for federal income tax purposes.
43

44 Section 16. This Supplemental Resolution shall take effect immediately upon
45 adoption hereof.

CERTIFICATE OF TRUTH AND ACCURACY

I, the undersigned, as City Clerk of The City of Charleston, Kanawha County, West Virginia, do hereby certify that the foregoing document is a true and accurate copy of an official record of The City of Charleston, such records being in the custody of the undersigned and maintained at The City of Charleston, City Hall, Charleston, Kanawha County, West Virginia, and that the action taken by the Council in the foregoing document remains in full force and effect and has not been amended or repealed.

Dated this 5th day of May, 2005.



City Clerk

[SEAL]

THE CITY OF CHARLESTON
SEWERAGE SYSTEM REVENUE BONDS, SERIES 2005 A,
SEWERAGE SYSTEM REVENUE BONDS, SERIES 2005 B-1,
SEWERAGE SYSTEM REVENUE BONDS, SERIES 2005 B-2
AND SEWERAGE SYSTEM BOND ANTICIPATION NOTES, SERIES 2005 A

CERTIFICATE OF DETERMINATION

The undersigned Mayor of The City of Charleston (the "City"), in accordance with Section 2 of the Supplemental Resolution adopted by the Council of the City on April 18, 2005 (the "Supplemental Resolution"), with respect to the Sewerage System Revenue Bonds, Series 2005 A (the "Series 2005 A Bonds"), the Sewerage System Revenue Bonds, Series 2005 B-1 (the "Series 2005 B-1 Bonds"), the Sewerage System Revenue Bonds, Series 2005 B-2 (the "Series 2005 B-2 Bonds") and the Sewerage System Bond Anticipation Notes, Series 2005 A (the "Notes"), of the City, hereby finds and determines as follows:

1. The Series 2005 A Bonds, originally represented by a single bond, numbered AR-1, shall be issued in the aggregate principal amount of \$_____. The Series 2005 A Bonds shall be dated _____, 2005, shall finally mature on _____ 1, ___, and shall bear interest at the rate of ___% per annum, payable semiannually on April 1 and October 1 of each year, commencing _____ 1, _____. The principal of the Series 2005 A Bonds is payable annually on October 1 of each year, commencing October 1, _____, in the amounts as set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Series 2005 A Bonds. The Series 2005 A Bonds shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the Registered Owner of the Series 2005 A Bonds.

Such aggregate principal amount of the Series 2005 A Bonds does not exceed \$38,000,000, such interest rate does not exceed 7% per annum and such maturity date is not later than October 1, 2045, all within the parameters authorized by the Supplemental Resolution.

2. (i) The Series 2005 B-1 Bonds, originally represented by a single bond, numbered BR-1, shall be issued in the aggregate principal amount of \$_____. The Series 2005 B-1 Bonds shall be dated _____, 2005, shall finally mature on _____ 1, ___, and shall bear interest at the rate of ___% per annum, payable semiannually on April 1 and October 1 of each year, commencing _____ 1, _____. The principal of the Series 2005 B-1 Bonds is payable annually on October 1 of each year, commencing October 1, _____, in the amounts as set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Series 2005 B-1 Bonds. The Series 2005 B-1 Bonds shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and

redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the Registered Owner of the Series 2005 B-1 Bonds.

(ii) The Series 2005 B-2 Bonds, originally represented by a single bond, numbered BR-2, shall be issued in the aggregate principal amount of \$_____. The Series 2005 B-2 Bonds shall be dated _____, 2005, shall finally mature on _____ 1, _____, and shall bear interest at the rate of ____% per annum, payable semiannually on April 1 and October 1 of each year, commencing _____ 1, _____. The principal of the Series 2005 B-2 Bonds is payable annually on October 1 of each year, commencing October 1, _____, in the amounts as set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Series 2005 B-2 Bonds. The Series 2005 B-2 Bonds shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the Registered Owner of the Series 2005 B-2 Bonds.

Such aggregate principal amount of the Series 2005 B-1 Bonds and the Series 2005 B-2 Bonds does not exceed \$4,000,000, such interest rate does not exceed 7% per annum and such maturity date is not later than October 1, 2045, all within the parameters authorized by the Supplemental Resolution.

3. The Notes, originally represented by a single note, numbered AR-1, shall be issued in the aggregate principal amount of \$_____, or such lesser amount as shall be reflected on the Record of Advances and Payments attached thereto. The Notes shall be dated _____, 2005, shall finally mature on _____ 1, 200____, and shall bear interest at the rate of _____% per annum. Interest is payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 200____. Interest shall accrue only on the amount of the outstanding indebtedness from the actual date of each advance as listed on the Record of Advances and Payments and shall cease to accrue on the amount outstanding, or portions thereof, as the same are paid, as reflected on the Record of Advances and Payments. The entire outstanding principal balance of the Notes and all interest accrued thereon shall be payable in full on _____ 1, 200____. The Notes may be prepaid at any time without penalty. The provisions set forth in Article V of the Bond Ordinance regarding default and remedies shall also be applicable to the Notes; provided that, all rights and remedies of the Registered Owner of the Notes shall be junior and subordinate to those of the Registered Owners of the Bonds.

Such principal amount of the Notes does not exceed \$10,000,000, such interest rate does not exceed 7% per annum and such maturity date is not later than March 1, 2008, all within the parameters authorized by the Supplemental Resolution.

4. The Series 2005 A Bonds shall be sold to the West Virginia Water Development Authority (the "Authority"), pursuant to the terms and conditions of the Loan Agreement for the Series 2005 A Bonds by and between the Authority and the City, at an aggregate purchase price of \$_____ (100% of par value), there being no interest accrued thereon. All proceeds of the Series 2005 A Bonds shall be deposited in the Bonds Construction Trust Fund.

5. The Series 2005 B-1 Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement for the Series 2005 B-1 Bonds by and between the Authority and the City, at an aggregate purchase price of \$_____ (100% of par value), there being no interest accrued thereon. All proceeds of the Series 2005 B-1 Bonds shall be deposited in the Series 2005 A Bonds Reserve Account.

6. The Series 2005 B-2 Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement for the Series 2005 B-2 Bonds by and between the Authority and the City, at an aggregate purchase price of \$_____ (100% of par value), there being no interest accrued thereon. All proceeds of the Series 2005 B-2 Bonds shall be deposited in the Series 2005 A Bonds Reserve Account.

7. The Notes shall be sold to the United Bank, Inc. (the "Bank"), pursuant to the terms and conditions of the Bank Commitment Letter dated _____, 2005 (the "Bank Commitment Letter"), at an aggregate purchase price of \$_____ (100% of par value), there being no interest accrued thereon. All proceeds of the Notes shall be deposited in the Notes Construction Trust Fund.

8. The forms of the Series 2005 A Bonds, the Series 2005 B-1 Bonds, the Series 2005 B-2 Bonds, the Notes, the Loan Agreement for each series of the Bonds and the Bank Commitment Letter attached hereto are hereby approved.

The undersigned hereby certifies that the foregoing terms and conditions of the Bonds and the Notes are within the parameters prescribed by the Supplemental Resolution, and the Bonds and the Notes may be issued with such terms and conditions as authorized hereunder.

WITNESS my signature this ____ day of _____, 2005.

THE CITY OF CHARLESTON

Mayor

THE CITY OF CHARLESTON
SEWERAGE SYSTEM REVENUE BONDS, SERIES 2005 A,
SEWERAGE SYSTEM REVENUE BONDS, SERIES 2005 B-1,
SEWERAGE SYSTEM REVENUE BONDS, SERIES 2005 B-2
AND SEWERAGE SYSTEM BOND ANTICIPATION NOTES, SERIES 2005 A

2.8

CERTIFICATE OF DETERMINATION

The undersigned Mayor of The City of Charleston (the "City"), in accordance with Section 2 of the Supplemental Resolution adopted by the Council of the City on April 18, 2005 (the "Supplemental Resolution"), with respect to the Sewerage System Revenue Bonds, Series 2005 A (the "Series 2005 A Bonds"), the Sewerage System Revenue Bonds, Series 2005 B-1 (the "Series 2005 B-1 Bonds"), the Sewerage System Revenue Bonds, Series 2005 B-2 (the "Series 2005 B-2 Bonds") and the Sewerage System Bond Anticipation Notes, Series 2005 A (the "Notes"), of the City, hereby finds and determines as follows:

1. The Series 2005 A Bonds, originally represented by a single bond, numbered AR-1, shall be issued in the aggregate principal amount of \$36,617,310. The Series 2005 A Bonds shall be dated May 5, 2005, shall finally mature on October 1, 2044, and shall bear interest at the rate of 5.05% per annum, payable semiannually on April 1 and October 1 of each year, commencing October 1, 2005. The principal of the Series 2005 A Bonds is payable annually on October 1 of each year, commencing October 1, 2005, in the amounts as set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Series 2005 A Bonds. The Series 2005 A Bonds shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the Registered Owner of the Series 2005 A Bonds.

Such aggregate principal amount of the Series 2005 A Bonds does not exceed \$38,000,000, such interest rate does not exceed 7% per annum and such maturity date is not later than October 1, 2045, all within the parameters authorized by the Supplemental Resolution.

2. (i) The Series 2005 B-1 Bonds, originally represented by a single bond, numbered BR-1, shall be issued in the aggregate principal amount of \$1,822,690. The Series 2005 B-1 Bonds shall be dated May 5, 2005, shall finally mature on October 1, 2044, and shall bear interest at the rate of 2 % per annum, payable semiannually on April 1 and October 1 of each year, commencing October 1, 2005. The principal of the Series 2005 B-1 Bonds is payable annually on October 1 of each year, commencing October 1, 2006, in the amounts as

set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Series 2005 B-1 Bonds. The Series 2005 B-1 Bonds shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the Registered Owner of the Series 2005 B-1 Bonds.

(ii) The Series 2005 B-2 Bonds, originally represented by a single bond, numbered BR-2, shall be issued in the aggregate principal amount of \$334,771. The Series 2005 B-2 Bonds shall be dated May 5, 2005, shall finally mature on October 1, 2025, and shall bear interest at the rate of 2% per annum, payable semiannually on April 1 and October 1 of each year, commencing October 1, 2005. The principal of the Series 2005 B-2 Bonds is payable annually on October 1 of each year, commencing October 1, 2006, in the amounts as set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Series 2005 B-2 Bonds. The Series 2005 B-2 Bonds shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the Registered Owner of the Series 2005 B-2 Bonds.

Such aggregate principal amount of the Series 2005 B-1 Bonds and the Series 2005 B-2 Bonds does not exceed \$4,000,000, such interest rate does not exceed 7% per annum and such maturity date is not later than October 1, 2045, all within the parameters authorized by the Supplemental Resolution.

3. The Notes, originally represented by a single note, numbered AR-1, shall be issued in the aggregate principal amount of \$9,000,000, or such lesser amount as shall be reflected on the Record of Advances and Payments attached thereto. The Notes shall be dated May 5, 2005, shall finally mature on March 1, 2008, and shall bear interest at the rate of 4.97% per annum. Interest is payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2005. Interest shall accrue only on the amount of the outstanding indebtedness from the actual date of each advance as listed on the Record of Advances and Payments and shall cease to accrue on the amount outstanding, or portions thereof, as the same are paid, as reflected on the Record of Advances and Payments. The entire outstanding principal balance of the Notes and all interest accrued thereon shall be payable in full on March 1, 2008. The Notes may be prepaid at any time without penalty. The provisions set forth in Article V of the Bond Ordinance regarding default and remedies shall also be applicable to the Notes; provided that, all rights and remedies of the Registered Owner of the Notes shall be junior and subordinate to those of the Registered Owners of the Bonds.

Such principal amount of the Notes does not exceed \$10,000,000, such interest rate does not exceed 7% per annum and such maturity date is not later than March 1, 2008, all within the parameters authorized by the Supplemental Resolution.

4. The Series 2005 A Bonds shall be sold to the West Virginia Water Development Authority (the "Authority"), pursuant to the terms and conditions of the Loan Agreement for the Series 2005 A Bonds by and between the Authority and the City, at an aggregate purchase price of \$36,617,310 (100% of par value), there being no interest accrued thereon. All proceeds of the Series 2005 A Bonds shall be deposited in the Bonds Construction Trust Fund.

5. The Series 2005 B-1 Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement for the Series 2005 B-1 Bonds by and between the Authority and the City, at an aggregate purchase price of \$1,822,690 (100% of par value), there being no interest accrued thereon. All proceeds of the Series 2005 B-1 Bonds shall be deposited in the Series 2005 A Bonds Reserve Account.

6. The Series 2005 B-2 Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement for the Series 2005 B-2 Bonds by and between the Authority and the City, at an aggregate purchase price of \$334,771 (100% of par value), there being no interest accrued thereon. All proceeds of the Series 2005 B-2 Bonds shall be deposited in the Series 2005 A Bonds Reserve Account.

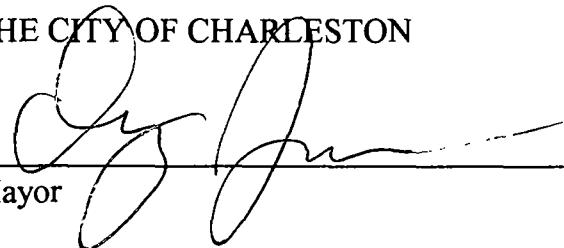
7. The Notes shall be sold to the United Bank, Inc. (the "Bank"), pursuant to the terms and conditions of the Bank Commitment Letter dated April 27, 2005 (the "Bank Commitment Letter"), at an aggregate purchase price of \$9,000,000 (100% of par value), there being no interest accrued thereon. All proceeds of the Notes, as advanced from time to time, shall be deposited in the Notes Construction Trust Fund.

8. The forms of the Series 2005 A Bonds, the Series 2005 B-1 Bonds, the Series 2005 B-2 Bonds, the Notes, the Loan Agreement for each series of the Bonds and the Bank Commitment Letter attached hereto are hereby approved.

The undersigned hereby certifies that the foregoing terms and conditions of the Bonds and the Notes are within the parameters prescribed by the Supplemental Resolution, and the Bonds and the Notes may be issued with such terms and conditions as authorized hereunder.

WITNESS my signature this 2nd day of May, 2005.

THE CITY OF CHARLESTON



Mayor

AR-1



SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF KANAWHA
THE CITY OF CHARLESTON
SEWERAGE SYSTEM REVENUE BONDS, SERIES 2005 A

No. AR-1

\$36,617,310

KNOW ALL MEN BY THESE PRESENTS: That on this 5th day of May, 2005, THE CITY OF CHARLESTON, a municipal corporation and political subdivision of the State of West Virginia in Kanawha County of said State (the "City"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority"), or registered assigns, the principal sum of THIRTY SIX MILLION SIX HUNDRED SEVENTEEN THOUSAND THREE HUNDRED TEN DOLLARS (\$36,617,310), in annual installments on October 1 of each year, commencing October 1, 2005, as set forth on the "Debt Service Schedule" attached as EXHIBIT A hereto and incorporated herein by reference, with interest on each installment at the rate of 5.05% per annum as set forth on said EXHIBIT A. The interest on this Bond shall be payable semiannually on April 1 and October 1 of each year, commencing October 1, 2005, as set forth on said EXHIBIT A.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of principal, 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 Paying Agent(as defined in the hereinafter described Ordinance). The interest on this Bond is payable by check or draft mailed to the registered owner hereof at the address as it appears on the books of the Registrar (as defined in the hereinafter described Ordinance) on the 15th day of the month preceding an interest payment date or by such other method as shall be mutually agreeable so long as the Authority is registered owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and upon the terms and conditions prescribed by the Loan Agreement between the Authority and the City, dated April 28, 2005.

This Bond is issued (i) to pay a portion of the costs of design, acquisition and construction of certain extensions, additions, betterments and improvements to the existing sewerage system of the City (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing sewerage system of the City, the Project and any further additions, betterments and improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Act"), Ordinance No. 4423 passed by the City on March 6, 1989, as supplemented by Ordinance No. 4506 passed by the City on November 6, 1989, Ordinance No. 4954 passed by the City on May 3, 1993, Ordinance No. 6276 passed by the City on September 3, 1996, Ordinance No. 6349 passed by the City on June 2, 1997, Ordinance No. 6532 passed by the City on November 16, 1998, Ordinance No. 6544 passed by the City on February 1, 1999, Ordinance No. 6670 passed by the City on February 5, 2001, Ordinance No. 6777 passed by the City on March 19, 2001, Ordinance No. 6948 passed by the City on November 4, 2002, Ordinance No. 6977 passed by the City on May 19, 2003, Ordinance No. 7132 passed by the City on March 21, 2005, a Supplemental Resolution adopted by the City on April 18, 2005, and a Certificate of Determination dated May 2, 2005 (collectively, the "Ordinance"), and is subject to all the terms and conditions thereof. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Ordinance.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT WITH THE FIRST LIEN BONDS AND SENIOR TO THE SECOND LIEN BONDS, THE SERIES 2005 B-1 BONDS AND THE SERIES 2005 B-2 BONDS ISSUED SIMULTANEOUSLY HERewith, ALL AS DEFINED IN THE ORDINANCE.

This Bond is payable only from and secured by a pledge of a first lien on the Net Revenues as defined in the Ordinance, to be derived from the operation of the System, on a parity with the First Lien Bonds and senior to the Second Lien Bonds, moneys in the Reserve Account created under the Ordinance for this Bond (the "Series 2005 A Bonds Reserve Account") and unexpended proceeds of this Bond. 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 statutory or constitutional 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 2005 A Bonds Reserve Account and unexpended proceeds of this Bond. Pursuant to the Ordinance, the City has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient to provide for all operating expenses of the System and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on this Bond and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to this Bond, including the Prior Bonds; provided however, that so long

as there exists in the Series 2005 A Bonds Reserve Account an amount equal to the maximum amount of principal and interest which will become due on this Bond in the then current or any succeeding year and in the respective reserve accounts established for any obligations outstanding on a parity with or junior to this Bond, including the Prior Bonds, an amount 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 this Bond for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of this Bond are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

This Bond is transferable, as provided in the Ordinance, only upon the books of the Registrar, kept for that purpose at the office of the Registrar, by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

This Bond, under the provision of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, 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 Net Revenues of the System has been pledged to and will be set aside into said special fund by the City for the prompt payment of the principal of and interest on this Bond.

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

AR-1

IN WITNESS WHEREOF, THE CITY OF CHARLESTON has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed or imprinted hereon and attested by its City Clerk, and has caused this Bond to be dated as of the date first written above.

[SEAL]

Mayor

Attest:

City Clerk

AR-1

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2005 A Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: May 5, 2005.

UNITED BANK, INC., as Registrar

By *K. A. Smith*
Its Authorized Officer

AR-1

EXHIBIT A

SPECIMEN

\$36,617,310

City of Charleston (West Virginia)

(WDA LP-IV 2005 Series A Loan)

Closing Date: May 5, 2005

Debt Service Schedule

Part 1 of 3

Date	Principal	Coupon	Interest	Total P+I
10/01/2005	150,000.00	5.050%	749,942.85	899,942.85
04/01/2006	-	-	920,799.58	920,799.58
10/01/2006	315,862.00	5.050%	920,799.58	1,236,661.58
04/01/2007	-	-	912,824.06	912,824.06
10/01/2007	331,813.00	5.050%	912,824.06	1,244,637.06
04/01/2008	-	-	904,445.78	904,445.78
10/01/2008	348,569.00	5.050%	904,445.78	1,253,014.78
04/01/2009	-	-	895,644.42	895,644.42
10/01/2009	366,172.00	5.050%	895,644.42	1,261,816.42
04/01/2010	-	-	886,398.57	886,398.57
10/01/2010	384,663.00	5.050%	886,398.57	1,271,061.57
04/01/2011	-	-	876,685.83	876,685.83
10/01/2011	404,089.00	5.050%	876,685.83	1,280,774.83
04/01/2012	-	-	866,482.59	866,482.59
10/01/2012	424,495.00	5.050%	866,482.59	1,290,977.59
04/01/2013	-	-	855,764.09	855,764.09
10/01/2013	445,932.00	5.050%	855,764.09	1,301,696.09
04/01/2014	-	-	844,504.30	844,504.30
10/01/2014	468,452.00	5.050%	844,504.30	1,312,956.30
04/01/2015	-	-	832,675.89	832,675.89
10/01/2015	492,109.00	5.050%	832,675.89	1,324,784.89
04/01/2016	-	-	820,250.14	820,250.14
10/01/2016	516,960.00	5.050%	820,250.14	1,337,210.14
04/01/2017	-	-	807,196.90	807,196.90
10/01/2017	543,067.00	5.050%	807,196.90	1,350,263.90
04/01/2018	-	-	793,484.46	793,484.46
10/01/2018	570,492.00	5.050%	793,484.46	1,363,976.46
04/01/2019	-	-	779,079.53	779,079.53
10/01/2019	599,302.00	5.050%	779,079.53	1,378,381.53
04/01/2020	-	-	763,947.16	763,947.16
10/01/2020	629,566.00	5.050%	763,947.16	1,393,513.16
04/01/2021	-	-	748,050.62	748,050.62
10/01/2021	661,359.00	5.050%	748,050.62	1,409,409.62
04/01/2022	-	-	731,351.30	731,351.30
10/01/2022	694,758.00	5.050%	731,351.30	1,426,109.30
04/01/2023	-	-	713,808.66	713,808.66
10/01/2023	729,843.00	5.050%	713,808.66	1,443,651.66
04/01/2024	-	-	695,380.13	695,380.13
10/01/2024	766,700.00	5.050%	695,380.13	1,462,080.13
04/01/2025	-	-	676,020.95	676,020.95
10/01/2025	805,419.00	5.050%	676,020.95	1,481,439.95
04/01/2026	-	-	655,684.12	655,684.12
10/01/2026	846,092.00	5.050%	655,684.12	1,501,776.12
04/01/2027	-	-	634,320.30	634,320.30

AR-1

SPECIMEN

\$36,617,310

City of Charleston (West Virginia)

(WDA LP-IV 2005 Series A Loan)

Closing Date: May 5, 2005

Debt Service Schedule

Part 2 of 3

Date	Principal	Coupon	Interest	Total P+I
10/01/2027	888,820.00	5.050%	634,320.30	1,523,140.30
04/01/2028	-	-	611,877.59	611,877.59
10/01/2028	933,706.00	5.050%	611,877.59	1,545,583.59
04/01/2029	-	-	588,301.52	588,301.52
10/01/2029	980,858.00	5.050%	588,301.52	1,569,159.52
04/01/2030	-	-	563,534.85	563,534.85
10/01/2030	1,030,391.00	5.050%	563,534.85	1,593,925.85
04/01/2031	-	-	537,517.48	537,517.48
10/01/2031	1,082,426.00	5.050%	537,517.48	1,619,943.48
04/01/2032	-	-	510,186.22	510,186.22
10/01/2032	1,137,088.00	5.050%	510,186.22	1,647,274.22
04/01/2033	-	-	481,474.75	481,474.75
10/01/2033	1,194,511.00	5.050%	481,474.75	1,675,985.75
04/01/2034	-	-	451,313.35	451,313.35
10/01/2034	1,254,834.00	5.050%	451,313.35	1,706,147.35
04/01/2035	-	-	419,628.79	419,628.79
10/01/2035	1,318,203.00	5.050%	419,628.79	1,737,831.79
04/01/2036	-	-	386,344.16	386,344.16
10/01/2036	1,384,772.00	5.050%	386,344.16	1,771,116.16
04/01/2037	-	-	351,378.67	351,378.67
10/01/2037	1,454,703.00	5.050%	351,378.67	1,806,081.67
04/01/2038	-	-	314,647.42	314,647.42
10/01/2038	1,528,166.00	5.050%	314,647.42	1,842,813.42
04/01/2039	-	-	276,061.23	276,061.23
10/01/2039	1,605,338.00	5.050%	276,061.23	1,881,399.23
04/01/2040	-	-	235,526.45	235,526.45
10/01/2040	1,686,408.00	5.050%	235,526.45	1,921,934.45
04/01/2041	-	-	192,944.64	192,944.64
10/01/2041	1,771,571.00	5.050%	192,944.64	1,964,515.64
04/01/2042	-	-	148,212.48	148,212.48
10/01/2042	1,861,036.00	5.050%	148,212.48	2,009,248.48
04/01/2043	-	-	101,221.32	101,221.32
10/01/2043	1,955,018.00	5.050%	101,221.32	2,056,239.32
04/01/2044	-	-	51,857.11	51,857.11
10/01/2044	2,053,747.00	5.050%	51,857.11	2,105,604.11
Total	\$36,617,310.00	-	\$48,423,597.67	\$85,040,907.67

AR-1

ASSIGNMENT

SPECIMEN

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

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

Dated: _____, ____.

In the presence of:

BR-1



SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF KANAWHA
THE CITY OF CHARLESTON
SEWERAGE SYSTEM REVENUE BONDS, SERIES 2005 B-1

No. BR-1

\$1,822,690

KNOW ALL MEN BY THESE PRESENTS: That on this 5th day of May, 2005, THE CITY OF CHARLESTON, a municipal corporation and political subdivision of the State of West Virginia in Kanawha County of said State (the "City"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority"), or registered assigns, the principal sum of ONE MILLION EIGHT HUNDRED TWENTY TWO THOUSAND SIX HUNDRED NINETY DOLLARS (\$1,822,690), in annual installments on October 1 of each year, commencing October 1, 2006, as set forth on the "Debt Service Schedule" attached as EXHIBIT A hereto and incorporated herein by reference, with interest on each installment at the rate of 2% per annum as set forth on said EXHIBIT A. The interest on this Bond shall be payable semiannually on April 1 and October 1 of each year, commencing October 1, 2005, as set forth on said EXHIBIT A.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of principal, 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 Paying Agent (as defined in the hereinafter described Ordinance). The interest on this Bond is payable by check or draft mailed to the registered owner hereof at the address as it appears on the books of the Registrar (as defined in the hereinafter described Ordinance) on the 15th day of the month preceding an interest payment date or by such other method as shall be mutually agreeable so long as the Authority is registered owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part upon the terms and conditions prescribed by the Loan Agreement between the Authority and the City, dated April 28, 2005.

This Bond is issued to fund a reserve account for the City's Sewerage System Revenue Bonds, Series 2005 A (the "Series 2005 A Bonds"), issued simultaneously herewith. The existing sewerage system of the City, the Project and any further additions, betterments

and improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Act"), Ordinance No. 4423 passed by the City on March 6, 1989, as supplemented by Ordinance No. 4506 passed by the City on November 6, 1989, Ordinance No. 4954 passed by the City on May 3, 1993, Ordinance No. 6276 passed by the City on September 3, 1996, Ordinance No. 6349 passed by the City on June 2, 1997, Ordinance No. 6532 passed by the City on November 16, 1998, Ordinance No. 6544 passed by the City on February 1, 1999, Ordinance No. 6670 passed by the City on February 5, 2001, Ordinance No. 6777 passed by the City on March 19, 2001, Ordinance No. 6948 passed by the City on November 4, 2002, Ordinance No. 6977 passed by the City on May 19, 2003, Ordinance No. 7132 passed by the City on March 21, 2005, a Supplemental Resolution adopted by the City on April 18, 2005, and a Certificate of Determination dated May 2, 2005 (collectively, the "Ordinance"), and is subject to all the terms and conditions thereof. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Ordinance.

THIS BOND IS ISSUED JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT TO THE FIRST LIEN BONDS AND THE SERIES 2005 A BONDS ISSUED SIMULTANEOUSLY HERewith AND ON A PARITY WITH THE SECOND LIEN BONDS AND THE SERIES 2005 B-2 BONDS ISSUED SIMULTANEOUSLY HERewith, ALL AS DEFINED IN THE ORDINANCE.

This Bond is payable only from and secured by a pledge of a second lien on the Net Revenues as defined in the Ordinance, to be derived from the operation of the System, junior and subordinate to the First Lien Bonds and on a parity with the Second Lien Bonds, and unexpended proceeds of this Bond. 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 statutory or constitutional 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 and unexpended proceeds of this Bond. Pursuant to the Ordinance, the City has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient to provide for all operating expenses of the System and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on this Bond and all other obligations secured by a lien on or payable from such revenues on a parity with or prior to this Bond, including the Prior Bonds; provided however, that so long as there exists in the respective reserve accounts established for any obligations outstanding on a parity with or prior to this Bond, including the Prior Bonds, an amount 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 this Bond for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of this

SPECIMEN

BR-1

Bond are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

This Bond is transferable, as provided in the Ordinance, only upon the books of the Registrar, kept for that purpose at the office of the Registrar, by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

This Bond, under the provision of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, 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 Net Revenues of the System has been pledged to and will be set aside into said special fund by the City for the prompt payment of the principal of and interest on this Bond.

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

BR-1

IN WITNESS WHEREOF, THE CITY OF CHARLESTON has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed or imprinted hereon and attested by its City Clerk, and has caused this Bond to be dated as of the date first written above.

[SEAL]

Mayor

Attest:

City Clerk

BR-1

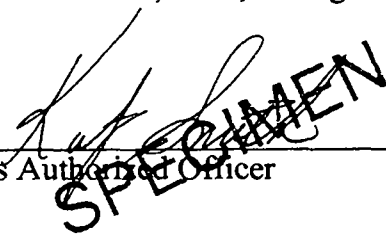
CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2005 B-1 Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: May 5, 2005.

UNITED BANK, INC., as Registrar

By


Its Authorized Officer

BR-1

EXHIBIT A

SPECIMEN

\$1,822,690

City of Charleston (West Virginia)

(WDA Supplemental Loan)

Closing Date: May 5, 2005

Debt Service Schedule

Part 1 of 3

Date	Principal	Coupon	Interest	Total P+I
10/01/2005	-	-	14,784.04	14,784.04
04/01/2006	-	-	18,226.90	18,226.90
10/01/2006	31,298.00	2.000%	18,226.90	49,524.90
04/01/2007	-	-	17,913.92	17,913.92
10/01/2007	31,924.00	2.000%	17,913.92	49,837.92
04/01/2008	-	-	17,594.68	17,594.68
10/01/2008	32,562.00	2.000%	17,594.68	50,156.68
04/01/2009	-	-	17,269.06	17,269.06
10/01/2009	33,213.00	2.000%	17,269.06	50,482.06
04/01/2010	-	-	16,936.93	16,936.93
10/01/2010	33,878.00	2.000%	16,936.93	50,814.93
04/01/2011	-	-	16,598.15	16,598.15
10/01/2011	34,555.00	2.000%	16,598.15	51,153.15
04/01/2012	-	-	16,252.60	16,252.60
10/01/2012	35,246.00	2.000%	16,252.60	51,498.60
04/01/2013	-	-	15,900.14	15,900.14
10/01/2013	35,951.00	2.000%	15,900.14	51,851.14
04/01/2014	-	-	15,540.63	15,540.63
10/01/2014	36,670.00	2.000%	15,540.63	52,210.63
04/01/2015	-	-	15,173.93	15,173.93
10/01/2015	37,404.00	2.000%	15,173.93	52,577.93
04/01/2016	-	-	14,799.89	14,799.89
10/01/2016	38,152.00	2.000%	14,799.89	52,951.89
04/01/2017	-	-	14,418.37	14,418.37
10/01/2017	38,915.00	2.000%	14,418.37	53,333.37
04/01/2018	-	-	14,029.22	14,029.22
10/01/2018	39,693.00	2.000%	14,029.22	53,722.22
04/01/2019	-	-	13,632.29	13,632.29
10/01/2019	40,487.00	2.000%	13,632.29	54,119.29
04/01/2020	-	-	13,227.42	13,227.42
10/01/2020	41,297.00	2.000%	13,227.42	54,524.42
04/01/2021	-	-	12,814.45	12,814.45
10/01/2021	42,122.00	2.000%	12,814.45	54,936.45
04/01/2022	-	-	12,393.23	12,393.23
10/01/2022	42,965.00	2.000%	12,393.23	55,358.23
04/01/2023	-	-	11,963.58	11,963.58
10/01/2023	43,824.00	2.000%	11,963.58	55,787.58
04/01/2024	-	-	11,525.34	11,525.34
10/01/2024	44,701.00	2.000%	11,525.34	56,226.34
04/01/2025	-	-	11,078.33	11,078.33
10/01/2025	45,595.00	2.000%	11,078.33	56,673.33
04/01/2026	-	-	10,622.38	10,622.38
10/01/2026	46,507.00	2.000%	10,622.38	57,129.38
04/01/2027	-	-	10,157.31	10,157.31

BR-1

SPECIMEN

\$1,822,690

City of Charleston (West Virginia)

(WDA Supplemental Loan)

Closing Date: May 5, 2005

Debt Service Schedule

Part 2 of 3

Date	Principal	Coupon	Interest	Total P+I
10/01/2027	47,437.00	2.000%	10,157.31	57,594.31
04/01/2028	-	-	9,682.94	9,682.94
10/01/2028	48,385.00	2.000%	9,682.94	58,067.94
04/01/2029	-	-	9,199.09	9,199.09
10/01/2029	49,353.00	2.000%	9,199.09	58,552.09
04/01/2030	-	-	8,705.56	8,705.56
10/01/2030	50,340.00	2.000%	8,705.56	59,045.56
04/01/2031	-	-	8,202.16	8,202.16
10/01/2031	51,347.00	2.000%	8,202.16	59,549.16
04/01/2032	-	-	7,688.69	7,688.69
10/01/2032	52,374.00	2.000%	7,688.69	60,062.69
04/01/2033	-	-	7,164.95	7,164.95
10/01/2033	53,421.00	2.000%	7,164.95	60,585.95
04/01/2034	-	-	6,630.74	6,630.74
10/01/2034	54,490.00	2.000%	6,630.74	61,120.74
04/01/2035	-	-	6,085.84	6,085.84
10/01/2035	55,580.00	2.000%	6,085.84	61,665.84
04/01/2036	-	-	5,530.04	5,530.04
10/01/2036	56,691.00	2.000%	5,530.04	62,221.04
04/01/2037	-	-	4,963.13	4,963.13
10/01/2037	57,825.00	2.000%	4,963.13	62,788.13
04/01/2038	-	-	4,384.88	4,384.88
10/01/2038	58,982.00	2.000%	4,384.88	63,366.88
04/01/2039	-	-	3,795.06	3,795.06
10/01/2039	60,161.00	2.000%	3,795.06	63,956.06
04/01/2040	-	-	3,193.45	3,193.45
10/01/2040	61,365.00	2.000%	3,193.45	64,558.45
04/01/2041	-	-	2,579.80	2,579.80
10/01/2041	62,592.00	2.000%	2,579.80	65,171.80
04/01/2042	-	-	1,953.88	1,953.88
10/01/2042	63,844.00	2.000%	1,953.88	65,797.88
04/01/2043	-	-	1,315.44	1,315.44
10/01/2043	65,121.00	2.000%	1,315.44	66,436.44
04/01/2044	-	-	664.23	664.23
10/01/2044	66,423.00	2.000%	664.23	67,087.23
Total	\$1,822,690.00	-	\$834,401.30	\$2,657,091.30

BR-1

ASSIGNMENT

SPECIMEN

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

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

Dated: _____, ____.

In the presence of:

BR-2



SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF KANAWHA
THE CITY OF CHARLESTON
SEWERAGE SYSTEM REVENUE BONDS, SERIES 2005 B-2

No. BR-2

\$334,771

KNOW ALL MEN BY THESE PRESENTS: That on this 5th day of May, 2005, THE CITY OF CHARLESTON, a municipal corporation and political subdivision of the State of West Virginia in Kanawha County of said State (the "City"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority"), or registered assigns, the principal sum of THREE HUNDRED THIRTY FOUR THOUSAND SEVEN HUNDRED SEVENTY ONE DOLLARS (\$334,771), in annual installments on October 1 of each year, commencing October 1, 2006, as set forth on the "Debt Service Schedule" attached as EXHIBIT A hereto and incorporated herein by reference, with interest on each installment at the rate of 2% per annum as set forth on said EXHIBIT A. The interest on this Bond shall be payable semiannually on April 1 and October 1 of each year, commencing October 1, 2005, as set forth on said EXHIBIT A.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of principal, 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 Paying Agent(as defined in the hereinafter described Ordinance). The interest on this Bond is payable by check or draft mailed to the registered owner hereof at the address as it appears on the books of the Registrar (as defined in the hereinafter described Ordinance) on the 15th day of the month preceding an interest payment date or by such other method as shall be mutually agreeable so long as the Authority is registered owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, upon the terms and conditions prescribed by the Loan Agreement between the Authority and the City, dated April 28, 2005.

This Bond is issued to fund a reserve account for the City's Sewerage System Revenue Bonds, Series 2005 A (the "Series 2005 A Bonds"), issued simultaneously herewith. The existing sewerage system of the City, the Project and any further additions, betterments and improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Act"), Ordinance No. 4423 passed by the City on March 6, 1989, as supplemented by Ordinance No. 4506 passed by the City on November 6, 1989, Ordinance No. 4954 passed by the City on May 3, 1993, Ordinance No. 6276 passed by the City on September 3, 1996, Ordinance No. 6349 passed by the City on June 2, 1997, Ordinance No. 6532 passed by the City on November 16, 1998, Ordinance No. 6544 passed by the City on February 1, 1999, Ordinance No. 6670 passed by the City on February 5, 2001, Ordinance No. 6777 passed by the City on March 19, 2001, Ordinance No. 6948 passed by the City on November 4, 2002, Ordinance No. 6977 passed by the City on May 19, 2003, Ordinance No. 7132 passed by the City on March 21, 2005, a Supplemental Resolution adopted by the City on April 18, 2005, and a Certificate of Determination dated May 2, 2005 (collectively, the "Ordinance"), and is subject to all the terms and conditions thereof. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Ordinance.

THIS BOND IS ISSUED JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT TO THE FIRST LIEN BONDS AND THE SERIES 2005 A BONDS ISSUED SIMULTANEOUSLY HEREWITH AND ON A PARITY WITH THE SECOND LIEN BONDS AND THE SERIES 2005 B-1 BONDS ISSUED SIMULTANEOUSLY HEREWITH, ALL AS DEFINED IN THE ORDINANCE.

This Bond is payable only from and secured by a pledge of a second lien on the Net Revenues as defined in the Ordinance, to be derived from the operation of the System, junior and subordinate to the First Lien Bonds and on a parity with the Second Lien Bonds, and unexpended proceeds of this Bond. 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 statutory or constitutional 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 and unexpended proceeds of this Bond. Pursuant to the Ordinance, the City has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient to provide for all operating expenses of the System and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on this Bond and all other obligations secured by a lien on or payable from such revenues on a parity with or prior to this Bond, including the Prior Bonds; provided however, that so long as there exists in the respective reserve accounts established for any obligations outstanding on a parity with or prior to this Bond, including the Prior Bonds, an amount equal to the requirement therefor, such percentage may be reduced to 110%. The City

BR-2

SPECIMEN

has entered into certain further covenants with the registered owners of this Bond for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of this Bond are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

This Bond is transferable, as provided in the Ordinance, only upon the books of the Registrar, kept for that purpose at the office of the Registrar, by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

This Bond, under the provision of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, 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 Net Revenues of the System has been pledged to and will be set aside into said special fund by the City for the prompt payment of the principal of and interest on this Bond.

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

BR-2

IN WITNESS WHEREOF, THE CITY OF CHARLESTON has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed or imprinted hereon and attested by its City Clerk, and has caused this Bond to be dated as of the date first written above.

[SEAL]

Mayor

Attest:

City Clerk

BR-2

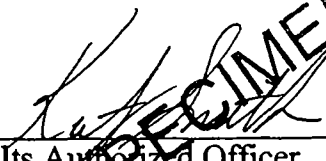
CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2005 B-2 Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: May 5, 2005.

UNITED BANK, INC., as Registrar

By


Its Authorized Officer

BR-2

EXHIBIT A

SPECIMEN

\$334,771

City of Charleston (West Virginia)

(WDA Supplemental Loan)

Closing Date: May 5, 2005

Debt Service Schedule

Part 1 of 2

Date	Principal	Coupon	Interest	Total P+I
10/01/2005	-	-	2,715.36	2,715.36
04/01/2006	-	-	3,347.71	3,347.71
10/01/2006	13,778.00	2.000%	3,347.71	17,125.71
04/01/2007	-	-	3,209.93	3,209.93
10/01/2007	14,054.00	2.000%	3,209.93	17,263.93
04/01/2008	-	-	3,069.39	3,069.39
10/01/2008	14,335.00	2.000%	3,069.39	17,404.39
04/01/2009	-	-	2,926.04	2,926.04
10/01/2009	14,621.00	2.000%	2,926.04	17,547.04
04/01/2010	-	-	2,779.83	2,779.83
10/01/2010	14,914.00	2.000%	2,779.83	17,693.83
04/01/2011	-	-	2,630.69	2,630.69
10/01/2011	15,212.00	2.000%	2,630.69	17,842.69
04/01/2012	-	-	2,478.57	2,478.57
10/01/2012	15,516.00	2.000%	2,478.57	17,994.57
04/01/2013	-	-	2,323.41	2,323.41
10/01/2013	15,827.00	2.000%	2,323.41	18,150.41
04/01/2014	-	-	2,165.14	2,165.14
10/01/2014	16,143.00	2.000%	2,165.14	18,308.14
04/01/2015	-	-	2,003.71	2,003.71
10/01/2015	16,466.00	2.000%	2,003.71	18,469.71
04/01/2016	-	-	1,839.05	1,839.05
10/01/2016	16,795.00	2.000%	1,839.05	18,634.05
04/01/2017	-	-	1,671.10	1,671.10
10/01/2017	17,131.00	2.000%	1,671.10	18,802.10
04/01/2018	-	-	1,499.79	1,499.79
10/01/2018	17,474.00	2.000%	1,499.79	18,973.79
04/01/2019	-	-	1,325.05	1,325.05
10/01/2019	17,823.00	2.000%	1,325.05	19,148.05
04/01/2020	-	-	1,146.82	1,146.82
10/01/2020	18,180.00	2.000%	1,146.82	19,326.82
04/01/2021	-	-	965.02	965.02
10/01/2021	18,544.00	2.000%	965.02	19,509.02
04/01/2022	-	-	779.58	779.58
10/01/2022	18,914.00	2.000%	779.58	19,693.58
04/01/2023	-	-	590.44	590.44
10/01/2023	19,293.00	2.000%	590.44	19,883.44
04/01/2024	-	-	397.51	397.51
10/01/2024	19,679.00	2.000%	397.51	20,076.51
04/01/2025	-	-	200.72	200.72
10/01/2025	20,072.00	2.000%	200.72	20,272.72
Total	\$334,771.00	-	\$77,414.36	\$412,185.36

M0455335.1

BR-2

ASSIGNMENT

SPECIMEN

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

Dated: _____, ____.

In the presence of:

BOND REGISTER

2.12(A)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF KANAWHA
THE CITY OF CHARLESTON
SEWERAGE SYSTEM REVENUE BONDS, SERIES 2005 A

<u>Bond Number</u>	<u>Principal Amount</u>	<u>Date of Bond</u>
No. AR-1	\$36,617,310	May 5, 2005

NO WRITING ON THIS BOND REGISTER EXCEPT BY THE REGISTRAR

Name of Registered Owner:

West Virginia Water Development Authority
180 Association Drive
Charleston, WV 25311

Signature of Registrar:

United Bank, Inc.



Authorized Representative

BOND REGISTER

2.12(B-1)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF KANAWHA
THE CITY OF CHARLESTON
SEWERAGE SYSTEM REVENUE BONDS, SERIES 2005 B-1

<u>Bond Number</u>	<u>Principal Amount</u>	<u>Date of Bond</u>
No. BR-1	\$1,822,690	May 5, 2005

NO WRITING ON THIS BOND REGISTER EXCEPT BY THE REGISTRAR

Name of Registered Owner:

West Virginia Water Development Authority
180 Association Drive
Charleston, WV 25311

Signature of Registrar:

United Bank, Inc.



Authorized Representative

BOND REGISTER

2.12(B-2)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF KANAWHA
THE CITY OF CHARLESTON
SEWERAGE SYSTEM REVENUE BONDS, SERIES 2005 B-2

<u>Bond Number</u>	<u>Principal Amount</u>	<u>Date of Bond</u>
No. BR-2	\$334,771	May 5, 2005

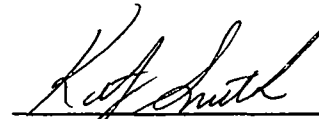
NO WRITING ON THIS BOND REGISTER EXCEPT BY THE REGISTRAR

Name of Registered Owner:

West Virginia Water Development Authority
180 Association Drive
Charleston, WV 25311

Signature of Registrar:

United Bank, Inc.



Authorized Representative

THE CITY OF CHARLESTON
SEWERAGE SYSTEM REVENUE BONDS, SERIES 2005 A,
SEWERAGE SYSTEM REVENUE BONDS, SERIES 2005 B-1
AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2005 B-2

3.4

CERTIFICATE OF CONSULTING ENGINEER

On this 5th day of May, 2005, I, Harvey A. McCallister, Jr., Registered Professional Engineer, West Virginia License No. 7201, of HNTB Corporation, Consulting Engineer, Scott Depot, West Virginia, hereby certify as follows:

1. My firm is the engineer for the planning, design, acquisition and construction of certain additions, betterments and improvements (the "Project") to the existing sewerage system (the "System") of The City of Charleston (the "Issuer"), to be constructed primarily in Kanawha County, West Virginia, which acquisition and construction are being permanently financed by the above-captioned bonds (collectively, the "Bonds") of the Issuer. All capitalized words used herein and not defined herein shall have the same meaning set forth in the Bond Ordinance passed by the Issuer on March 7, 2005, effective March 21, 2005, and the Loan Agreement for each series of the Bonds by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), dated April 28, 2005 (collectively, the "Loan Agreement").

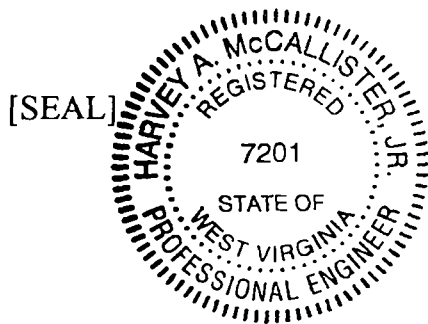
2. The Bonds are being issued for the purposes of (i) paying the costs of acquisition and construction of the Project; (ii) funding a reserve account for the Series 2005 A Bonds; and (iii) paying costs of issuance and related costs.

3. To the best of my knowledge, information and belief (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the West Virginia Department of Environmental Protection (the "DEP") and any change orders approved by the Issuer and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least 40 years, if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule A attached hereto as Exhibit A, and all successful bidders have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and

such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the DEP and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) in reliance upon the certificate of Grigoraci, Trainer, Wright & Paterno, Certified Public Accountants, of even date herewith, as of the effective date thereof, the rates and charges for the System as enacted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the DEP; and (xi) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project, Sources of Funds and Cost of Financing" for the Project.

WITNESS my signature and seal as of the date first written above.

HNTB CORPORATION




Harvey A. McCallister, Jr., P.E.
West Virginia License No. 7201

G T
W & P

GRIGORACI, TRAINER, WRIGHT & PATERNO

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

(A PARTNERSHIP OF ACCOUNTING CORPORATIONS)

608 TENNESSEE AVENUE
CHARLESTON, WV 25302
(304) 343-5511
FAX: (304) 343-5514

May 5, 2005

THE CITY OF CHARLESTON
SEWERAGE SYSTEM REVENUE BONDS, SERIES 2005 A,
SEWERAGE SYSTEM REVENUE BONDS, SERIES 2005 B-1
AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2005 B-2

The City of Charleston
P.O. Box 2749
Charleston, WV 25330

West Virginia Water Development Authority
180 Association Drive
Charleston, WV 25311

West Virginia Department of Environmental Protection
601 57th Street
Charleston, WV 25304

Ladies and Gentlemen:

We have reviewed the sewer service rates of The City of Charleston (the "Issuer"), enacted by the Issuer on March 5, 2004, the projected operating expenses and the anticipated customer usage provided by the Charleston Sanitary Board. It is our opinion that such rates are adequate (i) to provide for all operating expenses of the sewerage system of the Issuer (the "System"), and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for the payment of principal of and interest on the Issuer's Sewerage System Revenue Bonds, Series 2005 A, Series 2005 B-1 and Series 2005 B-2 (collectively, the "Series 2005 Bonds") and all other obligations secured by or payable from revenues of the System on a parity with or junior to the Series 2005 Bonds, including the Issuer's Sewer Revenue Bonds, Series 1989 A, Sewer Revenue Bonds, Series 1989 C, Sewerage System Revenue Bonds, 1993 Series A, Sewerage System Revenue Bonds, Series 1996 A, Sewerage System Revenue Bonds, Series 1996 B, Sewerage System Revenue Bonds, Series 1997 A, Sewerage System Revenue Bonds, Series 1997 B, Sewerage System

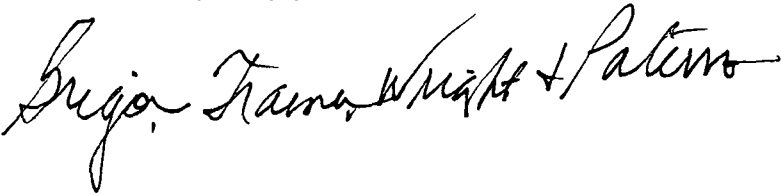
The City of Charleston
West Virginia Water Development Authority
West Virginia Department of Environmental Protection
Page Two
May 5, 2005

Revenue Bonds, 1998 Series A, Sewerage System Revenue Bonds, 1999 Series A, Sewerage System Revenue Bonds, Series 2001 A, Sewerage System Revenue Bonds, 2001 Series B, Sewerage System Refunding Revenue Bonds, Series 2002 A, Sewerage System Refunding Revenue Bonds, Series 2002 B, Sewerage System Revenue Bonds, Series 2004 A, Supplemental Sewer Revenue Bonds, Series 1989 B, Supplemental Sewer Revenue Bonds, Series 1989 D, Sewerage System Revenue Bonds, 1999 Series B and Sewerage System Revenue Bonds, 2001 Series C (collectively, the "Prior Bonds").

It is further our opinion that the Net Revenues actually derived from the System during any 12 consecutive months within the 18 months immediately preceding the date of the actual issuance of the Series 2005 Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by the Series 2005 Bonds, will not be less than 115% of the maximum annual amount which will mature and become due in any succeeding year for principal of and interest on the Prior Bonds and the Series 2005 Bonds.

Capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Ordinance authorizing the Series 2005 Bonds.

Very truly yours,

A handwritten signature in black ink, reading "Sergio Tama Wright + Paterno". The signature is written in a cursive, flowing style with a large initial 'S'.

THE CITY OF CHARLESTON
SEWERAGE SYSTEM REVENUE BONDS, SERIES 2005 A,
SEWERAGE SYSTEM REVENUE BONDS, SERIES 2005 B-1
AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2005 B-2

3.6

RECEIPT FOR BONDS

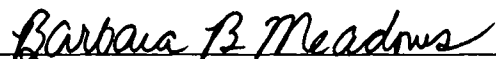
The undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, hereby certifies as follows:

1. On this 5th day of May, 2005, in Charleston, West Virginia, the Authority received (i) the Sewerage System Revenue Bonds, Series 2005 A, of The City of Charleston (the "Issuer"), in the principal amount of \$36,617,310, numbered AR-1; (ii) the Sewerage System Revenue Bonds, Series 2005 B-1, of the Issuer, in the principal amount of \$1,822,690, numbered BR-1; and (iii) the Sewerage System Revenue Bonds, Series 2005 B-2, of the Issuer, in the principal amount of \$334,771, numbered BR-2; all dated May 5, 2005, issued in the form of one bond each and fully registered to the Authority (collectively, the "Bonds").

2. At the time of such receipt of the Bonds, they had been executed by the Mayor of the Issuer and attested by the City Clerk of the Issuer, by their respective manual signatures, and the official seal of the Issuer had been impressed upon the Bonds.

WITNESS my signature on this 5th day of May, 2005.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY


Authorized Representative

THE CITY OF CHARLESTON
SEWERAGE SYSTEM REVENUE BONDS, SERIES 2005 A,
SEWERAGE SYSTEM REVENUE BONDS, SERIES 2005 B-1
AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2005 B-2

3.7

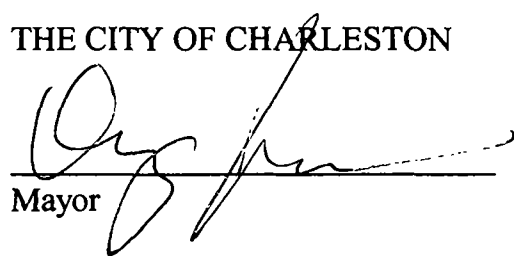
RECEIPT FOR BOND PROCEEDS

The undersigned Mayor of The City of Charleston (the "Issuer"), for and on behalf of the Issuer, hereby certifies as follows:

On this 5th day of May, 2005, the Issuer received from the West Virginia Water Development Authority, as the original purchaser of (i) the \$36,617,310 Sewerage System Revenue Bonds, Series 2005 A, of the Issuer, dated May 5, 2005 (the "Series 2005 A Bonds"), the sum of \$36,617,310, being the entire principal amount of the Series 2005 A Bonds; (ii) the \$1,822,690 Sewerage System Revenue Bonds, Series 2005 B-1, of the Issuer, dated May 5, 2005 (the "Series 2005 B-1 Bonds"), the sum of \$1,822,690, being the entire principal amount of the Series 2005 B-1 Bonds; and (iii) the \$334,771 Sewerage System Revenue Bonds, Series 2005 B-2, of the Issuer, dated May 5, 2005 (the "Series 2005 B-2 Bonds"), the sum of \$334,771, being the entire principal amount of the Series 2005 B-2 Bonds.

WITNESS my signature on this 5th day of May, 2005.

THE CITY OF CHARLESTON



Mayor

THE CITY OF CHARLESTON
SEWERAGE SYSTEM REVENUE BONDS, SERIES 2005 A,
SEWERAGE SYSTEM REVENUE BONDS, SERIES 2005 B-1
AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2005 B-2

3.8

REQUEST AND AUTHORIZATION TO
AUTHENTICATE, REGISTER AND DELIVER THE BONDS

United Bank, Inc., as Registrar
Charleston, West Virginia

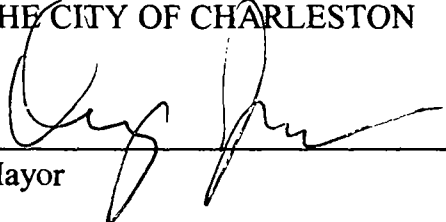
Ladies and Gentlemen:

We herewith hand to you, duly executed, the (i) \$36,617,310 Sewerage System Revenue Bonds, Series 2005 A, in the form of one bond, numbered AR-1, dated May 5, 2005; (ii) \$1,822,690 Sewerage System Revenue Bonds, Series 2005 B-1, in the form of one bond, numbered BR-1, dated May 5, 2005; and (iii) \$334,771 Sewerage System Revenue Bonds, Series 2005 B-2, in the form of one bond, numbered BR-2, dated May 5, 2005 (collectively, the "Bonds"), of The City of Charleston, West Virginia (the "Issuer"), authorized to be issued under and pursuant to a Bond Ordinance duly passed by the Issuer on March 7, 2005, effective March 21, 2005, a Supplemental Resolution duly adopted by the Issuer on April 18, 2005, and a Certificate of Determination dated May 2, 2005. You are hereby requested and authorized to authenticate, register and deliver the Bonds on behalf of the Issuer to the West Virginia Water Development Authority.

WITNESS our signatures on this 5th day of May, 2005.

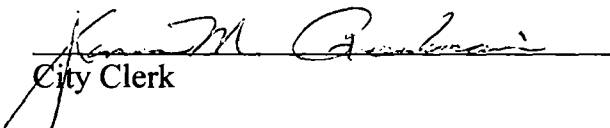
(SEAL)

THE CITY OF CHARLESTON



Mayor

Attest:



City Clerk

THE CITY OF CHARLESTON
SEWERAGE SYSTEM REVENUE BONDS, SERIES 2005 A,
SEWERAGE SYSTEM REVENUE BONDS, SERIES 2005 B-1
AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2005 B-2

3.9

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 5th day of May, 2005, by and between THE CITY OF CHARLESTON, West Virginia, a municipal corporation (the "Issuer"), and UNITED BANK, INC., Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$36,617,310 Sewerage System Revenue Bonds, Series 2005 A, \$1,822,690 Sewerage System Revenue Bonds, Series 2005 B-1, and \$334,771 Sewerage System Revenue Bonds, Series 2005 B-2, all dated May 5, 2005 (collectively, the "Bonds"), in the form of one bond each, in fully registered form, pursuant to a Bond Ordinance duly passed by the Issuer on March 7, 2005, effective March 21, 2005, a Supplemental Resolution duly adopted April 18, 2005, and a Certificate of Determination dated May 2, 2005 (collectively, the "Ordinance");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Ordinance, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Ordinance provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Ordinance and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Ordinance and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Ordinance, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation heretofore agreed by the parties and set forth in the attached invoice.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Ordinance with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Ordinance, the terms of the Ordinance shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Ordinance will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective address:

ISSUER:

The City of Charleston
P.O. Box 2749
Charleston, WV 25330
Attention: Mayor

REGISTRAR:

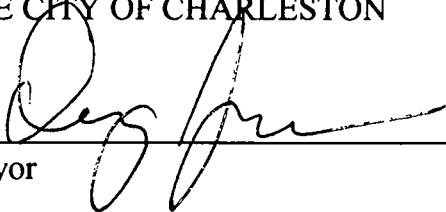
United Bank, Inc.
500 Virginia Street, East
P.O. Box 393
Charleston, WV 25322
Attention: Corporate Trust Department

The Issuer and the Registrar shall notify the other in writing of any change of address.

8. The Registrar is hereby requested and authorized to authenticate, register and deliver the Bonds in accordance with the Ordinance.

IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the date first written above.

THE CITY OF CHARLESTON



Mayor

UNITED BANK, INC.



Authorized Officer

EXHIBIT A

See Bond Ordinance (Tab No. 11)

See Supplemental Resolution (Tab No. 12)

See Certificate of Determination (Tab No. 13)

THE CITY OF CHARLESTON
SEWERAGE SYSTEM REVENUE BONDS, SERIES 2005 A,
SEWERAGE SYSTEM REVENUE BONDS, SERIES 2005 B-1
AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2005 B-2

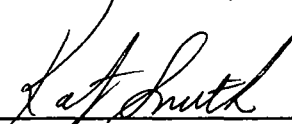
3.10

CERTIFICATE OF REGISTRATION OF BONDS

UNITED BANK, INC., Charleston, West Virginia, as Registrar (the "Registrar"), hereby certifies that on the date hereof, the single, fully registered Sewerage System Revenue Bonds, Series 2005 A, of The City of Charleston, West Virginia (the "Issuer"), dated May 5, 2005, in the principal amount of \$36,617,310, numbered AR-1, the single, fully registered Sewerage System Revenue Bonds, Series 2005 B-1, of the Issuer, dated May 5, 2005, in the principal amount of \$1,822,690, numbered BR-1, and the single, fully registered Sewerage System Revenue Bonds, Series 2005 B-2, of the Issuer, dated May 5, 2005, in the principal amount of \$334,771, numbered BR-2, were registered as to principal and interest in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of the Registrar.

WITNESS my signature on this 5th day of May, 2005.

UNITED BANK, INC., as Registrar



Authorized Officer

THE CITY OF CHARLESTON
SEWERAGE SYSTEM REVENUE BONDS, SERIES 2005 A,
SEWERAGE SYSTEM REVENUE BONDS, SERIES 2005 B-1
AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2005 B-2

3.11

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

UNITED BANK, INC., Charleston, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Ordinance of The City of Charleston, West Virginia (the "Issuer"), passed by the Issuer on March 7, 2005, effective March 21, 2005, a Supplemental Resolution adopted by the Issuer on April 18, 2005, and a Certificate of Determination dated May 2, 2005 (collectively, the "Ordinance"), authorizing the issuance of the Issuer's Sewerage System Revenue Bonds, Series 2005 A, in the principal amount of \$36,617,310; Sewerage System Revenue Bonds, Series 2005 B-1, in the principal amount of \$1,822,690; and Sewerage System Revenue Bonds, Series 2005 B-2, in the principal amount of \$334,771; all dated May 5, 2005, and agrees to serve as Depository Bank for the Bonds Construction Trust Fund all as set forth in the Ordinance.

WITNESS my signature on this 5th day of May, 2005.

UNITED BANK, INC.



Authorized Officer

WEST VIRGINIA MUNICIPAL BOND COMMISSION

Suite 500

8 Capitol Street, Charleston, WV 25301

(304) 558-3971

3.12 (A)

NEW ISSUE REPORT FORM

Date of Report: May 5, 2005

ISSUE: <u>The City of Charleston Sewerage System Revenue Bonds, Series 2005 A</u>	
ADDRESS: <u>P.O. Box 2749, Charleston, WV 25330</u>	COUNTY: <u>Kanawha</u>
PURPOSE OF ISSUE: New Money ☒ Refunding ☐ Refunds issue(s) dated: _____	
ISSUE DATE: <u>May 5, 2005</u>	CLOSING DATE: <u>May 5, 2005</u>
ISSUE AMOUNT: <u>\$36,617,310</u>	RATE: <u>5.05%</u>
1st DEBT SERVICE DUE: <u>October 1, 2005</u>	1st PRINCIPAL DUE: <u>October 1, 2005</u>
1st DEBT SERVICE AMOUNT: <u>\$899,942.85</u>	PAYING AGENT: <u>Municipal Bond Commission</u>
BOND COUNSEL: <u>Jackson Kelly PLLC</u> Contact Person: <u>Samme L. Gee, Esquire</u> Phone: <u>(304) 340-1318</u>	UNDERWRITERS COUNSEL: _____ Contact Person: _____ Phone: _____
CLOSING BANK: <u>United Bank, Inc.</u> Contact Person: <u>Kathy Smith</u> Phone: <u>(304) 348-8427</u>	ESCROW TRUSTEE: _____ Contact Person: _____ Phone: _____
KNOWLEDGEABLE ISSUER CONTACT: Contact Person: <u>Bill Collison</u> Position: <u>Finance Manager</u> Phone: <u>(304) 348-1084</u>	OTHER: <u>WVWDA</u> Contact Person: <u>Daniel B. Yonkosky</u> Function: <u>Director</u> Phone: <u>(304) 558-3612</u>
DEPOSITS TO MBC AT CLOSE: _____ By ☒ Wire ☒ _____ Check _____	Accrued Interest: \$ _____ Capitalized Interest: \$ _____ Reserve Account: <u>\$2,157,461 (See Notes Below)</u> Other: _____ \$ _____
REFUNDS & TRANSFERS BY MBC AT CLOSE: By _____ Wire _____ _____ Check _____ _____ IGT _____	To Escrow Trustee: \$ _____ To Issuer: \$ _____ To Cons. Invest. Fund \$ _____ To Other: _____ \$ _____
NOTES: <u>The Series 2005 A Bonds Reserve Account will be fully funded at closing with proceeds of the Series 2005 B-1 Bonds and the Series 2005 B-2 Bonds, both issued by the City on the date hereof.</u>	
FOR MUNICIPAL BOND COMMISSION USE ONLY: Documents Required: _____ Transfers Required: _____	

WEST VIRGINIA MUNICIPAL BOND COMMISSION

Suite 500

8 Capitol Street, Charleston, WV 25301

(304) 558-3971

3.12 (B-1)

NEW ISSUE REPORT FORM

Date of Report: May 5, 2005

ISSUE: The City of Charleston Sewerage System Revenue Bonds, Series 2005 B-1ADDRESS: P.O. Box 2749, Charleston, WV 25330 COUNTY: KanawhaPURPOSE OF ISSUE: New Money X
Refunding Refunds issue(s) dated: ISSUE DATE: May 5, 2005 CLOSING DATE: May 5, 2005ISSUE AMOUNT: \$1,822,690 RATE: 2%1st DEBT SERVICE DUE: October 1, 2005 1st PRINCIPAL DUE: October 1, 20061st DEBT SERVICE AMOUNT: \$14,784.04 PAYING AGENT: Municipal Bond CommissionBOND COUNSEL: Jackson Kelly PLLC
Contact Person: Samme L. Gee, Esquire
Phone: (304) 340-1318UNDERWRITERS COUNSEL:
Contact Person:
Phone: CLOSING BANK: United Bank, Inc.
Contact Person: Kathy Smith
Phone: (304) 348-8427ESCROW TRUSTEE:
Contact Person:
Phone: KNOWLEDGEABLE ISSUER CONTACT:
Contact Person: Bill Collison
Position: Finance Manager
Phone: (304) 348-1084OTHER: WVWDA
Contact Person: Daniel B. Yonkosky
Function: Director
Phone: (304) 558-3612DEPOSITS TO MBC AT CLOSE: Accrued Interest: \$
 Capitalized Interest: \$
By Wire Reserve Account: \$
 Check Other: \$

REFUNDS & TRANSFERS BY MBC AT CLOSE:

By Wire To Escrow Trustee: \$
 Check To Issuer: \$
 IGT To Cons. Invest. Fund \$
 To Other: \$ NOTES: WDA does not require a Series 2005 B-1 Bonds Reserve Account.

FOR MUNICIPAL BOND COMMISSION USE ONLY:

Documents Required: Transfers Required:

WEST VIRGINIA MUNICIPAL BOND COMMISSION

Suite 500

8 Capitol Street, Charleston, WV 25301

(304) 558-3971

3.12 (B-2)

NEW ISSUE REPORT FORM

Date of Report: May 5, 2005

ISSUE: The City of Charleston Sewerage System Revenue Bonds, Series 2005 B-2ADDRESS: P.O. Box 2749, Charleston, WV 25330 COUNTY: KanawhaPURPOSE OF ISSUE: New Money X
Refunding Refunds issue(s) dated: ISSUE DATE: May 5, 2005 CLOSING DATE: May 5, 2005ISSUE AMOUNT: \$334,771 RATE: 2%1st DEBT SERVICE DUE: October 1, 2005 1st PRINCIPAL DUE: October 1, 20061st DEBT SERVICE AMOUNT: \$2,715.36 PAYING AGENT: Municipal Bond CommissionBOND COUNSEL: Jackson Kelly PLLC
Contact Person: Samme L. Gee, Esquire
Phone: (304) 340-1318UNDERWRITERS COUNSEL:
Contact Person:
Phone: CLOSING BANK: United Bank, Inc.
Contact Person: Kathy Smith
Phone: (304) 348-8427ESCROW TRUSTEE:
Contact Person:
Phone: KNOWLEDGEABLE ISSUER CONTACT:
Contact Person: Bill Collison
Position: Finance Manager
Phone: (304) 348-1084OTHER: WVWDA
Contact Person: Daniel B. Yonkosky
Function: Director
Phone: (304) 558-3612DEPOSITS TO MBC AT CLOSE: Accrued Interest: \$
 Capitalized Interest: \$
By Wire Reserve Account: \$
 Check Other: \$

REFUNDS & TRANSFERS BY MBC AT CLOSE:

By Wire To Escrow Trustee: \$
 Check To Issuer: \$
 IGT To Cons. Invest. Fund \$
 To Other: \$ NOTES: WDA does not require a Series 2005 B-2 Bonds Reserve Account.

FOR MUNICIPAL BOND COMMISSION USE ONLY:

Documents Required: Transfers Required:

May 5, 2005

The City of Charleston
P.O. Box 2749
Charleston, WV 25330

West Virginia Water Development Authority
180 Association Drive
Charleston, WV 25311

Re: The City of Charleston
 Sewerage System Revenue Bonds, Series 2005 A

Ladies and Gentlemen:

We have served as bond counsel to The City of Charleston (“the Issuer”), a municipal corporation, in connection with the issuance of its Sewerage System Revenue Bonds, Series 2005 A, dated the date hereof (the “Bonds”).

We have examined certified copies of proceedings and other papers relating to the authorization of (i) a loan agreement for the Bonds dated April 28, 2005, including all schedules and exhibits attached thereto (the “Loan Agreement”), by and between the Issuer and the West Virginia Water Development Authority (the “Authority”), and (ii) the Bonds to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are issued in the principal amount of \$36,617,310, in the form of one bond, registered to the Authority, with interest payable semiannually on April 1 and October 1 of each year, commencing October 1, 2005, at the rate of 5.05% per annum, and with principal payable annually on October 1 of each year, commencing October 1, 2005, all as set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the “Act”), for the purposes of (i) paying a portion of the costs of design, acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the

M0451278.1

“Project”); and (ii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act and a Bond Ordinance duly passed by the Issuer on March 7, 2005, effective March 21, 2005, as supplemented by a Supplemental Resolution duly adopted by the Issuer on April 18, 2005, and a Certificate of Determination dated May 2, 2005 (collectively, the “Ordinance”), pursuant to and under which Act and Ordinance the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Ordinance and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Ordinance and in the Loan Agreement when used herein.

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

1. The Issuer is a duly created and presently existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System, to enact the Ordinance and to issue and sell the Bonds, all under the Act and other applicable provisions of law.
2. The Loan Agreement has been duly authorized by and executed on behalf of the Issuer and is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof.
3. 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 Issuer without the written consent of the Authority.
4. The Issuer has legally and effectively enacted the Ordinance and adopted all other necessary resolutions in connection with the issuance and sale of the Bonds. The Ordinance constitutes a valid and binding obligation of the Issuer enforceable against the Issuer in accordance with its terms thereof and contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

The City of Charleston
West Virginia Water Development Authority
May 5, 2005
Page 3

5. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's First Lien Bonds and senior to the Issuer's Second Lien Bonds, the Series 2005 B-1 Bonds and the Series 2005 B-2 Bonds, all in accordance with the terms of the Bonds and the Ordinance.

6. Under the Act, the Bonds and any interest thereon are exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

7. The Bonds have not been issued on the basis that the interest thereon is or will be excluded from the gross income of the owners thereof for federal income tax purposes. We express no opinion regarding the excludability of such interest from the gross income of the owners thereof for federal income tax purposes or other federal tax consequences arising with respect to the Bonds.

No opinion is given herein as to the effect upon enforceability of the Bonds under any applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights or in the exercise of judicial discretion or principles of equity in appropriate cases.

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

Very truly yours,

A handwritten signature in black ink, appearing to read "Jack Kelly PLLC", written over a horizontal line.

May 5, 2005

The City of Charleston
P.O. Box 2749
Charleston, WV 25330

West Virginia Water Development Authority
180 Association Drive
Charleston, WV 25311

Re: The City of Charleston
 Sewerage System Revenue Bonds, Series 2005 B-1

Ladies and Gentlemen:

We have served as bond counsel to The City of Charleston (“the Issuer”), a municipal corporation, in connection with the issuance of its Sewerage System Revenue Bonds, Series 2005 B-1, dated the date hereof (the “Bonds”).

We have examined certified copies of proceedings and other papers relating to the authorization of (i) a loan agreement for the Bonds dated April 28, 2005, including all schedules and exhibits attached thereto (the “Loan Agreement”), by and between the Issuer and the West Virginia Water Development Authority (the “Authority”), and (ii) the Bonds to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are issued in the principal amount of \$1,822,690, in the form of one bond, registered to the Authority, with interest payable semiannually on April 1 and October 1 of each year, commencing October 1, 2005, at the rate of 2% per annum, and with principal payable annually on October 1 of each year, commencing October 1, 2006, all as set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the “Act”), for the purpose of funding a reserve account for the Issuer’s Sewerage System Revenue Bonds, Series 2005 A (the “Series 2005 A Bonds”), issued simultaneously on the date hereof.

M0453040.1

We have also examined the applicable provisions of the Act and a Bond Ordinance duly passed by the Issuer on March 7, 2005, effective March 21, 2005, as supplemented by a Supplemental Resolution duly adopted by the Issuer on April 18, 2005, and a Certificate of Determination dated May 2, 2005 (collectively, the "Ordinance"), pursuant to and under which Act and Ordinance the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Ordinance and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Ordinance and in the Loan Agreement when used herein.

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

1. The Issuer is a duly created and presently existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System, to enact the Ordinance and to issue and sell the Bonds, all under the Act and other applicable provisions of law.
2. The Loan Agreement has been duly authorized by and executed on behalf of the Issuer and is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof.
3. 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 Issuer without the written consent of the Authority.
4. The Issuer has legally and effectively enacted the Ordinance and adopted all other necessary resolutions in connection with the issuance and sale of the Bonds. The Ordinance constitutes a valid and binding obligation of the Issuer enforceable against the Issuer in accordance with its terms thereof and contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.
5. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a second lien on and

The City of Charleston
West Virginia Water Development Authority
May 5, 2005
Page 3

pledge of the Net Revenues of the System, junior and subordinate with respect to liens, pledge and source of and security for payment to the Issuer's First Lien Bonds and the Series 2005 A Bonds and on a parity with the Issuer's Second Lien Bonds and the Series 2005 B-2 Bonds, all in accordance with the terms of the Bonds and the Ordinance.

6. Under the Act, the Bonds and any interest thereon are exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

7. The Bonds have not been issued on the basis that the interest thereon is or will be excluded from the gross income of the owners thereof for federal income tax purposes. We express no opinion regarding the excludability of such interest from the gross income of the owners thereof for federal income tax purposes or other federal tax consequences arising with respect to the Bonds.

No opinion is given herein as to the effect upon enforceability of the Bonds under any applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights or in the exercise of judicial discretion or principles of equity in appropriate cases.

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

Very truly yours,

A handwritten signature in black ink that reads "Jack Kelly PLLC". The signature is written in a cursive, flowing style.

May 5, 2005

The City of Charleston
P.O. Box 2749
Charleston, WV 25330

West Virginia Water Development Authority
180 Association Drive
Charleston, WV 25311

Re: The City of Charleston
 Sewerage System Revenue Bonds, Series 2005 B-2

Ladies and Gentlemen:

We have served as bond counsel to The City of Charleston (“the Issuer”), a municipal corporation, in connection with the issuance of its Sewerage System Revenue Bonds, Series 2005 B-2, dated the date hereof (the “Bonds”).

We have examined certified copies of proceedings and other papers relating to the authorization of (i) a loan agreement for the Bonds dated April 28, 2005, including all schedules and exhibits attached thereto (the “Loan Agreement”), by and between the Issuer and the West Virginia Water Development Authority (the “Authority”), and (ii) the Bonds to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are issued in the principal amount of \$334,771, in the form of one bond, registered to the Authority, with interest payable semiannually on April 1 and October 1 of each year, commencing October 1, 2005, at the rate of 2% per annum, and with principal payable annually on October 1 of each year, commencing October 1, 2006, all as set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the “Act”), for the purpose of funding a reserve account for the Issuer’s Sewerage System Revenue Bonds, Series 2005 A (the “Series 2005 A Bonds”), issued simultaneously on the date hereof.

M0455341.1

We have also examined the applicable provisions of the Act and a Bond Ordinance duly passed by the Issuer on March 7, 2005, effective March 21, 2005, as supplemented by a Supplemental Resolution duly adopted by the Issuer on April 18, 2005, and a Certificate of Determination dated May 2, 2005 (collectively, the "Ordinance"), pursuant to and under which Act and Ordinance the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Ordinance and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Ordinance and in the Loan Agreement when used herein.

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

1. The Issuer is a duly created and presently existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System, to enact the Ordinance and to issue and sell the Bonds, all under the Act and other applicable provisions of law.
2. The Loan Agreement has been duly authorized by and executed on behalf of the Issuer and is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof.
3. 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 Issuer without the written consent of the Authority.
4. The Issuer has legally and effectively enacted the Ordinance and adopted all other necessary resolutions in connection with the issuance and sale of the Bonds. The Ordinance constitutes a valid and binding obligation of the Issuer enforceable against the Issuer in accordance with its terms thereof and contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.
5. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a second lien on and

The City of Charleston
West Virginia Water Development Authority
May 5, 2005
Page 3

pledge of the Net Revenues of the System, junior and subordinate with respect to liens, pledge and source of and security for payment to the Issuer's First Lien Bonds and the Series 2005 A Bonds and on a parity with the Issuer's Second Lien Bonds and the Series 2005 B-1 Bonds, all in accordance with the terms of the Bonds and the Ordinance.

6. Under the Act, the Bonds and any interest thereon are exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

7. The Bonds have not been issued on the basis that the interest thereon is or will be excluded from the gross income of the owners thereof for federal income tax purposes. We express no opinion regarding the excludability of such interest from the gross income of the owners thereof for federal income tax purposes or other federal tax consequences arising with respect to the Bonds.

No opinion is given herein as to the effect upon enforceability of the Bonds under any applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights or in the exercise of judicial discretion or principles of equity in appropriate cases.

We have examined the executed and authenticated Bond numbered BR-2 and in our opinion, the form of said Bond and its execution and authentication are regular and proper.

Very truly yours,

A handwritten signature in black ink, appearing to read "Jack Kelly PLLC", written over a horizontal line.



1600 LAIDLEY TOWER • P.O. BOX 553 • CHARLESTON, WEST VIRGINIA 25322 • TELEPHONE: 304-340-1000 • TELECOPIER: 304-340-1130
www.jacksonkelly.com

4.4

May 5, 2005

The City of Charleston
P.O. Box 2749
Charleston, WV 25330

West Virginia Water Development Authority
180 Association Drive
Charleston, WV 25311

Re: The City of Charleston
Sewerage System Revenue Bonds,
Series 2005 A, Series 2005 B-1 and Series 2005 B-2

Ladies and Gentlemen:

We are special counsel to The City of Charleston in Kanawha County, West Virginia (the "Issuer"). As such special counsel, we have examined copies of the approving opinions of bond counsel, relating to the above-captioned bonds of the Issuer (collectively, the "Bonds"), a loan agreement for each series of the Bonds, dated April 28, 2005, including all schedules and exhibits attached thereto (collectively, the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), a Bond Ordinance duly passed by the Issuer on March 7, 2005, effective March 21, 2005, as supplemented by a Supplemental Resolution duly adopted by the Issuer on April 18, 2005, and a Certificate of Determination dated May 2, 2005 (collectively, the "Ordinance"), a Petition of the Sanitary Board duly adopted on September 2, 2004, and other documents relating to the Bonds. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Loan Agreement and the Ordinance when used herein.

We are of the opinion that:

M0451279.1



1. The Issuer is a duly created and presently existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System and to enact the Ordinance, all under the Act and other applicable provisions of law. The Sanitary Board has been duly created by the Issuer and is presently existing as a sanitary board under the Act.

2. The Loan Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the Authority, constitutes a valid and binding agreement of the Issuer, enforceable in accordance with its terms.

3. The Mayor, City Clerk and members of the Council and the Sanitary Board of the Issuer have been duly, lawfully and properly elected or appointed, as applicable, have taken the requisite oaths, and are authorized to act in their respective capacities on behalf of the Issuer.

4. The Ordinance has been duly adopted and enacted by the Issuer and is in full force and effect.

5. The execution and delivery of the Bonds and the Loan Agreement and the consummation of the transactions contemplated by the Bonds, the Loan Agreement and the Ordinance, and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the Issuer, a breach or default under any ordinance, resolution, order, agreement, document or instrument to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, rule, order or decree to which the Issuer is subject.

6. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges, including, without limitation, all requisite orders, consents, certificates and approvals from the West Virginia Department of Environmental Protection, the West Virginia Infrastructure and Jobs Development Council and the Public Service Commission of West Virginia (the "PSC"), and the Issuer has taken any other action required for the imposition of such rates and



The City of Charleston
West Virginia Water Development Authority
May 5, 2005
Page 3

charges, including, without limitation, the enactment of an ordinance prescribing such rates and charges.

7. To the best of our knowledge, there is no litigation, action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Loan Agreement, the Bonds and the Ordinance, the acquisition and construction of the Project, the operation of the System, the validity of the Bonds, the collection of the Gross Revenues or the pledge of the Net Revenues for the payment of the Bonds.

8. Prior to the execution of the construction contract, we will verify that all successful bidders have made the required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds have been verified for accuracy. Prior to the execution of the construction contract, we will verify the surety bonds and the policies or other evidence of insurance coverage in connection with the Project to determine that such surety bonds and policies, except with respect to material and equipment to be directly purchased by the City of Charleston: (1) are in substantial compliance with the contracts; (2) are subject to limitations of coverage, exclusions, renewal during the period of construction, and the existence of other claims, adequate in form, substance and amount to protect the various interests of the Issuer, provided that certain limitations in the builder's risk policy, the declarations of which are attached as Exhibit A, may be insufficient to compensate for all risks; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act, the Ordinance and the Loan Agreement; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

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

Very truly yours,

SPILMAN THOMAS & BATTLE, PLLC

A T T O R N E Y S A T L A W

May 5, 2005

The City of Charleston
P.O. Box 2749
Charleston, WV 25330

West Virginia Water Development Authority
180 Association Drive
Charleston, WV 25311

Jackson Kelly PLLC
P. O. Box 553
Charleston, WV 25322

Re: The City of Charleston
Sewerage System Revenue Bonds,
Series 2005 A, Series 2005 B-1 and Series 2005 B-2

Ladies and Gentlemen:

We are special counsel to The City of Charleston (the “Issuer”) in connection with certain matters before the Public Service Commission of West Virginia (the “PSC”). As such special counsel, we are of the opinion that:

The Issuer has received the PSC Orders entered on September 17, 2004, and April 15, 2005, in Case No. 04-0343-S-CN, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the September 17, 2004 PSC Order has expired without any appeal. The time for appeal of the April 15, 2005 PSC Order has not expired on the date hereof. However, the only parties to Case No. 04-0343-S-CN are the Issuer and the Commission Staff. The Issuer has certified that it will not appeal the April 15, 2005 Order. The Issuer has received written notification that the Commission Staff does not intend to appeal the April 15, 2005 Order. Both Orders remain in full force and effect.

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

Very truly yours,

Spilman Thomas & Battle, PLLC
Spilman Thomas & Battle, PLLC



SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF KANAWHA
THE CITY OF CHARLESTON
SEWERAGE SYSTEM BOND ANTICIPATION NOTES, SERIES 2005 A

No. AR-1

\$9,000,000

KNOW ALL MEN BY THESE PRESENTS: That on this 5th day of May, 2005, THE CITY OF CHARLESTON, a municipal corporation and political subdivision of the State of West Virginia in Kanawha County of said State (the "City"), for value received, hereby promises to pay, but only from the special funds provided therefor, as hereinafter set forth, to UNITED BANK, INC., Charleston, West Virginia (the "Owner"), or registered assigns, the principal sum of NINE MILLION DOLLARS (\$9,000,000), or such lesser sum as shall be reflected on the Record of Advances and Payments attached hereto, on March 1, 2008. Notwithstanding any provision of this Note to the contrary, this Note shall evidence only the indebtedness reflected as outstanding on the Record of Advances and Payments attached hereto. Interest shall accrue only on the amount of the outstanding indebtedness from the actual date of each advance as listed on the Record of Advances and Payments and shall cease to accrue on the amount hereof outstanding, or portions thereof, as the same are paid, as reflected on the Record of Advances and Payments. The interest on this Note shall be at the rate of 4.97% per annum, payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2005. The entire outstanding principal balance of this Note and all interest accrued hereon shall be payable in full on March 1, 2008.

The Registrar, as hereinafter defined, shall notify the City of the amount of interest so accrued. Interest is payable by check or draft mailed to the Owner at the address as it appears on the books of Registrar, as hereinafter defined, or by wire transfer or other mutually agreeable method. This Note shall be payable as to principal upon surrender at the principal office of United Bank, Inc., Charleston, West Virginia, as registrar and paying agent (the "Registrar"), in any coin or currency which on the date of payment of principal is legal tender for the payment of public and private debts under the laws of the United States of America.

This Note is subject to prepayment without penalty in whole or in part at any time upon the payment of the outstanding principal and interest accrued to the prepayment date;

SPECIMEN

provided, that any partial payment of principal prior to the final maturity of this Note shall be recorded on the Record of Advances and Payments attached hereto.

This Note evidences the City's obligation to repay any draw upon a non-revolving line of credit (the "Line of Credit") by the City from United Bank, Inc., Charleston, West Virginia. This Note is issued for the purposes of (i) temporarily financing a portion of the costs of design, acquisition and construction of certain extensions, additions, betterments and improvements to the existing public sewerage system of the City (the "Project"); and (ii) paying certain costs of issuance and related costs.

This Note is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Act"), Ordinance No. 4423 passed by the City on March 6, 1989, as supplemented by Ordinance No. 4506 passed by the City on November 6, 1989, Ordinance No. 4954 passed by the City on May 3, 1993, Ordinance No. 6276 passed by the City on September 3, 1996, Ordinance No. 6349 passed by the City on June 2, 1997, Ordinance No. 6532 passed by the City on November 16, 1998, Ordinance No. 6544 passed by the City on February 1, 1999, Ordinance No. 6670 passed by the City on February 5, 2001, Ordinance No. 6777 passed by the City on March 19, 2001, Ordinance No. 6948 passed by the City on November 4, 2002, Ordinance No. 6977 passed by the City on May 19, 2003, Ordinance No. 7132 passed by the City on March 21, 2005, a Supplemental Resolution adopted by the City on April 18, 2005, and a Certificate of Determination dated May 2, 2005 (collectively, the "Ordinance"), and is subject to all the terms and provisions thereof.

THIS NOTE IS ISSUED JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE PRIOR BONDS, THE SERIES 2005 A BONDS, THE SERIES 2005 B-1 BONDS AND THE SERIES 2005 B-2 BONDS OF THE ISSUER, ALL AS DEFINED IN THE ORDINANCE.

The principal of and interest on this Note are payable solely from and secured by a first lien on the proceeds of the sewerage system revenue bonds, anticipated to be issued by the Issuer and sold to the West Virginia Water Development Authority on behalf of the SRF Program or any other WDA Program. This Note does not constitute a corporate indebtedness of the City within the meaning of any statutory or constitutional limitations, nor shall the City be obligated to pay the same or the interest hereon except from the sources set forth above.

Subject to the requirements for transfer set forth below, this Note is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia. This Note is transferable only by the transfer of registration upon the books of the Registrar by the Owner in person or by its attorney duly authorized in writing, upon surrender hereof, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the Owner or its duly authorized attorney.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Note do exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Note, 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.

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

This Note shall not be valid or obligatory unless authenticated and registered by the Registrar by the execution of the Registrar's Certificate of Authentication and Registration attached hereto and incorporated herein.

AR-1

IN WITNESS WHEREOF, THE CITY OF CHARLESTON has caused this Note to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its City Clerk, and has caused this Note to be dated as of the date first written above.

Mayor

[SEAL]

Attest:

City Clerk

AR-1

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

The undersigned, as Registrar for this Note, hereby certifies that this Note is one of the Notes described in the above-mentioned Ordinance and was duly registered in the name of the Owner set forth above on the date set forth below.

Date: May 5, 2005.

UNITED BANK, INC., as Registrar

By

[Signature]
Its Authorized Officer

AR-1

SPECIMEN

RECORD OF ADVANCES AND PAYMENTS

Date of <u>Advance</u>	Amount of <u>Advance</u>	Date of <u>Payment</u>	Amount of <u>Payment</u>	Outstanding <u>Balance</u>
5/5/05	\$5,000. ⁰⁰			

AR-1

ASSIGNMENT

SPECIMEN

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____ this Note of The City of Charleston, and does hereby irrevocably constitute and appoint _____, attorney to transfer said Note on the books of said City with full power of substitution in the premises.

DATED: _____

IN THE PRESENCE OF: _____

NOTE REGISTER

5.5

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF KANAWHA
THE CITY OF CHARLESTON
SEWERAGE SYSTEM BOND ANTICIPATION NOTES, SERIES 2005 A

<u>Note Number</u>	<u>Principal Amount</u>	<u>Date of Note</u>
No. AR-1	\$9,000,000	May 5, 2005

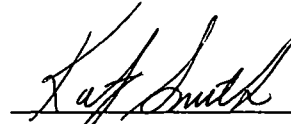
NO WRITING ON THIS NOTE REGISTER EXCEPT BY THE REGISTRAR

Name of Registered Owner:

United Bank, Inc.
500 Virginia Street, East
Charleston, WV 25301

Signature of Registrar:

United Bank, Inc.



Authorized Representative

May 5, 2005

The City of Charleston
P.O. Box 2749
Charleston, WV 25330

United Bank, Inc.
P.O. Box 393
Charleston, WV 25322

Re: The City of Charleston
 Sewerage System Bond Anticipation Notes, Series 2005 A

Ladies and Gentlemen:

We have served as bond counsel to The City of Charleston (“the Issuer”), a municipal corporation, in connection with the issuance of its Sewerage System Bond Anticipation Notes, Series 2005 A, dated the date hereof (the “Notes”).

We have examined certified copies of proceedings and other papers relating to the authorization of (i) a commitment letter dated April 27, 2005, from United Bank, Inc., Charleston, West Virginia (the “Bank”); (ii) a line of credit agreement for the Notes dated May 5, 2005 (the “Line of Credit Agreement”), by and between the Issuer and the Bank; and (iii) the Notes to be purchased by the Bank in accordance with the provisions of the Line of Credit Agreement. The Notes are issued in the original principal amount of \$9,000,000, with the draws on the non-revolving line of credit reflected on the Record of Advances and Payments attached thereto.

The Notes are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the “Act”), for the purposes of (i) temporarily financing a portion of the costs of design, acquisition and construction of certain extensions, additions, betterments and improvements to the existing public sewerage system of the Issuer (the “Project”); and (ii) paying certain costs of issuance and related costs.

M0452034.1

We have also examined the applicable provisions of the Act and a Bond and Note Ordinance duly passed by the Issuer on March 7, 2005, effective March 21, 2005, as supplemented by a Supplemental Resolution duly adopted by the Issuer on April 18, 2005, and a Certificate of Determination dated May 2, 2005 (collectively, the "Ordinance"), pursuant to and under which Act and Ordinance the Notes are authorized and issued, and the Line of Credit Agreement has been entered into. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Ordinance when used herein.

In connection with the issuance of the Notes, the Issuer has executed a Certificate as to Arbitrage, dated as of the date hereof (the "Certificate as to Arbitrage"), which, among other things, sets forth restrictions on the investment and expenditure of the Note proceeds and earnings thereon, to ensure that the arbitrage requirements of the Internal Revenue Code of 1986, as amended, and regulations thereunder (collectively, the "Code"), necessary to establish and maintain the excludability of interest on the Notes from gross income for federal income tax purposes, are and will continue to be met.

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

1. The Issuer is a duly created and presently existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to design, acquire and construct the Project, to operate and maintain the System, to enact the Ordinance and to issue and sell the Notes, all under the Act and other applicable provisions of law.
2. The Line of Credit Agreement has been duly authorized by and executed on behalf of the Issuer and is a valid and binding special obligation of the Issuer, enforceable in accordance with the terms thereof.
3. The Issuer has legally and effectively enacted the Ordinance and adopted all other necessary resolutions in connection with the issuance and sale of the Notes. The Ordinance constitutes a valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms thereof.
4. The Notes have been duly authorized, issued, executed and delivered by the Issuer to the Bank and are valid, legally enforceable and binding special obligations of the Issuer, payable solely from and secured by a first lien on the proceeds of sewerage system revenue bonds anticipated to be issued by the Issuer on or about March 1, 2008, all in

The City of Charleston
United Bank, Inc.
May 5, 2005
Page 3

accordance with the terms of the Notes and the Ordinance. The Issuer shall pay interest quarterly in arrears from Surplus Revenues.

5. Under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Notes (a) is excludable from gross income of the owners thereof for federal income tax purposes pursuant to the Code and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations under the Code. It should be noted, however, that interest on the Notes is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Code that must be satisfied subsequent to issuance of the Notes for interest thereon to be and continue to be excludable from gross income for federal income tax purposes and all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Notes set forth in the Ordinance and the Certificate as to Arbitrage, and other certificates delivered in connection with the issuance of the Notes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such Code requirements or such certifications, covenants and representations could cause the interest on the Notes to be includable in gross income retroactive to the date of issuance of the Notes.

6. Under the Act, the Notes and any interest thereon are exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

No opinion is given herein as to the effect upon enforceability of the Notes under any applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights or in the exercise of judicial discretion or principles of equity in appropriate cases.

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

Very truly yours,

A handwritten signature in black ink that reads "Jack Kelly, LLC". The signature is written in a cursive, flowing style.



1600 LAIDLEY TOWER • P.O. BOX 553 • CHARLESTON, WEST VIRGINIA 25322 • TELEPHONE: 304-340-1000 • TELECOPIER: 304-340-1430
www.jacksonkelly.com

May 5, 2005

The City of Charleston
P.O. Box 2749
Charleston, WV 25330

United Bank, Inc.
P.O. Box 393
Charleston, WV 25322

Re: The City of Charleston
Sewerage System Bond Anticipation Notes, Series 2005 A

Ladies and Gentlemen:

We are special counsel to The City of Charleston in Kanawha County, West Virginia (the "Issuer"). As such special counsel, we have examined copies of the approving opinion of bond counsel, relating to the above-captioned notes of the Issuer (the "Notes"), a commitment letter dated April 27, 2005 (the "Bank Commitment Letter"), from United Bank, Inc., Charleston, West Virginia (the "Bank"), a line of credit agreement for the Notes, dated May 5, 2005 (the "Line of Credit Agreement"), by and between the Issuer and the Bank, a Bond and Note Ordinance duly passed by the Issuer on March 7, 2005, effective March 21, 2005, as supplemented by a Supplemental Resolution duly adopted by the Issuer on April 18, 2005, and a Certificate of Determination dated May 2, 2005 (collectively, the "Ordinance"), a Petition of the Sanitary Board duly adopted on September 2, 2004, and other documents relating to the Notes. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Ordinance when used herein.

We are of the opinion that:

1. The Issuer is a duly created and presently existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to

M0452038.1

design, acquire and construct the Project, to operate and maintain the System and to enact the Ordinance, all under the Act and other applicable provisions of law. The Sanitary Board has been duly created by the Issuer and is presently existing as a sanitary board under the Act.

2. The Line of Credit Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the Bank, constitutes a valid and binding agreement of the Issuer, enforceable in accordance with its terms.

3. The Mayor, City Clerk and members of the Council and the Sanitary Board of the Issuer have been duly, lawfully and properly elected or appointed, as applicable, have taken the requisite oaths, and are authorized to act in their respective capacities on behalf of the Issuer.

4. The Ordinance has been duly adopted and enacted by the Issuer and is in full force and effect.

5. The execution and delivery of the Notes, the Bank Commitment Letter and the Line of Credit Agreement and the consummation of the transactions contemplated by the Notes, the Bank Commitment Letter, the Line of Credit Agreement and the Ordinance, and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the Issuer, a breach or default under any ordinance, resolution, order, agreement, document or instrument to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, rule, order or decree to which the Issuer is subject.

6. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the creation and existence of the Issuer, the issuance of the Notes, the design, acquisition and construction of the Project, the operation of the System, including, without limitation, all requisite orders, consents, certificates and approvals from the West Virginia Department of Environmental Protection and the West Virginia Bureau for Public Health.

7. To the best of our knowledge, after due inquiry, there is no litigation, action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would

The City of Charleston
United Bank, Inc.
May 5, 2005
Page 3

adversely affect the transactions contemplated by the Bank Commitment Letter, the Line of Credit Agreement, the Notes and the Ordinance, the design, acquisition and construction of the Project, the operation of the System, the validity of the Notes or the pledge and security provided for the payment for the Notes.

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

Very truly yours,

A handwritten signature in black ink, appearing to read "Jack Kelly". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.

THE CITY OF CHARLESTON
SEWERAGE SYSTEM BOND ANTICIPATION NOTES, SERIES 2005 A

5.11

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 5th day of May, 2005, by and between THE CITY OF CHARLESTON, West Virginia, a municipal corporation (the "Issuer"), and UNITED BANK, INC., Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$9,000,000 Sewerage System Bond Anticipation Notes, Series 2005 A, dated May 5, 2005 (the "Notes"), in the form of one note, in fully registered form, pursuant to a Bond and Note Ordinance duly passed by the Issuer on March 7, 2005, effective March 21, 2005, a Supplemental Resolution duly adopted April 18, 2005, and a Certificate of Determination dated May 2, 2005 (collectively, the "Ordinance");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Ordinance, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Ordinance provides for an appointment by the Issuer of a Registrar for the Notes; and

WHEREAS, the Issuer desires to appoint, and by the Ordinance and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Ordinance and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Notes, all as set forth in the Ordinance, such duties including, among other things, the duties to authenticate, register and deliver Notes upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exclusion of interest, if any, on the Notes from gross income for federal income tax purposes, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation heretofore agreed by the parties and set forth in the attached invoice.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Ordinance with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Ordinance, the terms of the Ordinance shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Ordinance will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective address:

ISSUER:

The City of Charleston
P.O. Box 2749
Charleston, WV 25330
Attention: Mayor

REGISTRAR:

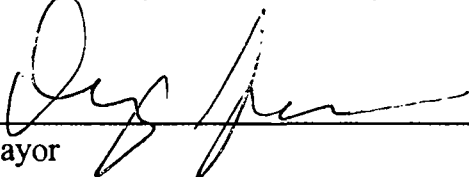
United Bank, Inc.
500 Virginia Street, East
P.O. Box 393
Charleston, WV 25322
Attention: Corporate Trust Department

The Issuer and the Registrar shall notify the other in writing of any change of address.

8. The Registrar is hereby requested and authorized to authenticate, register and deliver the Notes in accordance with the Ordinance.

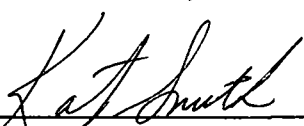
IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the date first written above.

THE CITY OF CHARLESTON



Mayor

UNITED BANK, INC.



Authorized Officer

THE CITY OF CHARLESTON
SEWERAGE SYSTEM BOND ANTICIPATION NOTES, SERIES 2005 A

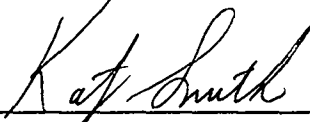
5.12

CERTIFICATE OF REGISTRATION OF NOTES

UNITED BANK, INC., Charleston, West Virginia, as Registrar (the "Registrar"), hereby certifies that on the date hereof, the single, fully registered Sewerage System Bond Anticipation Notes, Series 2005 A, of The City of Charleston, West Virginia (the "Issuer"), dated May 5, 2005, in the principal amount of \$9,000,000, numbered AR-1, was registered as to principal and interest in the name of "United Bank, Inc." in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of the Registrar.

WITNESS my signature on this 5th day of May, 2005.

UNITED BANK, INC., as Registrar



Authorized Officer

THE CITY OF CHARLESTON
SEWERAGE SYSTEM BOND ANTICIPATION NOTES, SERIES 2005 A

5.13

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

UNITED BANK, INC., Charleston, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond and Note Ordinance of The City of Charleston, West Virginia (the "Issuer"), passed by the Issuer on March 7, 2005, effective March 21, 2005, a Supplemental Resolution adopted by the Issuer on April 18, 2005, and a Certificate of Determination dated May 2, 2005 (collectively, "the "Ordinance"), authorizing the issuance of the Issuer's Sewerage System Bond Anticipation Notes, Series 2005 A, in the principal amount of \$9,000,000, dated May 5, 2005, and agrees to serve as Depository Bank for the Notes Construction Trust Fund all as set forth in the Ordinance.

WITNESS my signature on this 5th day of May, 2005.

UNITED BANK, INC.



Authorized Officer