

THE CITY OF CHARLESTON
SEWERAGE SYSTEM REVENUE BONDS, SERIES 2011 A
(WEST VIRGINIA CWSRF PROGRAM)

Closing Date: December 13, 2011

LOAN AGREEMENT

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

THE CITY OF CHARLESTON (2009S-1162/C-544272)
(Local Government)

W I T N E S S E T H:

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

WHEREAS, pursuant to the provisions of Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (the "Act"), the State of West Virginia (the "State") has established a state water pollution control revolving fund program (the "Program") to direct the distribution of loans to particular local governments pursuant to the Clean Water Act;

WHEREAS, under the Act the DEP is designated the instrumentality to enter into capitalization agreements with the United States Environmental Protection Agency ("EPA") to accept capitalization grant awards (U.S. General Services Administration; Catalog of Federal Domestic Assistance, 32nd Edition § 66.458 (1998)) and DEP has been awarded capitalization grants to partially fund the Program;

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

WHEREAS, pursuant to the Act, the Authority and DEP are empowered to make loans from the Fund to local governments for the acquisition or construction of wastewater treatment projects by such local governments, all subject to such provisions and limitations as are contained in the Clean Water Act and the Act;

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

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

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

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

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

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

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

ARTICLE I

Definitions

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

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

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

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

2.4 The Local Government agrees that the Authority and DEP and their respective duly authorized agents shall have the right at all reasonable times to enter upon the Project site and Project facilities and to examine and inspect the same. The Local Government further agrees that the Authority and DEP and their respective duly authorized agents shall, prior to, 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 and DEP with respect to the System pursuant to the pertinent provisions of the Act.

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

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

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

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

Bonds are outstanding. Prior to commencing operation of the Project, the Local Government must also obtain, and maintain so long as any of the Local Bonds are outstanding, business interruption insurance if available at a reasonable cost.

2.9 The Local Government shall provide and maintain competent and adequate engineering services satisfactory to the Authority and DEP covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such engineer shall certify to the Authority, DEP and the Local Government at the completion of construction that construction is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies. The Local Government shall require the Consulting Engineers to submit Record Drawings, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Local Government shall notify DEP in writing of such receipt. The Local Government shall submit a Performance Certificate, the form of which is attached hereto as Exhibit A, and being incorporated herein by reference, to DEP within 60 days of the end of the first year after the Project is completed.

2.10 The Local Government shall require the Consulting Engineers to submit the final or updated Operation and Maintenance Manual, if necessary as defined in the SRF Regulations, to DEP when the Project is 90% completed. The Local Government shall at all times provide operation and maintenance of the System in compliance with any and all State and federal standards. The Local Government shall employ a state certified plant operator prior to the Project being 50% complete and notify the DEP of such employment. The Local Government shall retain the operator(s) to operate the System during the entire term of this Loan Agreement.

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

2.12 The Local Government, commencing on the date contracts are executed for the 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 B and incorporated herein by reference, and forward a copy by the 20th of each month to DEP and the Authority.

2.13 The Local Government shall perform an annual maintenance audit which maintenance audit shall be submitted to the Authority and the Public Service Commission of West Virginia (the "PSC").

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

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

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

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

(f) The Local Government shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") 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 and DEP shall have received an opinion of counsel to the Local Government, which may be local counsel to the Local Government, bond counsel or special PSC counsel but must be satisfactory to the Authority and DEP, to such effect;

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

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

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

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

other person or firm experienced in the financing of wastewater treatment projects and satisfactory to the Authority and DEP, to such effect, such certificate to be in form and substance satisfactory to the Authority and DEP, and evidence satisfactory to the Authority and DEP of such irrevocably committed grants.

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

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

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Local Government by written notice to the Authority, which written notice shall be given not less than ten (10) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as possible to the designated date and mutually agreeable to the Authority, DEP and the Local Government. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Loan Closing."

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

3.6 The Local Government shall provide DEP with the appropriate documentation to comply with the special conditions regarding the public release and audit requirements established by federal and State regulations as set forth in Exhibit E attached hereto at such times as are set forth therein.

ARTICLE IV

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

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

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

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

improving or making emergency repairs or replacements to the System or eliminating any deficiencies in the Reserve Account; and

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

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

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by a pledge of either the net or gross revenues of the System as provided 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 Local Government shall complete the Project and operate and maintain the System in good condition;

(iv) That, except as otherwise required by State law or the Regulations, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, provided that the net proceeds to be realized from such sale, mortgage, lease or other disposition shall be sufficient to fully pay all of the Local Bonds outstanding and further provided that portions of the System when no longer required for the ongoing operation of such System as evidenced by certificates from the Consulting Engineer, may be disposed of with such restrictions as are normally contained in such covenants;

(v) That the Local Government shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if

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

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

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

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

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

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

(xi) That the Local Government shall annually cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority and DEP, which report shall include a statement that 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 Local Government's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

(xii) That the Local Government 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 and DEP within 30 days of adoption thereof;

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

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

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

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

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

(xviii) 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 Local Government 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;

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

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

(xxi) That the Local Government shall submit all proposed change orders to the DEP for written approval. The Local Government shall obtain the written approval of the DEP before expending any proceeds of the Local Bonds held in "contingency" as set forth in the final Schedule A attached to the certificate of the Consulting Engineer. The Local Government shall obtain the written approval of the DEP before expending any proceeds of the Local Bonds available due to bid/construction/project underruns.

The Local Government 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 nationally recognized bond counsel acceptable to the Authority in substantially the form of legal opinion attached hereto as Exhibit G.

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

4.3 At least five percent (5%) of the proceeds of the Local Bonds will be advanced on the Date of Loan Closing. The remaining proceeds of the Local Bonds shall

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

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

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

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

ARTICLE V

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

5.1 The Local Government hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Loan Agreement and the Local Act. The Local Government hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to make the Loan, it has fixed and

collected, or will fix and collect, the rates, fees and other charges for the use of the System 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 Local Government hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges (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 Local Government defaults in any payment due 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, from the date of the default until the date of the payment thereof.

5.4 The Local Government hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Local Government, the Authority may exercise any or all of the rights and powers granted under Section 5 of the Act, including, without limitation, the right to impose, enforce and collect charges of the System.

ARTICLE VI

Other Agreements of the Local Government

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

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

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

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

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

6.6 The Local Government hereby agrees to give the Authority and DEP prior written notice of the issuance by it of any other obligations to be used for the 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 Local Government hereby agrees to file with the Authority and DEP 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 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 Local Government supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority.

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

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

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

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

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

7.7 This Loan Agreement shall terminate upon the earlier of:

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

(ii) 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 DEP if the Local Government has failed to deliver the Local Bonds to the Authority;

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

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

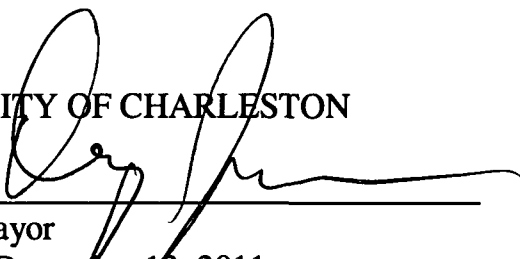
IN WITNESS WHEREOF, the parties hereto have caused this Loan Agreement to be executed by their respective duly authorized officers as of the date executed below by the Authority.

(SEAL)

Attest:


Its: City Clerk

THE CITY OF CHARLESTON

By: 
Its: Mayor
Date: December 13, 2011

WEST VIRGINIA DEPARTMENT OF
ENVIRONMENTAL PROTECTION,
DIVISION OF WATER AND WASTE
MANAGEMENT

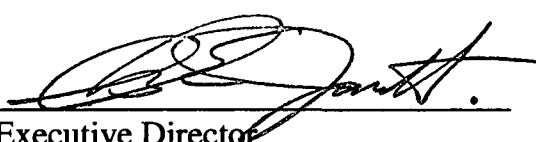
By: 
Its: Director
Date: December 13, 2011

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

(SEAL)

Attest:


Its: Authorized Officer

By: 
Its: Executive Director
Date: December 13, 2011

{C2202949.1}

EXHIBIT A

FORM OF PERFORMANCE CERTIFICATE

[To Be Provided By DEP]

EXHIBIT B

MONTHLY FINANCIAL REPORT

Name of Local Government _____

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. <u>Renewal and Replacement Fund Deposits</u>	_____	_____	_____	_____

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 Local Government 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 Local Government 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 Local Government.

The Local Government must complete the Monthly Financial Report and forward it to the Water Development Authority by the 20th 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 C

PAYMENT REQUISITION FORM

(All Copies to Be Provided by DEP for Each Project)

EXHIBIT D

FORM OF CERTIFICATE OF CONSULTING ENGINEER

(Issuer)

(Name of Bonds)

I, _____, Registered Professional Engineer, West Virginia License No. _____, of _____, Consulting Engineers, _____, hereby certify 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 meaning set forth in the bond _____ adopted or enacted by the Issuer on _____, and the Loan Agreement by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Department of Environmental Protection (the "DEP"), 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 the DEP and any change orders approved by the Issuer, the DEP 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 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 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 thereof², 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 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 on this ____ day of _____, ____.

By _____
West Virginia License No.

[SEAL]

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 E

SPECIAL CONDITIONS

A. **PUBLIC RELEASE REQUIREMENT** – The Local Government agrees to include, when issuing statements, press releases, requests for proposals, bid solicitations, ground breaking or project dedication program documents and other documents describing projects or programs funded in whole or in part with Federal money, (1) the percentage of the total costs of the program or project which will be financed with Federal money, (2) the dollar amount of Federal funds for the project or program, and (3) percentage and dollar amount of the total costs of the project or program that will be financed by non-governmental sources.

B. **AUDIT REQUIREMENT** (Supplement to Article IV 4.1 (b) (xi)) – Effective October 1, 2003, the Local Government that receives \$500,000 or more (in federal funds) in a fiscal year must obtain audits in accordance with the Single Audit Act and the applicable OMB Circular or any successor thereto. Financial statement audits are required once all funds have been received by the Local Government.

C. **ASSET MANAGEMENT** – The Local Government shall submit an acceptable asset management plan or where applicable, updated plans, to DEP no later than six months following substantial completion of the Project. This requirement shall be included in the bond closing documents.

D. **WAGE RATES** – The Local Government shall require that all laborers and mechanics employed by its contractors and subcontractors be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor (DOL) in accordance with subchapter IV of chapter 32 of title 40, United States Code. The Local Government must require that contractors and subcontractors obtain wage determinations from DOL and comply with DOL guidance and regulations implementing wage rate requirements.

E. **CLOSING REQUIREMENTS** – Closing of the Bonds is conditioned upon the receipt of an acceptable final title opinion.

EXHIBIT F

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 Local Government] on [Date].

Sinking Fund:

Interest \$

Principal \$

Total: \$

Reserve Account: \$

Witness my signature this ____ day of _____.

[Name of Local Government]

By: _____
Authorized Officer

Enclosure: copy of check(s)

EXHIBIT G

OPINION OF BOND COUNSEL FOR LOCAL GOVERNMENT

[To Be Dated as of Date of Loan Closing]

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

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

Ladies and Gentlemen:

We are bond counsel to _____ (the "Local Government"), 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"), among the Local Government, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"), and (ii) the issue of a series of revenue bonds of the Local Government, 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 principal and interest payable quarterly on March 1, June 1, September 1, and December 1 of each year, beginning _____ 1, _____, and ending _____ 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 Local Government on _____, as supplemented by the supplemental

resolution duly adopted by the Local Government 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 Local Government and is a valid and binding special obligation of the Local Government, enforceable in accordance with the terms thereof.

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

3. The Local Government 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 Local Government and constitute valid and binding obligations of the Local Government, enforceable against the Local Government 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 Local Government to the Authority and are valid, legally enforceable and binding special obligations of the Local Government, 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,

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds	\$25,877,009
Purchase Price of Local Bonds	\$25,877,009

The Local Bonds shall bear interest at a rate of 2% per annum. Commencing December 1, 2013, principal and interest of the Local Bonds is payable quarterly, with an administrative fee of 1%. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

The Local Government shall submit its payments monthly to the Commission with instructions that the Commission will make quarterly payments to the Authority at such address as is given to the Commission in writing by the Authority. If the Reserve Account is not fully funded at closing, the Local Government shall commence the payment of the 1/120 of the maximum annual debt service on the first day of the month it makes its first monthly payment to the Commission. The Local Government shall instruct the Commission to notify the Authority of any monthly payments which are not received by the 20th day of the month in which the payment was due.

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

The Local Government may prepay the Local Bonds in full at any time at the price of par upon 30 days' written notice to the Authority and DEP. The Local Government shall request approval from the Authority and DEP in writing of any proposed debt which will be issued by the Local Government on a parity with the Local Bonds which request must be filed at least 60 days prior to the intended date of issuance.

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 Local Government:

- (i) City of Charleston Sewer Revenue Bonds, Series 1989 A, dated March 21, 1989, issued in the aggregate principal amount of \$1,912,194 (the "Series 1989 A Bonds");

- (ii) City of Charleston Sewer Revenue Bonds, Series 1989 C, dated November 21, 1989, issued in the aggregate original amount of \$829,856 (the “Series 1989 C Bonds”);
- (iii) City of Charleston Sewerage System Revenue Bonds, 1993 Series A, dated December 2, 1993, issued in the aggregate original amount of \$773,237 (the “Series 1993 A Bonds”);
- (iv) City of Charleston Sewerage System Revenue Bonds, Series 1996 A, dated October 9, 1996, issued in the aggregate original amount of \$2,671,058 (the “Series 1996 A Bonds”);
- (v) City of Charleston Sewerage System Revenue Bonds, Series 1996 B, dated November 26, 1996, issued in the aggregate original amount of \$395,299 (the “Series 1996 B Bonds”);
- (vii) City of Charleston Sewerage System Revenue Bonds, Series 1997 A, dated July 22, 1997, issued in the aggregate original amount of \$732,688 (the “Series 1997 A Bonds”);
- (vii) City of Charleston Sewerage System Revenue Bonds, Series 1997 B, dated October 7, 1997, issued in the aggregate original amount of \$5,237,584 (the “Series 1997 B Bonds”);
- (viii) City of Charleston Sewerage System Revenue Bonds, 1998 Series A, dated December 10, 1998, issued in the aggregate original amount of \$994,537 (the “Series 1998 A Bonds”);
- (ix) City of Charleston Sewerage System Revenue Bonds, 1999 Series A, dated June 22, 1999, issued in the aggregate original amount of \$686,229 (the “Series 1999 A Bonds”);
- (x) City of Charleston Sewerage System Revenue Bonds, Series 2001 A, dated February 22, 2001, issued in the aggregate original amount of \$1,111,357 (the “Series 2001 A Bonds”);
- (xi) City of Charleston Sewerage System Revenue Bonds, 2001 Series B, dated May 22, 2001, issued in the aggregate original amount of \$823,741 (the “Series 2001 B Bonds”);

- (xii) City of Charleston Sewerage System Refunding Revenue Bonds, Series 2002 A, dated December 1, 2002, issued in the aggregate original amount of \$1,755,000 (the “Series 2002 A Bonds”);
- (xiii) City of Charleston Sewerage System Refunding Revenue Bonds, Series 2002 B, dated December 1, 2002, issued in the aggregate original amount of \$5,160,000 (the “Series 2002 B Bonds”);
- (xiv) City of Charleston Sewerage System Revenue Bonds, Series 2004 A, dated March 23, 2004, issued in the aggregate original amount of \$9,835,120 (the “Series 2004 A Bonds”);
- (xv) City of Charleston Sewerage System Revenue Bonds, Series 2005 A, dated May 5, 2005, issued in the aggregate original amount of \$36,617,310 (the “Series 2005 A Bonds”);
- (xvi) City of Charleston Sewerage System Revenue Bonds, Series 2008 A, dated June 26, 2008, issued in the aggregate original amount of \$9,000,000 (the “Series 2008 A Bonds”);

The Bonds are senior and prior to the following obligations:

- (xvii) City of Charleston Supplemental Sewer Revenue Bonds, Series 1989 B, dated March 21, 1989, issued in the aggregate original amount of \$283,458 (the “Series 1989 B Bonds”);
- (xviii) City of Charleston Supplemental Sewer Revenue Bonds, Series 1989 D, dated November 21, 1989, issued in the aggregate original amount of \$123,015 (the “Series 1989 D Bonds”);
- (xviii) City of Charleston Sewerage System Revenue Bonds, 1999 Series B, dated June 22, 1999, issued in the aggregate original amount of \$132,072 (the “Series 1999 B Bonds”);
- (xx) City of Charleston Sewerage System Revenue Bonds, 2001 Series C, dated May 22, 2001, issued in the aggregate original amount of \$30,492 (the “Series 2001 C Bonds”);
- (xxi) City of Charleston Sewerage System Revenue Bonds, Series 2005 B-1, dated May 5, 2005, issued in the aggregate original amount of \$1,822,690 (the “Series 2005 B-1 Bonds”); and

(xxii) City of Charleston Sewerage System Revenue Bonds, Series 2005 B-2, dated May 5, 2005, issued in the aggregate original amount of \$334,771 (the "Series 2005 B-2 Bonds").

The Series 1989 A Bonds, the Series 1989 C Bonds, the Series 1993 A Bonds, the Series 1996 A Bonds, the Series 1996 B Bonds, the Series 1997 A Bonds, the Series 1997 B Bonds, the Series 1998 A Bonds, the Series 1999 A Bonds, the Series 2001 A Bonds, the Series 2001 B Bonds, the Series 2002 A Bonds, the Series 2002 B Bonds, the Series 2004 A Bonds, the Series 2005 A Bonds and the Series 2008 A Bonds are collectively referred to as the "First Lien Bonds." The Series 1989 B Bonds, the Series 1989 D Bonds, the Series 1999 B Bonds, the Series 2001 C Bonds, the Series 2005 B-1 Bonds and the Series 2005 B-2 Bonds are collectively referred to as the "Second Lien Bonds," which are subordinate and junior to the First Lien Bonds and the Bonds. The First Lien Bonds and the Second Lien Bonds are collectively referred to as the "Prior Bonds."

Number of New Customers: 0
Location: N/A

SCHEDULE Y
DEBT SERVICE SCHEDULE

BOND DEBT SERVICE				
Charleston Sanitary Board				
CW SRF				
2% Interest Rate				
1% Administrative Fee, 20 years				
	Dated Date		12/13/2011	
	Delivery Date		12/13/2011	
Period Ending	Principal	Coupon	Interest	Debt Service
12/1/2013	263,869	2.000%	129,385.05	393,254.05
3/1/2014	265,188	2.000%	128,065.70	393,253.70
6/1/2014	266,514	2.000%	126,739.76	393,253.76
9/1/2014	267,847	2.000%	125,407.19	393,254.19
12/1/2014	269,186	2.000%	124,067.96	393,253.96
3/1/2015	270,532	2.000%	122,722.03	393,254.03
6/1/2015	271,884	2.000%	121,369.37	393,253.37
9/1/2015	273,244	2.000%	120,009.95	393,253.95
12/1/2015	274,610	2.000%	118,643.73	393,253.73
3/1/2016	275,983	2.000%	117,270.68	393,253.68
6/1/2016	277,363	2.000%	115,890.76	393,253.76
9/1/2016	278,750	2.000%	114,503.95	393,253.95
12/1/2016	280,144	2.000%	113,110.20	393,254.20
3/1/2017	281,544	2.000%	111,709.48	393,253.48
6/1/2017	282,952	2.000%	110,301.76	393,253.76
9/1/2017	284,367	2.000%	108,887.00	393,254.00
12/1/2017	285,789	2.000%	107,465.16	393,254.16
3/1/2018	287,218	2.000%	106,036.22	393,254.22
6/1/2018	288,654	2.000%	104,600.13	393,254.13
9/1/2018	290,097	2.000%	103,156.86	393,253.86
12/1/2018	291,547	2.000%	101,706.37	393,253.37
3/1/2019	293,005	2.000%	100,248.64	393,253.64
6/1/2019	294,470	2.000%	98,783.61	393,253.61
9/1/2019	295,943	2.000%	97,311.26	393,254.26
12/1/2019	297,422	2.000%	95,831.55	393,253.55
3/1/2020	298,909	2.000%	94,344.44	393,253.44
6/1/2020	300,404	2.000%	92,849.89	393,253.89
9/1/2020	301,906	2.000%	91,347.87	393,253.87
12/1/2020	303,415	2.000%	89,838.34	393,253.34
3/1/2021	304,933	2.000%	88,321.27	393,254.27
6/1/2021	306,457	2.000%	86,796.60	393,253.60
9/1/2021	307,990	2.000%	85,264.32	393,254.32
12/1/2021	309,529	2.000%	83,724.37	393,253.37
3/1/2022	311,077	2.000%	82,176.72	393,253.72
6/1/2022	312,632	2.000%	80,621.34	393,253.34
9/1/2022	314,196	2.000%	79,058.18	393,254.18
12/1/2022	315,767	2.000%	77,487.20	393,254.20

BOND DEBT SERVICE				
Charleston Sanitary Board				
CWSRF				
13-Dec-11				
Period Ending	Principal	Coupon	Interest	Debt Service
3/1/2023	317,345	2.000%	75,908.36	393,253.36
6/1/2023	318,932	2.000%	74,321.64	393,253.64
9/1/2023	320,527	2.000%	72,726.98	393,253.98
12/1/2023	322,129	2.000%	71,124.34	393,253.34
3/1/2024	323,740	2.000%	69,513.70	393,253.70
6/1/2024	325,359	2.000%	67,895.00	393,254.00
9/1/2024	326,986	2.000%	66,268.20	393,254.20
12/1/2024	328,621	2.000%	64,633.27	393,254.27
3/1/2025	330,264	2.000%	62,990.17	393,254.17
6/1/2025	331,915	2.000%	61,338.85	393,253.85
9/1/2025	333,575	2.000%	59,679.27	393,254.27
12/1/2025	335,242	2.000%	58,011.40	393,253.40
3/1/2026	336,919	2.000%	56,335.19	393,254.19
6/1/2026	338,603	2.000%	54,650.59	393,253.59
9/1/2026	340,296	2.000%	52,957.58	393,253.58
12/1/2026	341,998	2.000%	51,256.10	393,254.10
3/1/2027	343,708	2.000%	49,546.11	393,254.11
6/1/2027	345,426	2.000%	47,827.57	393,253.57
9/1/2027	347,153	2.000%	46,100.44	393,253.44
12/1/2027	348,889	2.000%	44,364.67	393,253.67
3/1/2028	350,634	2.000%	42,620.23	393,254.23
6/1/2028	352,387	2.000%	40,867.06	393,254.06
9/1/2028	354,149	2.000%	39,105.12	393,254.12
12/1/2028	355,919	2.000%	37,334.38	393,253.38
3/1/2029	357,699	2.000%	35,554.78	393,253.78
6/1/2029	359,488	2.000%	33,766.29	393,254.29
9/1/2029	361,285	2.000%	31,968.85	393,253.85
12/1/2029	363,091	2.000%	30,162.42	393,253.42
3/1/2030	364,907	2.000%	28,346.97	393,253.97
6/1/2030	366,731	2.000%	26,522.43	393,253.43
9/1/2030	368,565	2.000%	24,688.78	393,253.78
12/1/2030	370,408	2.000%	22,845.95	393,253.95
3/1/2031	372,260	2.000%	20,993.91	393,253.91
6/1/2031	374,121	2.000%	19,132.61	393,253.61
9/1/2031	375,992	2.000%	17,262.01	393,254.01
12/1/2031	377,872	2.000%	15,382.05	393,254.05
3/1/2032	379,761	2.000%	13,492.69	393,253.69
6/1/2032	381,660	2.000%	11,593.88	393,253.88
9/1/2032	383,568	2.000%	9,685.58	393,253.58
12/1/2032	385,486	2.000%	7,767.74	393,253.74
3/1/2033	387,414	2.000%	5,840.31	393,254.31
6/1/2033	389,351	2.000%	3,903.24	393,254.24
9/1/2033	391,297	2.000%	1,956.49	393,253.49
	25,877,009		5,583,298.11	31,460,307.11 *
*Plus a Quarterly Administrative fee of \$34,895.62 for a total administrative expense of				
\$2,791,649.60				

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THE CITY OF CHARLESTON

SEWERAGE SYSTEM
BOND SUPPLEMENTAL ORDINANCE

THE CITY OF CHARLESTON

SEWERAGE SYSTEM
BOND SUPPLEMENTAL ORDINANCE

TABLE OF CONTENTS

	<u>PAGE</u>
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	7
Section 1.04. Definitions.....	7
ARTICLE II	
AUTHORIZATION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO SYSTEM.....	13
Section 2.01. Authorization of Extensions, Additions, Betterments and Improvements.....	13
ARTICLE III	
AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION OF BONDS	14
Section 3.01. Authorization and Terms of Bonds	14
Section 3.02. Execution of Bonds	14
Section 3.03. Authentication and Registration.....	15
Section 3.04. Negotiability, Transfer and Registration.....	15
Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost.....	16
Section 3.06. Bonds not to be Indebtedness of the City.....	16
Section 3.07. Bonds Secured by Pledge of Net Revenues	16
Section 3.08. Form of Bonds.....	17
Section 3.09. Sale of Bonds	17
Section 3.10. Bonds are Issued as Parity Bonds	17
Section 3.11 Term Bonds.....	17
Section 3.12 Notice of Redemption	19
Section 3.13 Persons Treated as Owners	20
Section 3.14 [Reserved]	20
Section 3.15 Delivery of Bonds	20

ARTICLE IV

APPLICATION OF BOND PROCEEDS; FUNDS AND ACCOUNTS	21
Section 4.01. Application of Bond Proceeds	21
Section 4.02. Disbursements From the Bond Construction Trust Fund	21
Section 4.03. Funds and Accounts; Flow of Funds.....	22
Section 4.04. Investments.....	24

ARTICLE V

DEFAULT AND REMEDIES	26
Section 5.01. Events of Default.....	26
Section 5.02. Remedies	26
Section 5.03. Appointment of Receiver	27

ARTICLE VI

ADDITIONAL COVENANTS OF THE CITY	29
Section 6.01. Completion of Project; Permits and Orders	29
Section 6.02. Insurance and Construction Bonds.....	29
Section 6.03. Issuance of Other Obligations Payable Out of Revenues	30
Section 6.04. Engineering Services and Operating Personnel	30
Section 6.05. Compliance With Loan Agreement and Law.....	31
Section 6.06. Books; Records and Audit	31
Section 6.07. Operating Budget	32
Section 6.08. Tax Covenants.....	32
Section 6.09. Rebate Covenant	33
Section 6.10. Arbitrage.....	34
Section 6.11. Tax Certificate and Rebate.....	34
Section 6.12. Securities Laws Compliance.....	35
Section 6.13. Defeasance of Bonds.....	35
Section 6.14. Rates and Charges	36
Section 6.15. Contracts	38

ARTICLE VII

REGISTRAR.....	39
Section 7.01. Appointment of Registrar.....	39
Section 7.02. Responsibilities of Registrar	39
Section 7.03. Evidence on Which Registrar May Act	39
Section 7.04. Compensation and Expenses.....	39
Section 7.05. Certain Permitted Acts	39
Section 7.06. Resignation of Registrar.....	40
Section 7.07. Removal	40
Section 7.08. Appointment of Successor	40
Section 7.09. Transfer of Rights and Property to Successor.....	41
Section 7.10. Merger or Consolidation	41

1	Section 7.11. Adoption of Authentication	41
2		
3	ARTICLE VIII	
4		
5	MISCELLANEOUS.....	42
6	Section 8.01. Modification or Amendment.....	42
7	Section 8.02. Severability of Invalid Provisions.....	42
8	Section 8.03. Repeal of Conflicting Ordinances.....	42
9	Section 8.04. Covenant of Due Procedure	42
10	Section 8.05. Statutory Notice and Public Hearing.....	43
11	Section 8.06. Effective Date.....	43
12		
13	EXHIBIT A DESCRIPTION OF PROJECT	A-1
14	EXHIBIT B FORM OF BOND	B-1
15	EXHIBIT C NOTICE OF PUBLIC HEARING AND ABSTRACT OF BOND	
16	ORDINANCE	C-1
17		

1
2 **Ordinance No. 7490** :
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4

5 **Introduced in Council:**

6
7 **August 15, 2011**
8

9 **Introduced by:**

10
11 **Robert Reishman**
12

Referred to:

Finance Committee

Passed by Council:

September 6, 2011

13
14 A Bill supplementing Ordinance No. 4423 passed by the Council of The City of
15 Charleston, West Virginia, on March 6, 1989, as supplemented by Ordinance No. 4506
16 passed by the Council on November 6, 1989, by Ordinance No. 4954 passed by the
17 Council on May 3, 1993, by Ordinance No. 6276 passed by the Council on September 3,
18 1996, by Ordinance No. 6349 passed by the Council on June 2, 1997, by Ordinance No.
19 6532 passed by the Council on November 16, 1998, by Ordinance No. 6544 passed by
20 the Council on February 1, 1999, by Ordinance No. 6670 passed by the Council on
21 February 5, 2001, by Ordinance No. 6777 passed by the Council on March 19, 2001, by
22 Ordinance No. 6948 passed by the Council on November 4, 2002, by Ordinance No.
23 6977 passed by the Council on May 19, 2003, and by Ordinance No. 7132 passed by the
24 Council on March 7, 2005; authorizing the design, acquisition and construction of certain
25 extensions, additions, betterments and improvements to the existing sewerage system of
26 The City of Charleston; authorizing the issuance of not more than \$30,000,000 in
27 aggregate principal amount of Sewerage System Revenue Bonds, in one or more series as
28 designated in a supplemental resolution, of The City of Charleston, the proceeds of
29 which, shall be used, along with other funds and moneys of, or available to, The City of
30 Charleston which may be lawfully expended for such purposes, to permanently finance
31 the cost of such design, acquisition and construction, to fund reserve accounts for such
32 bonds and to pay other costs in connection therewith; providing for the rights and
33 remedies of and security for the registered owners of such bonds; and adopting other
34 provisions related thereto.
35

36 **Be It Ordained by the Council of The City of Charleston, West Virginia:**
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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, by Ordinance No. 6977 passed by the Council on May 19, 2003, and by Ordinance No. 7132 passed by the Council on March 7, 2010 (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").

1 D. The estimated maximum cost of design, acquisition and construction
2 of the Project is not to exceed \$30,000,000, which will be obtained from the proceeds of
3 the Bonds herein authorized.
4

5 E. The acquisition and construction of the System were financed or
6 refinanced with proceeds of certain obligations of the City, which obligations are
7 designated and have lien positions with respect to the Bonds as follows:
8

	<u>Designation</u>	<u>Lien Position</u>
9		
10	1. \$1,912,194 Sewer Revenue Bonds,	First Lien
11	Series 1989 A, dated March 21, 1989	
12	(the "Series 1989 A Bonds").	
13		
14	2. \$829,856 Sewer Revenue Bonds,	First Lien
15	Series 1989 C, dated November 21, 1989	
16	(the "Series 1989 C Bonds").	
17		
18	3. \$773,237 Sewerage System Revenue Bonds,	First Lien
19	1993 Series A, dated December 2, 1993	
20	(the "Series 1993 A Bonds").	
21		
22	4. \$2,671,058 Sewerage System Revenue Bonds,	First Lien
23	Series 1996 A, dated October 9, 1996	
24	(the "Series 1996 A Bonds").	
25		
26	5. \$395,299 Sewerage System Revenue Bonds,	First Lien
27	Series 1996 B, dated November 26, 1996	
28	(the "Series 1996 B Bonds").	
29		
30	6. \$732,688 Sewerage System Revenue Bonds,	First Lien
31	Series 1997 A, dated July 22, 1997	
32	(the "Series 1997 A Bonds").	
33		
34	7. \$5,237,584 Sewerage System Revenue Bonds,	First Lien
35	Series 1997 B, dated October 7, 1997	
36	(the "Series 1997 B Bonds").	
37		
38	8. \$994,537 Sewerage System Revenue Bonds,	First Lien
39	1998 Series A, dated December 10, 1998	
40	(the "Series 1998 A Bonds").	
41		
42	9. \$686,229 Sewerage System Revenue Bonds,	First Lien
43	1999 Series A, dated June 22, 1999	
44	(the "Series 1999 A Bonds").	

10. \$1,111,357 Sewerage System Revenue Bonds, First Lien
Series 2001 A, dated February 22, 2001
(the "Series 2001 A Bonds").
11. \$823,741 Sewerage System Revenue Bonds, First Lien
2001 Series B, dated May 22, 2001
(the "Series 2001 B Bonds").
12. \$1,755,000 Sewerage System Refunding First Lien
Revenue Bonds, Series 2002 A, dated
December 1, 2002 (the "Series 2002 A Bonds").
13. \$5,160,000 Sewerage System Refunding First Lien
Revenue Bonds, Series 2002 B, dated
December 1, 2002 (the "Series 2002 B Bonds").
14. \$9,835,120 Sewerage System Revenue First Lien
Bonds, Series 2004 A, dated March 23,
2004 (the "Series 2004 A Bonds").
15. \$36,617,310 Sewerage System Revenue First Lien
Bonds, Series 2005 A, dated May 5,
2005 (the "Series 2005 A Bonds").
16. \$9,000,000 Sewerage System Revenue First Lien
Bonds, Series 2008 A, dated June 26,
2008 (the "Series 2008 A Bonds").
17. \$283,458 Supplemental Sewer Revenue Second Lien
Bonds, Series 1989 B, dated March 21, 1989
(the "Series 1989 B Bonds").
18. \$123,015 Supplemental Sewer Revenue Second Lien
Bonds, Series 1989 D, dated November 21, 1989
(the "Series 1989 D Bonds").
19. \$132,072 Sewerage System Revenue Bonds, Second Lien
1999 Series B, dated June 22, 1999
(the "Series 1999 B Bonds").
20. \$30,492 Sewerage System Revenue Bonds, Second Lien
2001 Series C, dated May 22, 2001
(the "Series 2001 C Bonds").

- 1 21. \$1,822,690 Sewerage System Revenue Bonds, Second Lien
2 Series 2005 B-1, dated May 5, 2005
3 (the "Series 2005 B-1 Bonds").
4
5 22. \$334,771 Sewerage System Revenue Bonds, Second Lien
6 Series 2005 B-2, dated May 5, 2005
7 (the "Series 2005 B-2 Bonds").
8

9 The Series 1989 A Bonds, the Series 1989 C Bonds, the Series 1993 A
10 Bonds, the Series 1996 A Bonds, the Series 1996 B Bonds, the Series 1997 A Bonds, the
11 Series 1997 B Bonds, the Series 1998 A Bonds, the Series 1999 A Bonds, the Series 2001
12 A Bonds, the Series 2001 B Bonds, the Series 2002 A Bonds, the Series 2002 B Bonds,
13 the Series 2004 A Bonds, the Series 2005 A Bonds and the Series 2008 A Bonds are
14 collectively referred to as the "First Lien Bonds." The Series 1989 B Bonds, the Series
15 1989 D Bonds, the Series 1999 B Bonds, the Series 2001 C Bonds, the Series 2005 B-1
16 Bonds and the Series 2005 B-2 Bonds are collectively referred to as the "Second Lien
17 Bonds," which are subordinate and junior to the First Lien Bonds and the Bonds. The
18 First Lien Bonds and the Second Lien Bonds are collectively referred to as the "Prior
19 Bonds."
20

21 F. The City derives revenues from the System, and, except for the
22 pledges thereof to secure and pay the Prior Bonds, said revenues are not pledged or
23 encumbered in any manner.
24

25 G. It is necessary and essential to design, acquire and construct the
26 Project, generally described on Exhibit A hereto and incorporated herein by reference, in
27 order to preserve the public health, to be financed through the issuance of the Bonds, in
28 the aggregate principal amount not to exceed \$30,000,000. The period of usefulness of
29 the System after completion of the Project is not less than 40 years.
30

31 H. The estimated revenues to be derived in each year after the
32 enactment of this Ordinance from the operation of the System will be sufficient to pay all
33 Operating Expenses of the System, the principal of and interest on the Prior Bonds and
34 the Bonds and all funds and accounts and other payments provided for in this Ordinance
35 and the Prior Ordinances.
36

37 I. The Bonds and the Certificate of Authentication and Registration to
38 be endorsed thereon are to be in substantially the form set forth in Exhibit B attached
39 hereto and incorporated herein by reference with necessary and appropriate variations,
40 omissions and insertions as permitted or required by this Ordinance or a Supplemental
41 Resolution or as deemed necessary by the Registrar or the City.
42

43 J. All things necessary to make the Bonds, when authenticated by the
44 Registrar and issued as in this Ordinance provided, the valid, binding and legal special

{C1896952.1}

1 obligations of the City according to the import thereof, and to validly pledge and assign
2 those funds pledged hereby to the payment of the principal of and interest on the Bonds,
3 will be timely done and duly performed.
4

5 K. The enactment of this Ordinance, and the execution and issuance of
6 the Bonds, subject to the terms thereof, will not result in any breach of, nor constitute a
7 default under, any instrument to which the City is a party or by which it may be bound or
8 affected.
9

10 L. The City is a governmental unit which has general taxing powers to
11 finance operations of or facilities of the nature of the Project and the System; 95% or
12 more of the Net Proceeds of the Bonds are to be used for local government activities of
13 the City (or of a governmental unit the jurisdiction of which is entirely within the
14 jurisdiction of the City).
15

16 M. It is deemed necessary for the City to issue the Bonds in the
17 aggregate principal amount of not more than \$30,000,000, to permanently finance the
18 costs of design, acquisition and construction of the Project. Such costs shall be deemed
19 to include the cost of all property rights, easements and franchises deemed necessary or
20 convenient therefor; repayment of any interim financing notes; interest on the Bonds
21 prior to and during construction or acquisition and for six months after completion of
22 construction of the Project; engineering and legal expenses; expenses for estimates of
23 cost and revenues; expenses for plans, specifications and surveys; other expenses
24 necessary or incident to determining the feasibility or practicability of the enterprise;
25 administrative expense, any fees or expenses of the Original Purchaser or DEP,
26 commitment fees, discount, initial fees for the service of registrars, paying agents,
27 depositories or trustees or other costs in connection with the sale of the Bonds, and such
28 other expenses as may be necessary or incidental to the financing herein authorized, the
29 construction or acquisition of the Project and the placing of the same in operation, and the
30 performance of the things herein required or permitted, in connection with any thereof;
31 provided, that reimbursement to the City for any amounts expended by it for allowable
32 costs prior to the issuance of the Bonds or the repayment of the indebtedness incurred by
33 the City for such purposes shall be deemed part of the Cost of the Project.
34

35 N. It is in the best interests of the City that the Bonds be sold to the
36 Original Purchaser pursuant to the terms and provisions set forth in the Supplemental
37 Resolution.
38

39 O. Prior to the issuance of the Bonds, the City shall obtain (i) a
40 certificate from an independent certified public accountant stating that the coverage and
41 parity tests of the First Lien Bonds have been met; and (ii) the written consent of the
42 registered owners of the Prior Bonds to the issuance of the Bonds on a parity with the
43 First Lien Bonds and senior and prior to the Second Lien Bonds. The Bonds shall be
44 issued with a lien on the Net Revenues on a parity with the lien held by the registered

{C1896952.1}

1 owners of the First Lien Bonds, but the lien of the Bonds shall be senior and superior to
2 the lien of the registered owners of the Second Lien Bonds. Other than the Prior Bonds,
3 there are no other outstanding bonds or obligations of the City which are secured by
4 revenues or assets of the System.

5
6 P. The City has complied with all requirements of West Virginia law
7 relating to the authorization of the design, acquisition, construction and operation of
8 Project and the System and issuance of the Bonds, or will have so complied prior to the
9 issuance of any thereof, including, among other things, the obtaining of a Certificate of
10 Convenience and Necessity, if required, from the Public Service Commission of West
11 Virginia by final order not subject to appeal or rehearing.

12
13 Q. The City will not permit, at any time, any of the proceeds of the
14 Bonds or any other funds of the City to be used directly or indirectly in a manner which
15 would result in the exclusion of the Bonds from the treatment afforded by Section 103(a)
16 of the Code.

17
18 R. The Project has been approved by the West Virginia Infrastructure
19 and Jobs Development Council as required under Chapter 31, Article 15A of the Code of
20 West Virginia, 1931, as amended.

21
22 Section 1.03. Ordinance Constitutes Contract. In consideration of the
23 acceptance of the Bonds authorized to be issued hereunder by those who shall own the
24 same from time to time, this Ordinance shall be deemed to be and shall constitute a
25 contract between the City and such Registered Owners, and the covenants and
26 agreements herein set forth to be performed by the City shall be for the equal benefit,
27 protection and security of the Registered Owners of any and all of such Bonds issued
28 hereunder, all of which shall be of equal rank and without preference, priority or
29 distinction between any one Bond and any other Bond by reason of priority of issuance or
30 otherwise, except as expressly provided therein and herein.

31
32 Section 1.04. Definitions. Except as provided below, terms used in this
33 Supplemental Ordinance have the meanings set forth in the Prior Ordinances, as
34 supplemented by this Supplemental Ordinance, unless the context expressly requires
35 otherwise.

36
37 “Act” shall mean Chapter 16, Article 13 of the Code of West Virginia,
38 1931, as amended and in effect on the date of enactment of this Ordinance.

39
40 “Authority” shall mean the West Virginia Water Development Authority,
41 which may be one of the original purchasers and Registered Owners of the Bonds on
42 behalf of the SRF Program and the WDA Program, or any other agency of the State of
43 West Virginia that succeeds to the function of the Authority.

{C1896952.1}

1
2 “Bond Counsel” shall mean any law firm having a national reputation in the
3 field of municipal law whose opinions are generally accepted by purchasers of municipal
4 bonds, appointed by the City or the Sanitary Board, and shall initially mean Jackson
5 Kelly PLLC, Charleston, West Virginia.
6

7 “Bond Insurer” shall mean any entity which shall insure all or any portion
8 of the payment of principal of and interest on the Bonds and which shall be designated as
9 such in the Supplemental Resolution, and in the event no such entity is so designated, all
10 references in this Ordinance to the Bond Insurer shall be null and void and have no force
11 and effect.
12

13 “Bond Register” shall mean the books of the City maintained by the
14 Registrar for the registration and transfer of the Bonds.
15

16 “Bond Year” shall mean the 12-month period beginning on the anniversary
17 of the Closing Date in each year and ending on the day prior to the anniversary date of
18 the Closing Date in the following year except that the first Bond Year shall begin on the
19 Closing Date.
20

21 “Bondholder” or “Holder of the Bonds” or “Owner of the Bonds” or
22 “Registered Owner” or any similar term shall mean any person who shall be the
23 Registered Owner of any Outstanding Bond as hereinafter defined.
24

25 “Bonds” shall mean the not more than \$30,000,000 in aggregate principal
26 amount of Sewerage System Revenue Bonds of the City, authorized by this Ordinance to
27 be issued in one or more series as designated in the Supplemental Resolution.
28

29 “Bonds Construction Trust Fund” shall mean the Bonds Construction Trust
30 Fund created by Section 4.01 D hereof.
31

32 “City Clerk” shall mean the City Clerk of the City.
33

34 “Closing Date” shall mean the date or dates upon which there is an
35 exchange of the Bonds for all or a portion of the proceeds of the Bonds from the Original
36 Purchaser.
37

38 “Code” shall mean the Internal Revenue Code of 1986, as amended, and the
39 Regulations.
40

41 “Commission” shall mean the West Virginia Municipal Bond Commission
42 or any other agency of the State of West Virginia which succeeds to the functions of the
43 Commission.
44

1 “Completion Date” shall mean the completion date of the Project as defined
2 in the SRF Regulations.
3

4 “Consulting Engineers” shall mean Burgess & Niple, Parkersburg, West
5 Virginia, or any engineer or firm of engineers, licensed by the State, which shall at any
6 time hereafter be retained by the City as Consulting Engineers for the System in
7 accordance with Chapter 5G, Article 1 of the Code of West Virginia, 1931, as amended.
8

9 “Costs of the Project” shall mean those costs described in Section 1.02(M)
10 hereof to be a part of the cost of the design, acquisition and construction of the Project.
11

12 “Council” or “City Council” shall mean the Council of the City.
13

14 “DEP” shall mean the West Virginia Department of Environmental
15 Protection or any other agency of the State of West Virginia that succeeds to the function
16 of the DEP.
17

18 “Depository Bank” shall mean the bank or banks to be designated as such
19 in the Supplemental Resolution, and its successors and assigns.
20

21 “DTC” shall mean The Depository Trust Company, New York, New York.
22

23 “Fiscal Year” shall mean each twelve month period beginning on July 1 and
24 ending on the succeeding June 30.
25

26 “Independent Accountants” or “Independent Certified Public Accountants”
27 shall mean any firm of certified public accountants which shall be retained by the City as
28 independent accountants for the System.
29

30 “Loan Agreement” shall mean the Loan Agreement by and among the
31 Authority, the DEP and the City, providing for the purchase of all or a part of the Bonds
32 from the City by the Authority, the forms of which are attached as exhibits in the
33 Supplemental Resolution.
34

35 “Mayor” shall mean the Mayor of the City.
36

37 “Ordinance” shall mean the Prior Ordinances, as previously defined, as
38 supplemented by this Supplemental Ordinance and as further amended or supplemented.
39 Unless the context clearly requires a different meaning, reference to “this Ordinance” in
40 the Prior Ordinances shall mean the Ordinance.
41

42 “Original Purchaser” shall mean the Authority which is expected to be the
43 purchaser of the Bonds directly from the City, as determined by a resolution
44 supplemental hereto.

{C1896952.1}

1
2 “Outstanding” when used with reference to Bonds, as of any particular
3 date, describes all such Bonds theretofore and thereupon being authenticated and
4 delivered, except (i) any such Bond canceled by the Registrar, at or prior to said date; (ii)
5 any such Bond for the payment of which moneys, equal to its principal amount, with
6 interest to the date of maturity of any such Bond, shall be in trust hereunder and set aside
7 for such payment (whether upon or prior to maturity); (iii) any such Bond deemed to
8 have been paid as provided in Section 6.13 hereof; and (iv) for purposes of consents or
9 other action by a specified percentage of Bondholders, any such Bond registered to the
10 City.

11
12 “Paying Agent” shall mean the West Virginia Municipal Bond Commission
13 or other entity designated as such for the Bonds in the Supplemental Resolution.
14

15 “Private Business Use” shall mean use (directly or indirectly) in a trade or
16 business carried on by any person other than a governmental unit; provided that, use as a
17 member of the general public shall not be taken into account, all as determined by the
18 Code.
19

20 “Project” shall mean the extensions, additions, betterments and
21 improvements to the existing sewerage system of the City described in Exhibit A
22 attached hereto.
23

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

36 “Rebate Fund” shall mean the Rebate Fund created by Section 6.11 hereof.
37

38 “Redemption Account” shall mean the Redemption Account for the Bonds
39 created by Section 4.03 hereof.
40

41 “Redemption Date” shall mean, collectively, the dates fixed for the
42 redemption of the Bonds called for redemption.
43

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

5
6 “Registrar” shall mean the entity named as such in the Supplemental
7 Resolution.

8
9 “Regulations” shall mean the temporary and permanent regulations
10 promulgated under the Code.

11
12 “Reserve Account” shall mean, collectively, one or more reserve accounts
13 for the Bonds created by Section 4.03 hereof.

14
15 “Reserve Accounts” shall mean, collectively, the respective Reserve
16 Accounts created for the Prior Bonds and the Bonds.

17
18 “Reserve Requirement” shall mean, as of any date of calculation, the lesser
19 of (i) 10% of the original stated principal amount of the Bonds; (ii) the maximum amount
20 of principal and interest which will become due on the Bonds in any year; or (iii) 125%
21 of the average amount of principal and interest which will become due on the Bonds.

22
23 “Sinking Fund” shall mean, collectively, one or more Sinking Funds for the
24 Bonds created by Section 4.03 hereof.

25
26 “Sinking Funds” shall mean, collectively, the respective Sinking Funds
27 created for the Prior Bonds and the Bonds.

28
29 “SRF Program” shall mean the West Virginia Water Pollution Control
30 Revolving Fund Program, under which the Authority purchases the water pollution
31 control revenue bonds of local governmental entities satisfying certain legal and other
32 requirements with the proceeds of a capitalization grant award from the United States
33 Environmental Protection Agency and funds of the State.

34
35 “SRF Regulations” shall mean the regulations set forth in Title 47, Series
36 31 of the West Virginia Code of State Regulations.

37
38 “State” shall mean the State of West Virginia.

39
40 “Supplemental Ordinance” or “this Ordinance” shall mean this ordinance as
41 hereafter amended or supplemented.

42
43 “Supplemental Resolution” shall mean any resolution, ordinance or order of
44 the City supplementing or amending this Ordinance and, when preceded by the article

{C1896952.1}

1 “the”, refers specifically to the supplemental resolutions authorizing the sale of one or
2 more series of the Bonds; provided, that any matter intended by this Ordinance to be
3 included in the Supplemental Resolution with respect to the Bonds and not so included
4 may be included in another Supplemental Resolution.
5

6 “Surplus Revenues” shall mean the Net Revenues not required by the Prior
7 Ordinances and this Ordinance, as supplemented and amended, to be set aside and held
8 in, including but not limited to, any sinking funds, reserve accounts and renewal and
9 replacement funds.
10

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

17 “Term Bonds” shall mean the Bonds subject to mandatory sinking fund
18 redemption as described in Section 3.12 hereof.
19

20 “WDA Program” shall mean the Authority’s loan program, under which the
21 Authority purchases the water development revenue bonds of local governmental entities
22 satisfying certain legal and other requirements with the proceeds of the water
23 development revenue bonds of the Authority.
24

25 Words importing singular number shall include the plural number in each
26 case and vice versa, and words importing persons shall include firms and corporations.
27 Words importing the masculine gender include all other genders.
28

29 Additional terms and phrases are defined in this Ordinance as they are used.
30 Accounting terms not specifically defined herein shall be given meaning in accordance
31 with general accepted accounting principles.
32

33 The terms “herein”, “hereunder”, “hereby”, “hereto”, “hereof” and any
34 similar terms refer to this Ordinance; and the term “hereafter” means after the date of the
35 enactment of this Ordinance.
36

37 Articles, sections and subsections mentioned by number only are the
38 respective articles, sections and subsections of this Ordinance so numbered.
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ARTICLE II

AUTHORIZATION OF EXTENSIONS, ADDITIONS,
BETTERMENTS AND IMPROVEMENTS TO SYSTEM

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 \$30,000,000, 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.

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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 \$30,000,000. 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

1 who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be
2 signed and sealed on behalf of the City by such person as, at the actual time of the
3 execution of such Bonds, shall hold the proper office in the City, although at the date of
4 such Bonds such person may not have held such office or may not have been so
5 authorized.
6

7 Section 3.03. Authentication and Registration. No Bond shall be valid or
8 obligatory for any purpose or entitled to any security or benefit under this Ordinance
9 unless and until the Certificate of Authentication and Registration on such Bond,
10 substantially in the form set forth in Exhibit B, shall have been duly manually executed
11 by the Registrar. Any such executed Certificate of Authentication and Registration upon
12 any such Bond shall be conclusive evidence that such Bond has been authenticated,
13 registered and delivered under this Ordinance. The Certificate of Authentication and
14 Registration on any Bond shall be deemed to have been executed by the Registrar if
15 manually signed by an authorized officer of the Registrar, but it shall not be necessary
16 that the same officer sign the Certificate of Authentication and Registration on all of the
17 Bonds issued hereunder.
18

19 Section 3.04. Negotiability, Transfer and Registration. Subject to the
20 provisions for transfer of registration set forth below, the Bonds shall be, and have all of
21 the qualities and incidents of negotiable instruments under the Uniform Commercial
22 Code of the State of West Virginia, and each successive Registered Owner, in accepting
23 any of said Bonds shall be conclusively deemed to have agreed that such Bonds shall be
24 and have all of the qualities and incidents of negotiable instruments under the Uniform
25 Commercial Code of the State of West Virginia, and each successive Registered Owner
26 shall further be conclusively deemed to have agreed that said Bonds shall be
27 incontestable in the hands of a bona fide owner for value.
28

29 So long as any of the Bonds remain Outstanding, the City, through the
30 Registrar, shall keep and maintain books for the registration and transfer of the Bonds.
31

32 Bonds shall be transferable only upon the books of the Registrar, by the
33 Registered Owner thereof in person or by the Registered Owner's attorney duly
34 authorized in writing, upon surrender thereto, together with a written instrument of
35 transfer satisfactory to the Registrar, duly executed by the Registered Owner or the
36 Registered Owner's duly authorized attorney.
37

38 In all cases in which the privilege of exchanging Bonds or transferring
39 Bonds is exercised, Bonds shall be delivered in accordance with the provisions of this
40 Ordinance. All Bonds surrendered in any such exchanges or transfers shall forthwith be
41 canceled by the Registrar. For every such exchange or transfer of Bonds, the Registrar
42 may make a charge sufficient to reimburse it for any tax, fee or other governmental

{C1896952.1}

1 charge required to be paid with respect to such exchange or transfer and the cost of
2 preparing each new Bond upon each exchange or transfer, and any other expenses of the
3 Registrar incurred in connection therewith, which sum or sums shall be paid by the City.
4 The Registrar shall not be obliged to make any such exchange or transfer of Bonds during
5 the 15 days preceding an interest payment date on the Bonds, or, in the case of any
6 proposed redemption of Bonds, next preceding the date of the selection of Bonds to be
7 redeemed.
8

9 Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any
10 Bond shall become mutilated or be destroyed, stolen or lost, the City may, in its
11 discretion, issue and deliver a new Bond in exchange and substitution for such mutilated
12 Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and
13 substitution for the Bond destroyed, stolen or lost, and upon the Registered Owner's
14 furnishing the City proof of ownership thereof and satisfactory indemnity and complying
15 with such other reasonable regulations and conditions as the City may prescribe and
16 paying such expenses as the City may incur and the Registrar shall authenticate the new
17 Bond. All Bonds so surrendered shall be canceled by the Registrar and held for the
18 account of the City. If such Bond shall have matured or be about to mature, instead of
19 issuing a substitute Bond, the City may pay the same, upon being indemnified as
20 aforesaid, and, if such Bond be lost, stolen, or destroyed, without surrender therefor.
21

22 Any such duplicate Bonds issued pursuant to this Section shall constitute
23 original, additional contractual obligations on the part of the City, whether or not the lost,
24 stolen or destroyed Bonds be at any time found by anyone, and such duplicate Bonds
25 shall be entitled to equal and proportionate benefits and rights as to lien and source of
26 security for payment from the revenues pledged herein with all other Bonds issued
27 hereunder.
28

29 Section 3.06. Bonds not to be Indebtedness of the City. The Bonds shall
30 not, in any event, be or constitute a corporate indebtedness of the City within the meaning
31 of any statutory or constitutional limitations, but shall be payable solely from the Net
32 Revenues derived from the operation of the System as herein provided on a parity with
33 the First Lien Bonds but senior and superior to the Second Lien Bonds. No Registered
34 Owner of the Bonds shall ever have the right to compel the exercise of the taxing power
35 of the City to pay the Bonds or any interest thereon.
36

37 Section 3.07. Bonds Secured by Pledge of Net Revenues. The payment of
38 the debt service of all the Bonds shall be secured forthwith equally and ratably with each
39 other by a first lien on the Net Revenues derived from the System on a parity with the
40 First Lien Bonds but senior and superior to the Second Lien Bonds. Such Net Revenues
41 in an amount sufficient to pay the principal of and interest on and other payments for the
42 Bonds and the Prior Bonds and to make the payments into the sinking funds and the

{C1896952.1}

1 reserve accounts therein and in the Renewal and Replacement Fund established herein or
2 in the Prior Ordinances are hereby irrevocably pledged to the payment of the principal of
3 and any interest on the Bonds and the Prior Bonds as the same become due.
4

5 Section 3.08. Form of Bonds. The text of the Bonds shall be substantially
6 as set forth in Exhibit B, with such omissions, insertions and variations as may be
7 necessary and desirable and authorized or permitted by this Ordinance or any subsequent
8 resolution or ordinance adopted or enacted prior to the issuance thereof.
9

10 Section 3.09. Sale of Bonds. The Bonds shall be sold pursuant to the terms
11 and conditions of a loan agreement or bond purchase agreement as set forth in a
12 resolution supplemental hereto.
13

14 Section 3.10. Bonds are Issued as Parity Bonds. The Bonds are issued as
15 and shall constitute additional Parity Bonds in accordance with the Prior Ordinances.
16 Prior to the issuance of the Bonds, the following must occur:
17

18 A. The City must receive the written consent of the Authority for the
19 issuance of parity bonds.
20

21 B. The coverage and parity requirements of the Prior Ordinances must
22 be satisfied.
23

24 C. Unless waived in writing by the Authority, the City or the Sanitary
25 Board must enter into written contracts for the immediate design, acquisition or
26 construction of the Project not later than simultaneously with the delivery of the Bonds.
27

28 D. The Bonds shall not be issued unless all the payments into the
29 respective funds and accounts provided for in the Prior Ordinances on account of the
30 Prior Bonds and any other payments provided for in the Prior Ordinances, shall have
31 been made in full as required to the date of delivery of the Bonds.
32

33 Section 3.11. Term Bonds. In the event Term Bonds are issued pursuant to
34 this Ordinance, the following provisions shall apply:
35

36 A. The amounts to be deposited, apportioned and set apart by the City
37 from the Revenue Fund and into the Redemption Account for the Bonds in accordance
38 with Section 4.03 hereof shall include (after credit as provided below) on the first of each
39 month, beginning on the first day of that month which is 12 months prior to the first
40 mandatory Redemption Date of said Term Bonds, a sum equal to 1/12th of the amount
41 required to redeem the principal amount of such Term Bonds which are to be redeemed
42 as of the next ensuing mandatory Redemption Date, which amounts and dates, if any,

{C1896952.1}

1 with respect to a series of Bonds shall be set forth in the Supplemental Resolution
2 relating thereto.
3

4 B. At its option, to be exercised on or before the 60th day next
5 preceding any such mandatory Redemption Date, the City may (a) deliver to the Registrar
6 for cancellation such Term Bonds in any aggregate principal amount desired or
7 (b) receive a credit in respect of its mandatory redemption obligation for any such Term
8 Bonds which prior to said date have been redeemed (otherwise than pursuant to this
9 section) and canceled by the Registrar and not theretofore applied as a credit against any
10 such mandatory redemption obligation. Each Term Bond so delivered or previously
11 redeemed shall be credited by the Registrar at 100% of the principal amount thereof
12 against the obligation of the City on such mandatory Redemption Date, and Term Bonds
13 delivered in excess of such mandatory redemption obligation shall be credited against
14 future mandatory redemption obligations in the order directed by the City, and the
15 principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking
16 fund redemption shall be accordingly reduced.
17

18 C. The City shall on or before the 60th day next preceding each
19 mandatory Redemption Date furnish the Registrar and the Commission with its certificate
20 indicating whether and to what extent the provisions of (a) and (b) of the preceding
21 paragraph are to be utilized with respect to such mandatory redemption payment and
22 stating, in the case of the credit provided for in (b) of the preceding paragraph, that such
23 credit has not theretofore been applied against any mandatory redemption obligation.
24

25 D. After said 60th day but prior to the date on which the Registrar
26 selects the Term Bonds to be redeemed, the Bond Commission may use the moneys in
27 the Redemption Account for the Bonds to purchase Term Bonds at a price less than the
28 par value thereof and accrued interest thereon. The Bond Commission shall advise the
29 City and the Registrar of any Term Bonds so purchased, and they shall be credited by the
30 Registrar at 100% of the principal amount thereof against the obligation of the City on
31 such mandatory Redemption Date, and any excess shall be credited against future
32 mandatory redemption obligations in the order directed by the City, and the principal
33 amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund
34 redemption shall be accordingly reduced.
35

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

{C1896952.1}

1
2 Section 3.12. Notice of Redemption. Unless waived by any Registered
3 Owner of the Bonds to be redeemed, official notice of any redemption shall be given by
4 the Registrar on behalf of the City by mailing a copy of an official redemption notice by
5 registered or certified mail at least 30 days and not more than 60 days prior to the date
6 fixed for redemption to the Bond Insurer, if any, the Original Purchaser and the
7 Registered Owner of the Bond or Bonds to be redeemed at the address shown on the
8 Bond Register or at such other address as is furnished in writing by such Registered
9 Owner to the Bond Registrar.

10
11 All official notices of redemption shall be dated and shall state:

12
13 (1) The Redemption Date,

14
15 (2) The Redemption Price,

16
17 (3) If less than all outstanding Bonds are to be redeemed, the
18 identification (and, in the case of partial redemption, the respective principal amounts) of
19 the Bonds to be redeemed,

20
21 (4) That on the Redemption Date the Redemption Price and interest
22 accrued will become due and payable upon each such Bond or portion thereof called for
23 redemption, and that interest thereon shall cease to accrue from and after said date,

24
25 (5) The place where such Bonds are to be surrendered for payment of
26 the Redemption Price, which place of payment shall be the principal office of the Paying
27 Agent, and

28
29 (6) Such other information, if any, as shall be required for DTC-eligible
30 Bonds.

31
32 If funds sufficient to redeem all Bonds called for optional redemption have
33 not been deposited with the Paying Agent at the time of mailing any notice of optional
34 redemption, such notice shall also state that such optional redemption is subject to the
35 deposit of such moneys with the Paying Agent on or before the Redemption Date. If
36 such moneys are not so deposited, the Registrar shall notify all Registered Owners of
37 such Bonds called for redemption of such fact.

38
39 Official notice of redemption having been given as aforesaid, the Bonds or
40 portions of Bonds so to be redeemed shall, on the Redemption Date, become due and
41 payable at the Redemption Price therein specified, and from and after such date (unless
42 the City shall default in the payment of the Redemption Price) such Bonds or portions of
43 Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in

{C1896952.1}

1 accordance with said notice, such Bonds shall be paid by the Paying Agent at the
2 Redemption Price. Installments of interest due on or prior to the Redemption Date shall
3 be payable as herein provided for payment of interest. Upon surrender for any partial
4 redemption of any Bond, there shall be prepared for the Registered Owner a new Bond or
5 Bonds of the same maturity in the amount of the unredeemed principal of such Bond. All
6 Bonds which have been redeemed shall be canceled and destroyed by the Registrar and
7 shall not be reissued.
8

9 Failure to receive such notice or any defect therein or in the mailing thereof
10 shall not affect the validity of proceedings for the redemption of Bonds, and failure to
11 mail or otherwise send such notice shall not affect the validity of proceedings for the
12 redemption of any portion of Bonds for which there was no such failure.
13

14 Section 3.13. Persons Treated as Owners. The City, the Registrar, the
15 Paying Agent and any agent of the City, the Registrar or the Paying Agent may treat the
16 person in whose name any Bond is registered as the Registered Owner of such Bond for
17 the purpose of receiving payment of the principal of and interest on such Bond and for all
18 other purposes, whether or not such Bond is overdue.
19

20 Section 3.14. [Reserved]
21

22 Section 3.15. Delivery of Bonds. The City shall execute and deliver the
23 Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the
24 Bonds to the Original Purchaser upon receipt of the documents set forth below:
25

26 (A) A request and authorization to the Registrar on behalf of the City,
27 signed by an Authorized Officer, to authenticate and deliver the Bonds to the Original
28 Purchaser;
29

30 (B) Copies of this Ordinance and the Supplemental Resolution certified
31 by the City Clerk; and
32

33 (C) The unqualified approving opinion of Bond Counsel regarding the
34 Bonds.
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36

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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:

{C1896952.1}

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

3
4 (B) Each item for which the payment is proposed to be made is or was
5 necessary in connection with the Project and constitutes a Cost of the Project;

6
7 (C) Each of such costs has been otherwise properly incurred; and

8
9 (D) Payment for each of the items proposed is then due and owing.

10
11 Pending such application, moneys in the Bonds Construction Trust Fund
12 shall be invested and reinvested in Qualified Investments at the written direction of the
13 City.

14
15 The City shall expend all proceeds of the Bonds within 3 years of the date
16 of issuance of the Bonds.

17
18 Section 4.03. Funds and Accounts; Flow of Funds. The funds and
19 accounts established by the Prior Ordinances are hereby continued. In addition to the
20 funds and accounts established by the Prior Ordinances, there are hereby created at the
21 Commission the Series 2011 A Sinking Fund, the Series 2011 A Reserve Account with
22 respect to the Bonds. Following the monthly payment of Operating Expenses (including
23 the SRF Administrative Fee), the City shall make monthly payments to the Commission
24 for the Prior Bonds as required under the Prior Ordinances. The monthly payments to the
25 Commission for the Bonds shall be as follows:

26
27 (1) Simultaneously with the interest payments made pursuant to the
28 Ordinance and the Prior Ordinances with respect to the First Lien Bonds, the City shall
29 also deposit with the Commission in the Series 2011 A Bonds Sinking Fund on the first
30 day of each month, commencing 4 months prior to the first interest payment date of the
31 Bonds, an amount equal to 1/3rd of the amount of interest which will become due on the
32 Bonds on the next ensuing quarterly interest payment date; provided that, in the event the
33 period to elapse between the date of such initial deposit in the Series 2011 A Bonds
34 Sinking Fund and the next semiannual interest payment date is less than 4 months, then
35 such monthly payments shall be increased proportionately to provide, 1 month prior to
36 the next quarterly interest payment date, the required amount of interest coming due on
37 such date.

38
39 (2) Simultaneously with the principal payments made pursuant to the
40 Ordinance and the Prior Ordinances with respect to the First Lien Bonds, the City shall
41 also deposit with the Commission in the Series 2011 A Bonds Sinking Fund on the first
42 day of each month, commencing 4 months prior to the first principal payment date of the
43 Bonds, an amount equal to 1/3rd of the amount of principal which will mature and

{C1896952.1}

1 become due on the Bonds on the next ensuing quarterly principal payment date; provided
2 that, in the event the period to elapse between the date of such initial deposit in the Series
3 2011 A Bonds Sinking Fund and the next annual principal payment date is less than 4
4 months, then such monthly payments shall be increased proportionately to provide, 1
5 month prior to the next annual principal payment date, the required amount of principal
6 coming due on such date.
7

8 (3) Simultaneously with the reserve account payments made pursuant to
9 the Ordinance and the Prior Ordinances with respect to the First Lien Bonds, the City
10 shall also deposit with the Commission in the Series 2011 A Bonds Reserve Account, if
11 not fully funded upon issuance of the Bonds, on the first day of each month, commencing
12 4 months prior to the first principal payment date of the Bonds, an amount equal to
13 1/120th of the Series 2011 A Bonds Reserve Requirement, until the amount in the Series
14 2011 A Bonds Reserve Account equals the Series 2011 A Bonds Reserve Requirement;
15 provided that, no further payments shall be made into the Series 2011 A Bonds Reserve
16 Account when there shall have been deposited therein, and as long as there shall remain
17 on deposit therein, an amount equal to the Series 2011 A Bonds Reserve Requirement.
18

19 (4) The City shall next make the interest payments pursuant to the
20 Ordinance and the Prior Ordinances with respect to the Second Lien Bonds.
21

22 (5) The City shall next make the principal payments pursuant to the
23 Ordinance and the Prior Ordinances with respect to the Second Lien Bonds.
24

25 (6) The City shall next make the reserve account payments made
26 pursuant to the Ordinance and the Prior Ordinances with respect to the Second Lien
27 Bonds.
28

29 (7) The City shall next, on the first day of each month, transfer from the
30 Revenue Fund and remit to the Depository Bank for deposit in the Renewal and
31 Replacement Fund, an amount equal to 2 1/2% of the Gross Revenues each month (as
32 previously set forth in the Prior Ordinances and not in addition thereto), exclusive of any
33 payments for account of any Reserve Account. All funds in the Renewal and
34 Replacement Fund shall be kept apart from all other funds of the City or of the
35 Depository Bank and shall be invested and reinvested in accordance with the Ordinance.
36 Withdrawals and disbursements may be made from the Renewal and Replacement Fund
37 for replacements, repairs, or improvements or extensions to the System; provided that,
38 any deficiencies in any Reserve Account, except to the extent such deficiency exists
39 because the required payments into such account have not, as of the date of determination
40 of a deficiency, funded such account to the maximum extent required hereof, shall be
41 promptly eliminated with moneys from the Renewal and Replacement Fund.
42

1 Moneys in the respective Sinking Funds shall be used only for the purposes
2 of paying principal of and interest on the respective series of Bonds as the same shall
3 become due. Moneys in the respective Reserve Accounts shall be used only for the
4 purposes of paying principal of and interest on the respective series of Bonds as the same
5 shall become due, when other moneys in the respective Sinking Funds are insufficient
6 therefor, and for no other purpose.
7

8 All investment earnings on moneys in the respective Reserve Accounts
9 shall be transferred, not less than once each year, to the Bonds Construction Trust Fund
10 prior to completion of the Project and thereafter, to the respective Sinking Funds.
11

12 Any withdrawals from the respective Reserve Accounts which result in a
13 reduction in the balance therein to below the applicable reserve requirement shall be
14 subsequently restored from the first Net Revenues available after all required payments to
15 the respective Sinking Funds for payment of debt service on the Bonds have been made
16 in full.
17

18 Moneys in the Sinking Funds and the Reserve Accounts shall be invested
19 and reinvested by the Commission in accordance with Section 4.04 hereof.
20

21 If, on any monthly payment date, the revenues are insufficient to place the
22 required amount in any of the funds or accounts as provided herein and in the Prior
23 Ordinances, the deficiency shall be made up in subsequent payments, in addition to the
24 payments which would otherwise be required to be made into the funds and accounts on
25 subsequent payment dates.
26

27 Interest, principal or reserve payments, whether made for a deficiency or
28 otherwise, shall be made on a parity and pro rata, with respect to the First Lien Bonds and
29 the Bonds and thereafter, with respect to the Second Lien Bonds, in accordance with the
30 respective principal amounts then Outstanding.
31

32 The City shall on the first day of each month (if the first day is not a
33 business day, then the first business day of each month) deposit with the Commission the
34 required interest, principal and reserve account payments.
35

36 Except as provided above and in the Supplemental Resolution, all sinking
37 fund, reserve account, and renewal and replacement fund payments shall remain as
38 governed by the Prior Ordinances.
39

40 The Gross Revenues of the System shall only be used for purposes of the
41 System.
42

43 Section 4.04. Investments. Any moneys held as a part of the funds and
44 accounts created by this Ordinance, other than the Revenue Fund, shall be invested and

{C1896952.1}

1 reinvested by the Commission, the Depository Bank or such other bank or national
2 banking association holding such fund or account, as the case may be, at the direction of
3 the City in any Qualified Investments to the fullest extent possible under applicable laws,
4 this Ordinance, the Prior Ordinances, the need for such moneys for the purposes set forth
5 herein and the specified restrictions and provisions set forth in this Section 4.04.
6

7 Any investment shall be held in and at all times deemed a part of the fund
8 or account in which such moneys were originally held, and the interest accruing thereon
9 and any profit or loss realized from such investment shall be credited or charged to the
10 appropriate fund or account. The investments held for any fund or account shall be
11 valued at the lower of cost or then current market value, or at the redemption price
12 thereof if then redeemable at the option of the holder, including the value of accrued
13 interest and giving effect to the amortization of discount. The Commission, the
14 Depository Bank or such other bank or national banking association, as the case may be,
15 shall sell and reduce to cash a sufficient amount of such investments whenever the cash
16 balance in any fund or account is insufficient to make the payments required from such
17 fund or account, regardless of the loss of such liquidation. The Depository Bank or such
18 other bank or national banking association may make any and all investments permitted
19 by this section through its own investment or trust department and shall not be
20 responsible for any losses from such investments, other than for its own negligence or
21 willful misconduct.
22

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

1 Section 5.03. Appointment of Receiver. Any Registered Owner of a Bond
2 or any Bond Insurer if the Bonds are insured may, by proper legal action, compel the
3 performance of the duties of the City under the Ordinance and the Act, including, the
4 completion of the Project and after commencement of operation of the System, the
5 making and collection of sufficient rates and charges for services rendered by the System
6 and segregation of the revenues therefrom and the application thereof. If there be any
7 Event of Default with respect to the Bonds, any Registered Owner of a Bond shall, in
8 addition to all other remedies or rights, have the right by appropriate legal proceedings to
9 obtain the appointment of a receiver to administer the System or to complete the
10 acquisition and construction of the Project on behalf of the City, with the power to charge
11 rates, rentals, fees and other charges sufficient to provide for the payment of Operating
12 Expenses of the System, the payment of the Bonds and interest and the deposits into the
13 funds and accounts hereby established, and to apply such rates, rentals, fees, charges or
14 other revenues in conformity with the provisions of this Ordinance and the Act.

15
16 The receiver so appointed shall forthwith, directly or by his or her or its
17 agents and attorneys, enter into and upon and take possession of all facilities of the
18 System and shall hold, operate and maintain, manage and control such facilities, and each
19 and every part thereof, and in the name of the City exercise all the rights and powers of
20 the City with respect to said facilities as the City itself might exercise.

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

30
31 Such receiver, in the performance of the powers hereinabove conferred
32 upon him or her or it, shall be under the direction and supervision of the court making
33 such appointment, shall at all times be subject to the orders and decrees of such court and
34 may be removed thereby, and a successor receiver may be appointed in the discretion of
35 such court. Nothing herein contained shall limit or restrict the jurisdiction of such court
36 to enter such other and further orders and decrees as such court may deem necessary or
37 appropriate for the exercise by the receiver of any function not specifically set forth
38 herein.

39
40 Any receiver appointed as provided herein shall hold and operate the
41 System in the name of the City and for the joint protection and benefit of the City and
42 Registered Owners of the Bonds. Such receiver shall have no power to sell, assign,
43 mortgage or otherwise dispose of any assets of any kind or character belonging or

{C1896952.1}

1 pertaining to the System, but the authority of such receiver shall be limited to the
2 completion of the Project and the possession, operation and maintenance of the System
3 for the sole purpose of the protection of both the City and Registered Owners of such
4 Bonds and the curing and making good of any Event of Default with respect thereto
5 under the provisions of this Ordinance, and the title to and ownership of the System shall
6 remain in the City, and no court shall have any jurisdiction to enter any order or decree
7 permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any
8 assets of the System.
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ARTICLE VI

ADDITIONAL COVENANTS OF THE CITY

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

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

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

Section 6.02. Insurance and Construction Bonds. The City hereby covenants and agrees that so long as the Bonds remain Outstanding, the City will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. The City will 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 Original Purchaser. Such insurance shall be made payable to the order of the Registered Owners, the City, the prime contractor and all subcontractors, as their interests may appear. The City will itself, or will require each contractor and subcontractor to, obtain and 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, to protect the interests of the City, the Registered Owners, the prime contractor and all subcontractors as their interests may appear during construction of the Project in the full insurable value thereof. In time of war, the City shall also carry in said amount such insurance as may be available against loss or damage by the risks and hazards of war. The proceeds of all such insurance policies shall be disposed of as provided in the Ordinance and otherwise shall be placed in the Renewal and Replacement Fund and used only for the repair and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Renewal and

{C1896952.1}

1 Replacement Fund. The City will also carry liability insurance for damage or injury to
2 persons or property in amounts adequate for such purposes and customarily carried with
3 respect to works and properties similar to the System. The City shall carry such other
4 insurance as is required by the Original Purchaser, including but not limited to flood
5 insurance and business interruption insurance, to the extent available at reasonable cost to
6 the City. The City shall verify all such insurance prior to commencement of construction.
7

8 The City shall require all contractors engaged in the construction of the
9 Project to furnish a performance bond and a payment bond, each in an amount equal to
10 100% of the contract price of the portion of the Project covered by the particular contract
11 as security for the faithful performance of such contract. The City shall verify such bonds
12 prior to commencement of construction.
13

14 Section 6.03. Issuance of Other Obligations Payable Out of Revenues. In
15 addition to the limitations on the issuance of parity obligations set forth in the Prior
16 Ordinances, no parity obligations payable out of revenues of the System shall be issued
17 after the issuance of the Bonds without the prior written consent of the Registered Owner
18 of the Prior Bonds then Outstanding and without complying with the parity requirements
19 of the Prior Ordinance and the Supplemental Resolution.
20

21 Section 6.04. Engineering Services and Operating Personnel. Prior to the
22 issuance of the Bonds, the City shall obtain the certificate of the Consulting Engineers,
23 among other things, that the Project has been or will be constructed in accordance with
24 the approved plans, specifications and designs as submitted to the DEP, the Project is
25 adequate for the purposes for which it was designed, the funding plan as submitted to the
26 DEP is sufficient to pay the costs of acquisition and construction of the Project and all
27 permits required by federal and state laws for construction of the Project have been
28 obtained.
29

30 The City shall provide and maintain competent and adequate engineering
31 services satisfactory covering the supervision and inspection of the development and
32 construction of the Project and bearing the responsibility of assuring that construction
33 conforms to the plans, specifications and designs prepared by the Consulting Engineers,
34 which have been approved by all necessary governmental bodies. Such engineer shall
35 certify to the City at the completion of construction that construction of the Project is in
36 accordance with the approved plans, specifications and designs, or amendments thereto,
37 approved by all necessary governmental bodies.
38

39 The Issuer shall serve the additional customers at the location(s) as set forth
40 in Certificate of Engineer. The Issuer shall not reduce the amount of additional customers
41 served by the project without the prior written approval of the Board of the Authority.

1 Following completion of the Project the Issuer shall certify to the Authority the number
2 of customers added to the System.

3
4 Section 6.05. Compliance With Loan Agreement and Law. The City
5 hereby covenants and agrees to perform, satisfy and comply with all terms, conditions
6 and requirements of the Loan Agreement and all applicable laws, rules and regulations
7 issued by the Authority, the DEP or other State, federal or local bodies in regard to the
8 construction of the Project and operation, maintenance and use of the System. The Issuer
9 shall provide the Council with copies of all documents submitted to the Purchaser and the
10 Authority.

11
12 The Issuer shall perform an annual maintenance audit which maintenance
13 audit shall be submitted to the Authority and the Public Service Commission of West
14 Virginia.

15
16 Section 6.06. Books; Records and Audit. The City shall keep complete
17 and accurate records of the cost of acquiring the Project site and the costs of acquiring,
18 constructing and installing the Project. The City shall permit the Original Purchaser, or
19 their agents and representatives, to inspect all books, documents, papers and records
20 relating to the Project and the System at all reasonable times for the purpose of audit and
21 examination. The City shall submit to the Original Purchaser such documents and
22 information as they may reasonably require in connection with the acquisition,
23 construction and installation of the Project, the operation and maintenance of the System
24 and the administration of any state and federal grants or other sources of financing for the
25 Project.

26
27 All real estate and interests in real estate and all personal property
28 constituting the Project and the Project site heretofore or hereafter acquired shall at all
29 times be and remain the property of the Sanitary Board.

30
31 The City will keep books and records of the System, which shall be
32 separate and apart from all other books, records and accounts of the City, in which
33 complete and correct entries shall be made of all transactions relating to the System, and
34 any Registered Owner of the Bonds issued pursuant to the Ordinance shall have the right
35 at all reasonable times to inspect the System and all parts thereof and all records,
36 accounts and data of the City relating thereto.

37
38 The accounting system for the System shall follow current generally
39 accepted accounting principles and safeguards in accordance with the rules and
40 regulations of the Public Service Commission of West Virginia and the Act. Separate
41 control accounting records shall be maintained by the City. Subsidiary records as may be
42 required shall be kept in the manner, on the forms, in the books, and along with other

{C1896952.1}

1 bookkeeping records as prescribed by the City. The City shall prescribe and institute the
2 manner by which subsidiary records of the accounting system which may be installed
3 remote from the direct supervision of the City shall be reported to such agent of the City
4 as the Council shall direct.

5
6 The City shall file with the Original Purchaser, and shall mail in each year
7 to any Registered Owner or Owners of Bonds requesting the same, an annual report
8 containing the following:

9
10 (A) A statement of Gross Revenues, Operating Expenses and Net
11 Revenues derived from and relating to the System.

12
13 (B) A balance sheet statement showing all deposits in all the
14 funds and accounts provided for in this Ordinance and the status of all said funds and
15 accounts.

16
17 (C) The amount of any bonds, notes or other obligations
18 Outstanding.

19
20 The City shall also, at least once a year, cause the books, records and
21 accounts of the System to be completely audited by Independent Accountants (and to the
22 extent legally required in compliance with the applicable OMB Circular, or any successor
23 thereto, and the Single Audit Act, or any successor thereto) and, shall mail upon request,
24 and make available generally, the report of the Independent Accountants, or a summary
25 thereof, to any Registered Owner or Owners of Bonds. The report of said audit shall
26 include a statement that notes whether the results of tests disclosed instances of
27 noncompliance that are required to be reported under government auditing standards and,
28 if they are, describes the instances of noncompliance and the audited financial statements
29 shall include a statement that notes whether the revenues of the System are adequate to
30 meet its Operating Expenses and debt service and reserve requirements.

31
32 Section 6.07. Operating Budget. The Sanitary Board shall annually
33 prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and
34 expenditures for the operation and maintenance of the System during the succeeding
35 Fiscal Year and shall submit a copy of such budget to the Original Purchaser within 30
36 days of the adoption thereof.

37
38 Section 6.08. Tax Covenants. The City hereby further covenants and
39 agrees as follows:

40
41 A. PUBLIC PURPOSE BONDS. The City shall use the Bond proceeds
42 solely for the Project and as otherwise set forth herein, and the Project will be operated
43 solely for as a public purpose and as local governmental activity of the City.

{C1896952.1}

1
2 B. PRIVATE ACTIVITY BOND COVENANT. The City shall not
3 permit at any time or times any of the proceeds of the Bonds or any other funds of the
4 City to be used directly or indirectly in a manner which would result in the exclusion of
5 the Bonds from the treatment afforded by Section 103(a) of the Code by reason of the
6 classification of the Bonds as "private activity bonds" within the meaning of the Code.
7 The City will take all actions necessary to comply with the Code in order to assure the
8 tax-exempt status of the Bonds.
9

10 C. PRIVATE LOAN LIMITATION. The City shall assure that not in
11 excess of the lesser of 5% of the proceeds of the Bonds or \$5,000,000 are used, directly
12 or indirectly, to make or finance a loan (other than loans constituting Nonpurpose
13 Investments) to persons other than state or local government units.
14

15 D. FEDERAL GUARANTEE PROHIBITION. The City shall not take
16 any action or permit or suffer any action to be taken if the result of the same would be to
17 cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the
18 Code.
19

20 E. INFORMATION RETURN. The City shall file all statements,
21 instruments and returns necessary to assure the tax-exempt status of the Bonds, and the
22 interest thereon, including, without limitation, the information return required under
23 Section 149(e) of the Code.
24

25 F. FURTHER ACTIONS. The City shall take any and all actions that
26 may be required of it (including those deemed necessary by the Authority) so that the
27 interest on the Bonds will be and remain excludable from gross income for federal
28 income tax purposes, and will not take any actions, or fail to take any actions (including
29 those deemed necessary by the Authority) which would adversely affect such exclusion.
30

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

1 and obtain a waiver from the Internal Revenue Service in order to maintain the
2 tax-exempt status of interest on the Bonds.
3

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

13 Section 6.11. Tax Certificate and Rebate. The City shall deliver a
14 certificate of arbitrage, a tax certificate or other similar certificate to be prepared by
15 nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate
16 and other tax matters as a condition to issuance of the Bonds. In addition, the City
17 covenants to comply with all Regulations from time to time in effect and applicable to the
18 Bonds as may be necessary in order to maintain the exclusion from gross income for
19 federal income tax purposes of interest on the Bonds and fully comply with
20 Section 148(f) of the Code, and covenants to take such actions, and refrain from taking
21 such actions, as may be necessary to fully comply with such Section 148(f) of the Code
22 and such Regulations, regardless of whether such actions may be contrary to any of the
23 provisions of the Ordinance.
24

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

{C1896952.1}

1 remit payments to the United States in the time and at the address prescribed by the
2 Regulations as the same may be from time to time in effect with such reports and
3 statements as may be prescribed by such Regulations. In the event that, for any reason,
4 amounts in the Rebate Fund are insufficient to make the payments to the United States
5 which are required, the City shall assure that such payments are made by the City to the
6 United States, on a timely basis, from any funds lawfully available therefor. In addition,
7 the City shall cooperate with the Authority in preparing rebate calculations and in all
8 other respects in connection with rebates and hereby consents to the performance of all
9 matters in connection with such rebates by the Authority at the expense of the City. The
10 City may provide for the employment of independent attorneys, accountants or
11 consultants compensated on such reasonable basis as the City may deem appropriate in
12 order to assure compliance with this Section 6.11. The City shall keep and retain, or
13 cause to be kept and retained, records of the determinations made pursuant to this Section
14 6.11 in accordance with the requirements of Section 148(f) of the Code. In the event the
15 City fails to make such rebates as required, the City shall pay the required rebate amount
16 and all interest, penalties and other amounts, from lawfully available sources, and obtain
17 a waiver from the Internal Revenue Service, if necessary, and take any other actions
18 necessary, in order to maintain the exclusion of interest on the Bonds from gross income
19 for federal income tax purposes.
20

21 The City shall submit to the Authority within 15 days following the end of
22 each Bond Year a certified copy of its rebate calculation and certificate with respect
23 thereto or, if the City qualifies for the small governmental issue exception to rebate or
24 any other exception therefrom, then the City shall submit to the Authority a certificate
25 stating that it is exempt from such rebate provisions and that no event has occurred to its
26 knowledge during the Bond Year which would make the Bonds subject to rebate. The
27 City shall also furnish to the Authority, at any time, such additional information relating
28 to rebate as may be reasonably requested by the Authority, including information with
29 respect to earnings on all funds constituting "gross proceeds" of the Bonds (as such term
30 "gross proceeds" is defined in the Code).
31

32 Section 6.12. Securities Laws Compliance. The City will provide the
33 Original Purchaser, in a timely manner, with any and all information that may be
34 requested of it (including its annual audit report, financial statements, related information
35 and notices of changes in usage and customer base) so that the Original Purchaser may
36 comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240). The City will also
37 deliver a continuing disclosure agreement or certificate in form acceptable to the Original
38 Purchaser sufficient to ensure compliance with SEC Rule 15c2-12, as amended from time
39 to time.
40

41 Section 6.13. Defeasance of Bonds. If the City shall pay or cause to be
42 paid, or there shall otherwise be paid, to the Registered Owners of the Bonds, the
43 principal thereof, and redemption premium, if applicable, and interest due or to become

{C1896952.1}

1 due thereon, at the times and in the manner stipulated therein and in this Ordinance, then
2 the pledge of Net Revenues and any other moneys and securities pledged under this
3 Ordinance and all covenants, agreements and other obligations of the City to the
4 Registered Owners shall thereupon cease, terminate and become void and be discharged
5 and satisfied, except as may otherwise be necessary to assure the exclusion of interest on
6 the Bonds from gross income for federal income tax purposes.
7

8 Bonds for the payment of which either moneys in an amount which shall be
9 sufficient, or securities the principal of and the interest on which, when due, will provide
10 moneys which, together with the moneys, if any, deposited with the Paying Agent at the
11 same or earlier time, shall be sufficient, to pay as and when due the respective principal
12 of and interest on such Bonds shall be deemed to have been paid within the meaning and
13 with the effect expressed in the first paragraph of this section. All Bonds shall, prior to
14 the maturity thereof, be deemed to have been paid within the meaning and with the effect
15 expressed in the first paragraph of this section if there shall have been deposited with the
16 Commission or an escrow trustee either moneys in an amount which shall be sufficient,
17 or securities the principal of and the interest on which, when due, will provide moneys
18 which, together with the moneys, if any, deposited with the Commission or said escrow
19 trustee at the same or earlier time shall be sufficient, to pay when due the principal of,
20 any redemption premium on and interest due and to become due on said Bonds on and
21 prior to the maturity date thereof, or if the City irrevocably determines to redeem any of
22 said Bonds prior to the maturity thereof, on and prior to said redemption date. Neither
23 securities nor moneys deposited with the Commission or an escrow trustee pursuant to
24 this section nor principal or interest payments on any such securities shall be withdrawn
25 or used for any purpose other than, and shall be held in trust for, the payment of the
26 principal of and interest on said Bonds; provided, that any cash received from such
27 principal, redemption premium, if any, and interest payments on such securities deposited
28 with the Commission or said escrow trustee, if not then needed for such purpose, shall, to
29 the extent practicable, be reinvested in securities maturing at times and in amounts
30 sufficient to pay when due the principal of and redemption premium, if any, and interest
31 to become due on said Bonds on and prior to such maturity or redemption dates thereof,
32 and interest earned from such reinvestments shall be paid over to the City as received by
33 the Commission or said escrow trustee, free and clear of any trust, lien or pledge. For the
34 purpose of this section, securities shall mean and include only Government Obligations
35 or such additional securities as shall be set forth in the Supplemental Resolution.
36

37 Section 6.14. Rates and Charges. The City has obtained any and all
38 approvals of rates and charges required by state law and has taken any other action
39 required to establish and impose such rates and charges, with all requisite appeal periods
40 having expired without successful appeal. Such rates and charges shall be sufficient to
41 comply with the requirements of the Loan Agreement. The initial schedule of rates and
42 charges for the services and facilities of the System shall be as set forth in the sewer rate

1 ordinance of the City duly enacted on February 19, 2008, which rates are incorporated
2 herein by reference as a part hereof.
3

4 So long as the Bonds are outstanding, the City covenants and agrees to fix
5 and collect rates, fees and other charges for the use of the System and to take all such
6 actions necessary to provide funds sufficient to produce the required sums set forth in this
7 Ordinance. In the event the schedule of rates, fees and charges initially established for
8 the System in connection with the Bonds shall prove to be insufficient to produce the
9 required sums set forth in this Ordinance, the City hereby covenants and agrees that it
10 will, to the extent or in the manner authorized by law, immediately adjust and increase
11 such schedule of rates, fees and charges and take all such actions necessary to provide
12 funds sufficient to produce the required sums set forth in this Ordinance. In any event,
13 subject to any requirements of law, the City shall not reduce the rates or charges for
14 services set forth in the rate ordinance described above.
15

16 The City shall diligently enforce and collect all fees, rentals or other
17 charges for the services and facilities of the System, and take all steps, actions and
18 proceedings for the enforcement and collection of such fees, rentals or other charges
19 which shall become delinquent to the full extent permitted or authorized by the Act, the
20 rules and regulations of the Public Service Commission of West Virginia and other laws
21 of the State of West Virginia.
22

23 Whenever any fees, rates, rentals or other charges for the services and
24 facilities of the System shall remain unpaid for a period of 20 days after the same shall
25 become due and payable, the property and the owner thereof, as well as the user of the
26 services and facilities, shall be delinquent until such time as all such rates and charges are
27 fully paid. To the extent authorized by the laws of the State and the rules and regulations
28 of the Public Service Commission of West Virginia, rates, rentals and other charges, if
29 not paid when due, shall become a lien on the premises served by the System. The City
30 further covenants and agrees that, it will, to the full extent permitted by law and the rules
31 and regulations promulgated by the Public Service Commission of West Virginia,
32 discontinue and shut off the services of the System, and any services and facilities of the
33 water system, if so owned by the City, to all users of the services of the System
34 delinquent in payment of charges for the services of the System and will not restore such
35 services of either system until all delinquent charges for the services of the System, plus
36 reasonable interest and penalty charges for the restoration of service, have been fully paid
37 and shall take all further actions to enforce collections to the maximum extent permitted
38 by law. If the waterworks facilities are not owned by the City, the City will, to the extent
39 allowed by law, use diligent efforts to enter into a termination agreement with the
40 provider of such water, subject to any required approval of such agreement by the Public
41 Service Commission of West Virginia and all rules, regulations and orders of the Public
42 Service Commission of West Virginia.
43

1 Section 6.15. Contracts. The City shall, simultaneously with the delivery
2 of the Bonds or immediately thereafter, enter into written contracts for the immediate
3 acquisition or construction of the Project.
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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

{C1896952.1}

1 Ordinance, whether or not any such committee shall represent the Registered Owners of a
2 majority in principal amount of the Bonds Outstanding.

3
4 Section 7.06. Resignation of Registrar. The Registrar may at any time
5 resign and be discharged of its duties and obligations under this Ordinance by giving not
6 less than 60 days' written notice to the City. A copy of such notice shall also be mailed
7 to each Registered Owner of a fully registered Bond or a coupon Bond registered as to
8 principal (other than to bearer). Such resignation shall take effect upon the day specified
9 in such notice unless a successor shall have been previously appointed by the City or the
10 Registered Owners, in which event such resignation shall take effect immediately;
11 provided that, in no event shall such resignation take effect until a successor has been
12 appointed and has accepted its duties as Registrar.

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

23
24 Section 7.08. Appointment of Successor. In case at any time the Registrar
25 shall resign or shall be removed or shall become incapable of acting, or shall be adjudged
26 bankrupt or insolvent, or if a receiver, liquidator or conservator of the Registrar or of its
27 property shall be appointed, or if any public officer or court shall take charge or control
28 of the Registrar or of its property or affairs, a successor may be appointed by the
29 Registered Owners of a majority in principal amount of the Bonds then Outstanding by
30 an instrument or concurrent instruments in writing signed by such Registered Owners or
31 their attorneys duly authorized in writing and delivered to the City and such successor
32 Registrar, notification thereof being given to the predecessor Registrar. Pending such
33 appointment, the City shall forthwith appoint a Registrar to fill such vacancy until a
34 successor Registrar shall be appointed by such Registered Owners. A copy of such
35 notice shall also be mailed to each Registered Owner of a fully registered Bond or a
36 coupon Bond registered as to principal (other than to bearer). Any successor Registrar
37 appointed by the City shall, immediately and without further act, be superseded by a
38 Registrar appointed by such Registered Owners. If in a proper case no appointment of a
39 successor Registrar shall be made within 45 days after the Registrar shall have given to
40 the City written notice of resignation or after the occurrence of any other event requiring

1 such appointment, the Registrar or any Registered Owner may apply to any court of
2 competent jurisdiction to appoint a successor. Any Registrar appointed under the
3 provisions of this section shall be a bank, trust company or national banking association
4 authorized to perform the duties imposed upon it by this Ordinance.
5

6 Section 7.09. Transfer of Rights and Property to Successor. Any
7 predecessor Registrar shall pay over, assign and deliver any moneys, books and records
8 held by it to its successor.
9

10 Section 7.10. Merger or Consolidation. Any company into which the
11 Registrar may be merged or converted or with which it may be consolidated or any
12 company resulting from any merger, conversion or consolidation to which it shall be a
13 party, or any company to which the Registrar or any public officer or court may sell or
14 transfer all or substantially all of its corporate trust business, shall be the successor to
15 such Registrar without the execution or filing of any paper or the performance of any
16 further act; provided, however, that such company shall be a bank, trust company or
17 national banking association meeting the requirements set forth in Section 7.08 hereof.
18

19 Section 7.11. Adoption of Authentication. In case any of the Bonds shall
20 have been authenticated but not delivered, any successor Registrar may adopt a
21 Certificate of Authentication and Registration executed by any predecessor Registrar and
22 deliver such Bonds so authenticated, and, in case any Bonds shall have been prepared but
23 not authenticated, any successor Registrar may authenticate such Bonds in the name of
24 the predecessor Registrar or in its own name.
25

1 ARTICLE VIII

2 MISCELLANEOUS

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6 Section 8.01. Modification or Amendment. Prior to the issuance of the
7 Bonds, this Ordinance may be amended or supplemented in any way by a Supplemental
8 Resolution. All provisions required by the Bond Insurer, if any, shall be set forth in the
9 Supplemental Resolution and to the extent they constitute an amendment or modification
10 of this Ordinance, shall be controlling. Following issuance of the Bonds, no material
11 modification or amendment of this Ordinance or of any ordinance or resolution
12 amendatory hereof or supplemental hereto which would materially and adversely affect
13 the rights of Registered Owners shall be made without the consent in writing of the
14 Registered Owners of the Bonds then Outstanding and to be affected by said
15 modification; provided, however, that no change shall be made in the maturity of any
16 Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the
17 unconditional promise of the City to pay such principal and interest out of the revenues of
18 the System without the consent of the Registered Owner thereof. No amendment or
19 modification shall be made which would reduce the percentage of the principal amount of
20 Bonds required for consent to the above permitted amendments or modifications.
21 Notwithstanding the foregoing, this Ordinance may be amended without the consent of
22 any Registered Owner as may be necessary to assure compliance with Section 148(f) of
23 the Code relating to rebate requirements or otherwise as may be necessary to assure the
24 exclusion of interest on the Bonds from gross income of the Registered Owners thereof.
25

26 Section 8.02. Severability of Invalid Provisions. If any section, paragraph,
27 clause or provision of this Ordinance shall be held invalid, such invalidity shall not affect
28 any of the remaining provisions of this Ordinance, the Supplemental Resolution or the
29 Bonds.
30

31 Section 8.03. Repeal of Conflicting Ordinances. All ordinances,
32 resolutions and orders, or parts thereof, other than the Prior Ordinances, in conflict with
33 this Ordinance are, to the extent of such conflict, repealed.
34

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

{C1896952.1}

1 connection with this Ordinance occurred, and are, duly in office and duly qualified for
2 such office.

3
4 Section 8.05. Statutory Notice and Public Hearing. Upon adoption hereof,
5 the abstract of this Ordinance in the form set forth in Exhibit C attached hereto and
6 incorporated herein by reference, shall be published once a week for two successive
7 weeks, with at least 6 full days intervening between each publication, in the Charleston
8 Gazette and Charleston Daily Mail, two qualified newspapers published and of general
9 circulation in The City of Charleston, together with a notice stating that this Ordinance
10 has been adopted and that the City contemplates the issuance of the Bonds, and that any
11 person interested may appear before the Council upon a certain date, not less than 10
12 days subsequent to the date of the first publication of such abstract of this Ordinance and
13 notice, and present protests, and that a certified copy of this Ordinance is on file with the
14 City for review by interested persons during office hours of the City. The Council hereby
15 determines that the abstract contains sufficient information as to give notice of the
16 contents hereof. At such hearing, all objections and suggestions shall be heard and the
17 Council shall take such action as it shall deem proper in the premises.

18
19 Section 8.06. Effective Date. This Ordinance shall take effect immediately
20 following public hearing and final reading hereof.

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EXHIBIT A

DESCRIPTION OF PROJECT

The design, acquisition and construction of certain extensions, additions, betterments and improvements to the existing sewerage system of the City, including but not limited to the replacement and rehabilitation of existing sewers in the Kanawha Two Mile area (which includes Sissonville Dr., Chandler Dr., Sugar Creek Dr., and Scraggs Dr. areas) and all necessary appurtenances; provided, that to the extent that funds remain available extensions, additions, betterments and improvements to the remaining portion of the existing sewer system.

EXHIBIT B
FORM OF BOND

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF KANAWHA
THE CITY OF CHARLESTON
SEWERAGE SYSTEM REVENUE BONDS, SERIES 2011 A

No. AR-1

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That 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 sum of _____ DOLLARS (\$ _____), or such lesser amount as shall have been advanced to the City hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20__, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference, with interest on each installment at the rate of _____ percent (_____%) per annum as set forth on said EXHIBIT B. The interest and the SRF Administrative Fee (as defined in the hereinafter described Ordinance) on this Bond shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20__, as set forth on EXHIBIT B attached hereto.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of 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

{C1896952.1}

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 the West Virginia Department of Environmental Protection (the "DEP") and as otherwise provided by the Loan Agreement dated _____, among the Authority, the DEP and the City.

This Bond is issued (i) to pay the costs of design, acquisition and construction of certain extensions, additions, betterments and improvements to the existing sewerage system of the City (the "Project"); (ii) to fund a reserve account for this Bond; and (iii) 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, and a Supplemental Resolution adopted by the City on _____ (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. All undefined capitalized terms used herein shall have the same meaning as set forth in 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, 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,

{C1896952.1}

moneys in the Reserve Account created under the Ordinance (the "Series 2011 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 constitutional or statutory provisions or limitations, nor shall the City be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 2011 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 the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on this Bond and all obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the Prior Bonds; provided however, that so long as there exists in the Series 2011 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 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

{C1896952.1}

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.

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

_____.

[SEAL]

Mayor

ATTEST:

City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2011 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: _____.

_____, as Registrar

By _____
Its Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(1) \$		(19) \$	
(2) \$		(20) \$	
(3) \$		(21) \$	
(4) \$		(22) \$	
(5) \$		(23) \$	
(6) \$		(24) \$	
(7) \$		(25) \$	
(8) \$		(26) \$	
(9) \$		(27) \$	
(10) \$		(28) \$	
(11) \$		(29) \$	
(12) \$		(30) \$	
(13) \$		(31) \$	
(14) \$		(32) \$	
(15) \$		(33) \$	
(16) \$		(34) \$	
(17) \$		(35) \$	
(18) \$		(36) \$	

Total \$ _____

EXHIBIT B

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{C1896952.1}

Assignment

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

Dated: _____, ____.

In the presence of:

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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 permanent financing of such costs thereof through the issuance of not more than \$30,000,000 in aggregate principal amount of Sewerage System Revenue Bonds, in one or more series (the "Bonds").

2. Directed that 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 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.

The City contemplates the issuance of the Bonds described in, and under the conditions set forth in the Ordinance abstracted above. Any person interested may

{C1896952.1}

1 appear before the Council of The City of Charleston at a _____ meeting on
2 _____, 200_, at _____ p.m., in the Council Chambers, City Hall, Charleston, West
3 Virginia, and present protests and be heard as to whether the above-described Ordinance
4 shall be put into effect.
5

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

11 _____
12 /s/
13 City Clerk of The City of Charleston, West Virginia

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[SEAL]

City Clerk



City of Charleston
Office of the City Clerk
P.O. Box 2749
Charleston, WV 25330
(304) 348-8179

I, the undersigned City Clerk of Charleston, do hereby certify that the foregoing is a true, correct and complete copy of Resolution No. 058-11, enacted by the City Council of the City of Charleston on December 5, 2011.

Witness the signature of the undersigned City Clerk of the City of Charleston, West Virginia, and the seal of the City, this 8 day of December, 2011.



James M. Reishman
City Clerk

Seal

1 **Resolution No. 058-11:**

2
3 **Introduced in Council:**

4
5 **December 5, 2011**

6
7 **Introduced by:**

8
9 **Robert S. Reishman**

Adopted by Council:

December 5, 2011

Referred to:

10
11
12 A resolution supplementing Ordinance No. 7490, passed by the Council of The City of
13 Charleston, West Virginia, on September 6, 2011, which supplemented Ordinance No.
14 4423 passed by the Council on March 6, 1989, as supplemented by Ordinance No. 4506
15 passed by the Council on November 6, 1989, by Ordinance No. 4954 passed by the
16 Council on May 3, 1993, by Ordinance No. 6276 passed by the Council on September 3,
17 1996, by Ordinance No. 6349 passed by the Council on June 2, 1997, by Ordinance No.
18 6532 passed by the Council on November 16, 1998, by Ordinance No. 6544 passed by
19 the Council on February 1, 1999, by Ordinance No. 6670 passed by the Council on
20 February 5, 2001, by Ordinance No. 6777 passed by the Council on March 19, 2001, by
21 Ordinance No. 6948 passed by the Council on November 4, 2002; by Ordinance No.
22 6977 passed by the Council on May 19, 2003, and by Ordinance No. 7132, passed by the
23 Council on March 7, 2005; authorizing the issuance of \$25,877,009 in aggregate
24 principal amount of Sewerage System Revenue Bonds, Series 2011 A, of The City of
25 Charleston, the proceeds of which, shall be used, along with other funds and moneys of,
26 or available to, The City of Charleston which may be lawfully expended for such
27 purposes, to permanently finance the cost of design, acquisition and construction of
28 certain extensions, additions, betterments and improvements to the existing sewerage
29 system of The City of Charleston, to fund a reserve account for such bonds and to pay
30 other costs in connection therewith; providing for the rights and remedies of and security
31 for the registered owners of such bonds; and adopting other provisions related thereto.

32
33 WHEREAS, the Council (the "Council") of The City of Charleston, West
34 Virginia (the "City"), on September 6, 2011, adopted Ordinance No. 7490, which became
35 effective following a public hearing on September 19, 2011 (the "Ordinance"),
36 authorizing the issuance of The City of Charleston Sewerage System Revenue Bonds, in
37 an aggregate principal amount not to exceed \$30,000,000, in one or more series, to
38 permanently finance the cost of design, acquisition and construction of certain
39 extensions, additions, betterments and improvements to the sewerage system of the City
40 (the "Project");

41
42 WHEREAS, capitalized terms used herein and not otherwise defined herein
43 shall have the same meanings set forth in the Ordinance when used herein;
44
45

1 WHEREAS, pursuant to the Ordinance, the Council desires to issue its
2 Sewerage System Revenue Bonds, Series 2011 A (the "Bonds") in an aggregate principal
3 amount of \$25,877,009, to permanently finance the costs of the Project to fund a reserve
4 account, and to pay the costs of issuance of the Bonds;
5

6 WHEREAS, the Ordinance provides for the issuance of the Bonds, all in
7 accordance with Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended
8 (the "Act"), and further provides that the exact principal amount, series designation, date,
9 maturity date, redemption provision, interest rate, interest and principal payment dates,
10 sale price and other terms of and matters relating to, the Bonds should be established by a
11 supplemental resolution;
12

13 WHEREAS, the Bonds are proposed to be purchased by the West Virginia
14 Water Development Authority (the "Authority"), on behalf of the West Virginia
15 Department of Environmental Protection (the "DEP") pursuant to the West Virginia
16 Clean Water SRF Program pursuant to the terms and conditions set forth under a Loan
17 Agreement by and among the City, the Authority and the DEP (collectively, the "Loan
18 Agreement"); and
19

20 WHEREAS, the Council deems it essential and desirable that this
21 resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be
22 entered into by the City, that parameters be established for the exact principal amount,
23 series designation, date, maturity date, redemption provision, interest rate, interest and
24 principal payment dates, sale price and other terms of the Bonds in the manner stated
25 herein, and that other matters relating to the Bonds be herein provided for.
26

27 NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE
28 CITY OF CHARLESTON, WEST VIRGINIA, AS FOLLOWS:
29

30 Section 1. It is hereby found and determined that:
31

32 (A) The Notice of Public Hearing and Abstract of Bond Ordinance (the
33 "Notice") was duly published in *The Charleston Gazette* and *The Charleston Daily Mail*, 2
34 qualified newspapers published and of general circulation in the Issuer, with the first
35 publication thereof being not less than 10 days before the day set by the Bond Ordinance
36 and the Notice for the public hearing at which interested persons may appear before the
37 Council and present protests and suggestions and with the last publication thereof being
38 prior to said date set by the Bond Ordinance and the Notice for the public hearing, and a
39 copy of the Affidavit of Publication reflecting such publications is incorporated herein by
40 reference;
41

42 (B) In accordance with the Bond Ordinance and the Notice, the Clerk
43 has maintained in his or her office a certified copy of the Bond Ordinance for review by
44 interested persons during the regular office hours of such office;
45

1 (C) In Council chambers, City Hall, Charleston, West Virginia, on
2 September 19, 2011, at 7:00 p.m., prevailing time, in accordance with the Bond
3 Ordinance and the Notice, the Council met for the purpose of hearing protests and
4 suggestions regarding whether the Bond Ordinance should be put into effect and heard all
5 protests and suggestions with regard thereto;
6

7 (D) At the public hearing, no significant reasons were presented that
8 would require modification or amendment of the Bond Ordinance and no written protest
9 with regard thereto was filed by 30 percent or more of the freeholders of the Issuer; and
10

11 (E) The Bond Ordinance shall be put into effect as of the date hereof and
12 the Bonds contemplated thereby shall be issued, all as provided in the Bond Ordinance
13 and this Supplemental Resolution.
14

15 Section 2. Pursuant to the Ordinance and the Act, this Supplemental
16 Resolution is adopted and there are hereby authorized and ordered to be issued the:
17

18 There is hereby authorized The City of Charleston Sewerage System
19 Revenue Bonds, Series 2011 A (West Virginia SRF Program) (the "Bonds") in the
20 aggregate principal amount of \$25,877,009 which will be initially represented by a single
21 bond, numbered AR-1. The Bonds shall be dated the date of delivery, shall finally
22 mature on September 1, 2033, and shall bear interest at a rate of 2% per annum. The
23 principal and interest on the Bonds shall be payable quarterly on March 1, June 1,
24 September 1, and December 1 of each year, commencing December 1, 2013, in the
25 amounts as set forth in the Schedule Y attached to the Loan Agreement and incorporated
26 in and made a part of the Bonds. The Issuer hereby approves and shall pay the SRF
27 Administrative Fee equal to 1% of the principal amount of the Bonds set forth in the
28 Schedule Y attached to the Loan Agreement. The SRF Administrative Fee shall be
29 considered Operating Expenses of the City (Sanitary Board). The Bonds shall be subject
30 to redemption upon the written consent of the Authority and the DEP; and upon payment
31 of the redemption premium, if any, and otherwise in compliance with the Loan
32 Agreement, so long as the Authority shall be the Registered Owner of the Bonds.
33

34 Section 3. All other provisions relating to the Bonds shall be as provided in
35 the Ordinance. The text of the Bonds shall be in substantially the forms provided in the
36 Ordinance. The execution of the Bonds by the Mayor shall be conclusive evidence of
37 any approval required by this Section.
38

39 Section 4. The Loan Agreement for the Bonds by and among the
40 Authority, the City, and the DEP, substantially in the form to be attached hereto as
41 Exhibit A, and the execution and delivery (in multiple counterparts) by the Mayor thereof
42 shall be and the same are hereby authorized, approved, ratified and directed. The Mayor
43 is authorized to execute and deliver the Loan Agreement with such changes, insertions
44 and omissions as may be approved by the Mayor. The execution of the Loan Agreement
45 by the Mayor shall be conclusive evidence of any approval required by this Section, and

1 authorization of any action required by the Loan Agreement relating to the issuance and
2 sale of the Bonds. The City hereby affirms all covenants and representations made in the
3 Loan Agreement and in the application to the DEP and the Authority. The price of the
4 Bonds shall be 100% of par value, there being no interest accrued thereon.

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

9
10 Section 6. The City hereby appoints and designates United Bank, Inc.,
11 Charleston, West Virginia, as the Registrar for the Bonds and the Depository Bank for
12 the Bonds Construction Trust Fund (the "Depository Bank" or "Registrar"). The City
13 hereby appoints JPMorgan Chase Bank, NA, Charleston, West Virginia, as the
14 Depository Bank for the Revenue Fund. The City approves and accepts the Registrar's
15 Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and
16 the Registrar, and the execution and delivery of the Registrar's Agreement by the Mayor,
17 and the performance of the obligations contained therein on behalf of the Issuer, are
18 hereby authorized, directed and approved.

19
20 Section 7. The Bonds shall be issued on a parity with the First Lien Bonds
21 with respect to liens, pledge and source of and security for payment and in all respects.
22 The Bonds shall be secured by a first lien on the Net Revenues derived from the System
23 on a parity with the First Lien Bonds but senior and superior to the Second Lien Bonds.

24
25 Section 8. Bonds proceeds in the amount of \$-0- shall be deposited in the
26 Series 2011 A Bonds Sinking Fund as capitalized interest.

27
28 Section 9. Bonds proceeds in the amount of \$1,573,017 shall be deposited
29 in the Series 2011 A Bonds Reserve Account.

30
31 Section 10. The Council hereby finds and determines (A) that none of the
32 items for which payment is proposed to be made has formed the basis for any
33 disbursement theretofore made; (B) that each item for which the payment is proposed to
34 be made is or was necessary in connection with the Project and constitutes a Cost of the
35 Project; (C) that each of such costs has been otherwise properly incurred; and (D) that
36 payment for each of the items proposed is now due and owing. The Council hereby
37 approves, authorizes and directs the payment of the invoices authorized by the Sanitary
38 Board.

39
40 Section 11. The Mayor and City Clerk are hereby authorized and directed
41 to execute and deliver such other documents, agreements and certificates required or
42 desirable in connection with the Bonds. The City hereby approves and accepts all
43 contracts or agreements relating to the financing, design, acquisition and construction of
44 the Project and hereby authorizes the Sanitary Board to enter into all contracts or
45 agreements relating to the design, acquisition and construction of the Project. The

1 Manager of the Sanitary Board is hereby authorized to execute all pay requests under the
2 Bonds.

3
4 Section 12. The design, acquisition and construction of the Project and the
5 financing thereof with proceeds of the Bonds are in the public interest, serve a public
6 purpose of the City and will promote the health, welfare and safety of the residents of the
7 City.

8
9 Section 13. The City hereby determines to invest all moneys in the funds
10 and accounts established by the Ordinance held by the Depository Bank until expended,
11 in Money Market accounts secured by a pledge of Government Obligations, and
12 therefore, the City hereby directs the Depository Bank to invest all moneys in such
13 Money Market accounts until further directed in writing by the Issuer. Moneys in the
14 Series 2011 A Bonds Sinking Fund and the Series 2011 A Bonds Reserve Account shall
15 be invested by the Commission in the West Virginia Consolidated Fund.

16
17 Section 14. The City hereby approves the cost of issuance and authorizes
18 the payment of the same.

19
20 Section 15. This Supplemental Resolution shall take effect immediately
21 upon adoption hereof.
22
23

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EXHIBIT A
Loan Agreement

LOAN AGREEMENT

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

THE CITY OF CHARLESTON (2009S-1162/C-544272)
(Local Government)

W I T N E S S E T H:

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

WHEREAS, pursuant to the provisions of Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (the "Act"), the State of West Virginia (the "State") has established a state water pollution control revolving fund program (the "Program") to direct the distribution of loans to particular local governments pursuant to the Clean Water Act;

WHEREAS, under the Act the DEP is designated the instrumentality to enter into capitalization agreements with the United States Environmental Protection Agency ("EPA") to accept capitalization grant awards (U.S. General Services Administration; Catalog of Federal Domestic Assistance, 32nd Edition § 66.458 (1998)) and DEP has been awarded capitalization grants to partially fund the Program;

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

WHEREAS, pursuant to the Act, the Authority and DEP are empowered to make loans from the Fund to local governments for the acquisition or construction of wastewater treatment projects by such local governments, all subject to such provisions and limitations as are contained in the Clean Water Act and the Act;

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

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

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

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

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

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

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

ARTICLE I

Definitions

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

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

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

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

2.4 The Local Government agrees that the Authority and DEP and their respective duly authorized agents shall have the right at all reasonable times to enter upon the Project site and Project facilities and to examine and inspect the same. The Local Government further agrees that the Authority and DEP and their respective duly authorized agents shall, prior to, 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 and DEP with respect to the System pursuant to the pertinent provisions of the Act.

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

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

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

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

Bonds are outstanding. Prior to commencing operation of the Project, the Local Government must also obtain, and maintain so long as any of the Local Bonds are outstanding, business interruption insurance if available at a reasonable cost.

2.9 The Local Government shall provide and maintain competent and adequate engineering services satisfactory to the Authority and DEP covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such engineer shall certify to the Authority, DEP and the Local Government at the completion of construction that construction is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies. The Local Government shall require the Consulting Engineers to submit Record Drawings, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Local Government shall notify DEP in writing of such receipt. The Local Government shall submit a Performance Certificate, the form of which is attached hereto as Exhibit A, and being incorporated herein by reference, to DEP within 60 days of the end of the first year after the Project is completed.

2.10 The Local Government shall require the Consulting Engineers to submit the final or updated Operation and Maintenance Manual, if necessary as defined in the SRF Regulations, to DEP when the Project is 90% completed. The Local Government shall at all times provide operation and maintenance of the System in compliance with any and all State and federal standards. The Local Government shall employ a state certified plant operator prior to the Project being 50% complete and notify the DEP of such employment. The Local Government shall retain the operator(s) to operate the System during the entire term of this Loan Agreement.

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

2.12 The Local Government, commencing on the date contracts are executed for the 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 B and incorporated herein by reference, and forward a copy by the 20th of each month to DEP and the Authority.

2.13 The Local Government shall perform an annual maintenance audit which maintenance audit shall be submitted to the Authority and the Public Service Commission of West Virginia (the "PSC").

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

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

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

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

(f) The Local Government shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") 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 and DEP shall have received an opinion of counsel to the Local Government, which may be local counsel to the Local Government, bond counsel or special PSC counsel but must be satisfactory to the Authority and DEP, to such effect;

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

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

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

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

other person or firm experienced in the financing of wastewater treatment projects and satisfactory to the Authority and DEP, to such effect, such certificate to be in form and substance satisfactory to the Authority and DEP, and evidence satisfactory to the Authority and DEP of such irrevocably committed grants.

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

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

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Local Government by written notice to the Authority, which written notice shall be given not less than ten (10) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as possible to the designated date and mutually agreeable to the Authority, DEP and the Local Government. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Loan Closing."

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

3.6 The Local Government shall provide DEP with the appropriate documentation to comply with the special conditions regarding the public release and audit requirements established by federal and State regulations as set forth in Exhibit E attached hereto at such times as are set forth therein.

ARTICLE IV

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

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

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

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

improving or making emergency repairs or replacements to the System or eliminating any deficiencies in the Reserve Account; and

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

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

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by a pledge of either the net or gross revenues of the System as provided 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 Local Government shall complete the Project and operate and maintain the System in good condition;

(iv) That, except as otherwise required by State law or the Regulations, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, provided that the net proceeds to be realized from such sale, mortgage, lease or other disposition shall be sufficient to fully pay all of the Local Bonds outstanding and further provided that portions of the System when no longer required for the ongoing operation of such System as evidenced by certificates from the Consulting Engineer, may be disposed of with such restrictions as are normally contained in such covenants;

(v) That the Local Government shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if

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

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

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

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

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

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

(xi) That the Local Government shall annually cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority and DEP, which report shall include a statement that 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 Local Government's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

(xii) That the Local Government 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 and DEP within 30 days of adoption thereof;

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

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

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

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

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

(xviii) 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 Local Government 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;

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

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

(xxi) That the Local Government shall submit all proposed change orders to the DEP for written approval. The Local Government shall obtain the written approval of the DEP before expending any proceeds of the Local Bonds held in "contingency" as set forth in the final Schedule A attached to the certificate of the Consulting Engineer. The Local Government shall obtain the written approval of the DEP before expending any proceeds of the Local Bonds available due to bid/construction/project underruns.

The Local Government 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 nationally recognized bond counsel acceptable to the Authority in substantially the form of legal opinion attached hereto as Exhibit G.

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

4.3 At least five percent (5%) of the proceeds of the Local Bonds will be advanced on the Date of Loan Closing. The remaining proceeds of the Local Bonds shall

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

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

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

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

ARTICLE V

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

5.1 The Local Government hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Loan Agreement and the Local Act. The Local Government hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to make the Loan, it has fixed and

collected, or will fix and collect, the rates, fees and other charges for the use of the System 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 Local Government hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges (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 Local Government defaults in any payment due 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, from the date of the default until the date of the payment thereof.

5.4 The Local Government hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Local Government, the Authority may exercise any or all of the rights and powers granted under Section 5 of the Act, including, without limitation, the right to impose, enforce and collect charges of the System.

ARTICLE VI

Other Agreements of the Local Government

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

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

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

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

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

6.6 The Local Government hereby agrees to give the Authority and DEP prior written notice of the issuance by it of any other obligations to be used for the 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 Local Government hereby agrees to file with the Authority and DEP 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 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 Local Government supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority.

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

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

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

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

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

7.7 This Loan Agreement shall terminate upon the earlier of:

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

(ii) 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 DEP if the Local Government has failed to deliver the Local Bonds to the Authority;

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

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

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

THE CITY OF CHARLESTON

(SEAL)

By: _____

Its: Mayor

Attest:

Date: December 13, 2011

Its: City Clerk

WEST VIRGINIA DEPARTMENT OF
ENVIRONMENTAL PROTECTION,
DIVISION OF WATER AND WASTE
MANAGEMENT

By: _____

Its: Director

Date: December 13, 2011

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

(SEAL)

By: _____

Its: Executive Director

Attest:

Date: December 13, 2011

Its: Authorized Officer

{C2202949.1}

EXHIBIT A

FORM OF PERFORMANCE CERTIFICATE

[To Be Provided By DEP]

EXHIBIT B

MONTHLY FINANCIAL REPORT

Name of Local Government _____

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. <u>Renewal and</u>				
 <u>Replacement</u>	_____	_____	_____	_____
 <u>Fund Deposits</u>	_____	_____	_____	_____

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 Local Government 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 Local Government 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 Local Government.

The Local Government must complete the Monthly Financial Report and forward it to the Water Development Authority by the 20th 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 C

PAYMENT REQUISITION FORM

(All Copies to Be Provided by DEP for Each Project)

EXHIBIT D

FORM OF CERTIFICATE OF CONSULTING ENGINEER

(Issuer)

(Name of Bonds)

I, _____, Registered Professional Engineer, West Virginia License No. _____, of _____, Consulting Engineers, _____, hereby certify 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 meaning set forth in the bond _____ adopted or enacted by the Issuer on _____, and the Loan Agreement by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Department of Environmental Protection (the "DEP"), 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 the DEP and any change orders approved by the Issuer, the DEP 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 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 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 thereof², 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 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 on this ____ day of _____, ____.

By _____
West Virginia License No.

[SEAL]

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 E

SPECIAL CONDITIONS

A. PUBLIC RELEASE REQUIREMENT – The Local Government agrees to include, when issuing statements, press releases, requests for proposals, bid solicitations, ground breaking or project dedication program documents and other documents describing projects or programs funded in whole or in part with Federal money, (1) the percentage of the total costs of the program or project which will be financed with Federal money, (2) the dollar amount of Federal funds for the project or program, and (3) percentage and dollar amount of the total costs of the project or program that will be financed by non-governmental sources.

B. AUDIT REQUIREMENT (Supplement to Article IV 4.1 (b) (xi)) – Effective October 1, 2003, the Local Government that receives \$500,000 or more (in federal funds) in a fiscal year must obtain audits in accordance with the Single Audit Act and the applicable OMB Circular or any successor thereto. Financial statement audits are required once all funds have been received by the Local Government.

C. ASSET MANAGEMENT – The Local Government shall submit an acceptable asset management plan or where applicable, updated plans, to DEP no later than six months following substantial completion of the Project. This requirement shall be included in the bond closing documents.

D. WAGE RATES – The Local Government shall require that all laborers and mechanics employed by its contractors and subcontractors be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor (DOL) in accordance with subchapter IV of chapter 32 of title 40, United States Code. The Local Government must require that contractors and subcontractors obtain wage determinations from DOL and comply with DOL guidance and regulations implementing wage rate requirements.

E. CLOSING REQUIREMENTS – Closing of the Bonds is conditioned upon the receipt of an acceptable final title opinion.

EXHIBIT F

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 Local Government] on [Date].

Sinking Fund:

Interest \$

Principal \$

Total: \$

Reserve Account: \$

Witness my signature this ____ day of _____.

[Name of Local Government]

By: _____
Authorized Officer

Enclosure: copy of check(s)

EXHIBIT G

OPINION OF BOND COUNSEL FOR LOCAL GOVERNMENT

[To Be Dated as of Date of Loan Closing]

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

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

Ladies and Gentlemen:

We are bond counsel to _____ (the "Local Government"), 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"), among the Local Government, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"), and (ii) the issue of a series of revenue bonds of the Local Government, 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 principal and interest payable quarterly on March 1, June 1, September 1, and December 1 of each year, beginning _____ 1, _____, and ending _____ 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 Local Government on _____, as supplemented by the supplemental

resolution duly adopted by the Local Government 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 Local Government and is a valid and binding special obligation of the Local Government, enforceable in accordance with the terms thereof.

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

3. The Local Government 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 Local Government and constitute valid and binding obligations of the Local Government, enforceable against the Local Government 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 Local Government to the Authority and are valid, legally enforceable and binding special obligations of the Local Government, 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,

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds	\$25,877,009
Purchase Price of Local Bonds	\$25,877,009

The Local Bonds shall bear interest at a rate of 2% per annum. Commencing December 1, 2013, principal and interest of the Local Bonds is payable quarterly, with an administrative fee of 1%. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

The Local Government shall submit its payments monthly to the Commission with instructions that the Commission will make quarterly payments to the Authority at such address as is given to the Commission in writing by the Authority. If the Reserve Account is not fully funded at closing, the Local Government shall commence the payment of the 1/120 of the maximum annual debt service on the first day of the month it makes its first monthly payment to the Commission. The Local Government shall instruct the Commission to notify the Authority of any monthly payments which are not received by the 20th day of the month in which the payment was due.

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

The Local Government may prepay the Local Bonds in full at any time at the price of par upon 30 days' written notice to the Authority and DEP. The Local Government shall request approval from the Authority and DEP in writing of any proposed debt which will be issued by the Local Government on a parity with the Local Bonds which request must be filed at least 60 days prior to the intended date of issuance.

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 Local Government:

- (i) City of Charleston Sewer Revenue Bonds, Series 1989 A, dated March 21, 1989, issued in the aggregate principal amount of \$1,912,194 (the "Series 1989 A Bonds");

- (ii) City of Charleston Sewer Revenue Bonds, Series 1989 C, dated November 21, 1989, issued in the aggregate original amount of \$829,856 (the "Series 1989 C Bonds");
- (iii) City of Charleston Sewerage System Revenue Bonds, 1993 Series A, dated December 2, 1993, issued in the aggregate original amount of \$773,237 (the "Series 1993 A Bonds");
- (iv) City of Charleston Sewerage System Revenue Bonds, Series 1996 A, dated October 9, 1996, issued in the aggregate original amount of \$2,671,058 (the "Series 1996 A Bonds");
- (v) City of Charleston Sewerage System Revenue Bonds, Series 1996 B, dated November 26, 1996, issued in the aggregate original amount of \$395,299 (the "Series 1996 B Bonds");
- (vii) City of Charleston Sewerage System Revenue Bonds, Series 1997 A, dated July 22, 1997, issued in the aggregate original amount of \$732,688 (the "Series 1997 A Bonds");
- (vii) City of Charleston Sewerage System Revenue Bonds, Series 1997 B, dated October 7, 1997, issued in the aggregate original amount of \$5,237,584 (the "Series 1997 B Bonds");
- (viii) City of Charleston Sewerage System Revenue Bonds, 1998 Series A, dated December 10, 1998, issued in the aggregate original amount of \$994,537 (the "Series 1998 A Bonds");
- (ix) City of Charleston Sewerage System Revenue Bonds, 1999 Series A, dated June 22, 1999, issued in the aggregate original amount of \$686,229 (the "Series 1999 A Bonds");
- (x) City of Charleston Sewerage System Revenue Bonds, Series 2001 A, dated February 22, 2001, issued in the aggregate original amount of \$1,111,357 (the "Series 2001 A Bonds");
- (xi) City of Charleston Sewerage System Revenue Bonds, 2001 Series B, dated May 22, 2001, issued in the aggregate original amount of \$823,741 (the "Series 2001 B Bonds");

- (xii) City of Charleston Sewerage System Refunding Revenue Bonds, Series 2002 A, dated December 1, 2002, issued in the aggregate original amount of \$1,755,000 (the “Series 2002 A Bonds”);
- (xiii) City of Charleston Sewerage System Refunding Revenue Bonds, Series 2002 B, dated December 1, 2002, issued in the aggregate original amount of \$5,160,000 (the “Series 2002 B Bonds”);
- (xiv) City of Charleston Sewerage System Revenue Bonds, Series 2004 A, dated March 23, 2004, issued in the aggregate original amount of \$9,835,120 (the “Series 2004 A Bonds”);
- (xv) City of Charleston Sewerage System Revenue Bonds, Series 2005 A, dated May 5, 2005, issued in the aggregate original amount of \$36,617,310 (the “Series 2005 A Bonds”);
- (xvi) City of Charleston Sewerage System Revenue Bonds, Series 2008 A, dated June 26, 2008, issued in the aggregate original amount of \$9,000,000 (the “Series 2008 A Bonds”);

The Bonds are senior and prior to the following obligations:

- (xvii) City of Charleston Supplemental Sewer Revenue Bonds, Series 1989 B, dated March 21, 1989, issued in the aggregate original amount of \$283,458 (the “Series 1989 B Bonds”);
- (xviii) City of Charleston Supplemental Sewer Revenue Bonds, Series 1989 D, dated November 21, 1989, issued in the aggregate original amount of \$123,015 (the “Series 1989 D Bonds”);
- (xviii) City of Charleston Sewerage System Revenue Bonds, 1999 Series B, dated June 22, 1999, issued in the aggregate original amount of \$132,072 (the “Series 1999 B Bonds”);
- (xx) City of Charleston Sewerage System Revenue Bonds, 2001 Series C, dated May 22, 2001, issued in the aggregate original amount of \$30,492 (the “Series 2001 C Bonds”);
- (xxi) City of Charleston Sewerage System Revenue Bonds, Series 2005 B-1, dated May 5, 2005, issued in the aggregate original amount of \$1,822,690 (the “Series 2005 B-1 Bonds”); and

- (xxii) City of Charleston Sewerage System Revenue Bonds, Series 2005 B-2, dated May 5, 2005, issued in the aggregate original amount of \$334,771 (the "Series 2005 B-2 Bonds").

The Series 1989 A Bonds, the Series 1989 C Bonds, the Series 1993 A Bonds, the Series 1996 A Bonds, the Series 1996 B Bonds, the Series 1997 A Bonds, the Series 1997 B Bonds, the Series 1998 A Bonds, the Series 1999 A Bonds, the Series 2001 A Bonds, the Series 2001 B Bonds, the Series 2002 A Bonds, the Series 2002 B Bonds, the Series 2004 A Bonds, the Series 2005 A Bonds and the Series 2008 A Bonds are collectively referred to as the "First Lien Bonds." The Series 1989 B Bonds, the Series 1989 D Bonds, the Series 1999 B Bonds, the Series 2001 C Bonds, the Series 2005 B-1 Bonds and the Series 2005 B-2 Bonds are collectively referred to as the "Second Lien Bonds," which are subordinate and junior to the First Lien Bonds and the Bonds. The First Lien Bonds and the Second Lien Bonds are collectively referred to as the "Prior Bonds."

Number of New Customers: 0
Location: N/A

SCHEDULE Y

DEBT SERVICE SCHEDULE

BOND DEBT SERVICE

Charleston Sanitary Board

CW SRF

2% Interest Rate

1% Administrative Fee, 20 years

	Dated Date	12/13/2011		
	Delivery Date	12/13/2011		
Period Ending	Principal	Coupon	Interest	Debt Service
12/1/2013	263,869	2.000%	129,385.05	393,254.05
3/1/2014	265,188	2.000%	128,065.70	393,253.70
6/1/2014	266,514	2.000%	126,739.76	393,253.76
9/1/2014	267,847	2.000%	125,407.19	393,254.19
12/1/2014	269,186	2.000%	124,067.96	393,253.96
3/1/2015	270,532	2.000%	122,722.03	393,254.03
6/1/2015	271,884	2.000%	121,369.37	393,253.37
9/1/2015	273,244	2.000%	120,009.95	393,253.95
12/1/2015	274,610	2.000%	118,643.73	393,253.73
3/1/2016	275,983	2.000%	117,270.68	393,253.68
6/1/2016	277,363	2.000%	115,890.76	393,253.76
9/1/2016	278,750	2.000%	114,503.95	393,253.95
12/1/2016	280,144	2.000%	113,110.20	393,254.20
3/1/2017	281,544	2.000%	111,709.48	393,253.48
6/1/2017	282,952	2.000%	110,301.76	393,253.76
9/1/2017	284,367	2.000%	108,887.00	393,254.00
12/1/2017	285,789	2.000%	107,465.16	393,254.16
3/1/2018	287,218	2.000%	106,036.22	393,254.22
6/1/2018	288,654	2.000%	104,600.13	393,254.13
9/1/2018	290,097	2.000%	103,156.86	393,253.86
12/1/2018	291,547	2.000%	101,706.37	393,253.37
3/1/2019	293,005	2.000%	100,248.64	393,253.64
6/1/2019	294,470	2.000%	98,783.61	393,253.61
9/1/2019	295,943	2.000%	97,311.26	393,254.26
12/1/2019	297,422	2.000%	95,831.55	393,253.55
3/1/2020	298,909	2.000%	94,344.44	393,253.44
6/1/2020	300,404	2.000%	92,849.89	393,253.89
9/1/2020	301,906	2.000%	91,347.87	393,253.87
12/1/2020	303,415	2.000%	89,838.34	393,253.34
3/1/2021	304,933	2.000%	88,321.27	393,254.27
6/1/2021	306,457	2.000%	86,796.60	393,253.60
9/1/2021	307,990	2.000%	85,264.32	393,254.32
12/1/2021	309,529	2.000%	83,724.37	393,253.37
3/1/2022	311,077	2.000%	82,176.72	393,253.72
6/1/2022	312,632	2.000%	80,621.34	393,253.34
9/1/2022	314,196	2.000%	79,058.18	393,254.18
12/1/2022	315,767	2.000%	77,487.20	393,254.20

BOND DEBT SERVICE
Charleston Sanitary Board
CWSRF

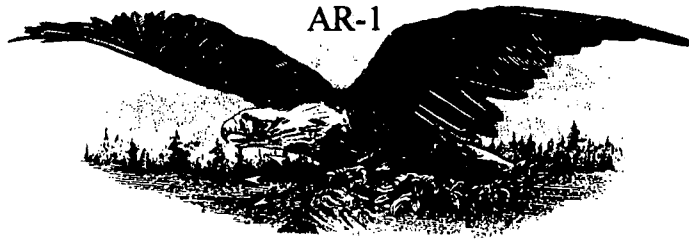
13-Dec-11

Period Ending	Principal	Coupon	Interest	Debt Service
3/1/2023	317,345	2.000%	75,908.36	393,253.36
6/1/2023	318,932	2.000%	74,321.64	393,253.64
9/1/2023	320,527	2.000%	72,726.98	393,253.98
12/1/2023	322,129	2.000%	71,124.34	393,253.34
3/1/2024	323,740	2.000%	69,513.70	393,253.70
6/1/2024	325,359	2.000%	67,895.00	393,254.00
9/1/2024	326,986	2.000%	66,268.20	393,254.20
12/1/2024	328,621	2.000%	64,633.27	393,254.27
3/1/2025	330,264	2.000%	62,990.17	393,254.17
6/1/2025	331,915	2.000%	61,338.85	393,253.85
9/1/2025	333,575	2.000%	59,679.27	393,254.27
12/1/2025	335,242	2.000%	58,011.40	393,253.40
3/1/2026	336,919	2.000%	56,335.19	393,254.19
6/1/2026	338,603	2.000%	54,650.59	393,253.59
9/1/2026	340,296	2.000%	52,957.58	393,253.58
12/1/2026	341,998	2.000%	51,256.10	393,254.10
3/1/2027	343,708	2.000%	49,546.11	393,254.11
6/1/2027	345,426	2.000%	47,827.57	393,253.57
9/1/2027	347,153	2.000%	46,100.44	393,253.44
12/1/2027	348,889	2.000%	44,364.67	393,253.67
3/1/2028	350,634	2.000%	42,620.23	393,254.23
6/1/2028	352,387	2.000%	40,867.06	393,254.06
9/1/2028	354,149	2.000%	39,105.12	393,254.12
12/1/2028	355,919	2.000%	37,334.38	393,253.38
3/1/2029	357,699	2.000%	35,554.78	393,253.78
6/1/2029	359,488	2.000%	33,766.29	393,254.29
9/1/2029	361,285	2.000%	31,968.85	393,253.85
12/1/2029	363,091	2.000%	30,162.42	393,253.42
3/1/2030	364,907	2.000%	28,346.97	393,253.97
6/1/2030	366,731	2.000%	26,522.43	393,253.43
9/1/2030	368,565	2.000%	24,688.78	393,253.78
12/1/2030	370,408	2.000%	22,845.95	393,253.95
3/1/2031	372,260	2.000%	20,993.91	393,253.91
6/1/2031	374,121	2.000%	19,132.61	393,253.61
9/1/2031	375,992	2.000%	17,262.01	393,254.01
12/1/2031	377,872	2.000%	15,382.05	393,254.05
3/1/2032	379,761	2.000%	13,492.69	393,253.69
6/1/2032	381,660	2.000%	11,593.88	393,253.88
9/1/2032	383,568	2.000%	9,685.58	393,253.58
12/1/2032	385,486	2.000%	7,767.74	393,253.74
3/1/2033	387,414	2.000%	5,840.31	393,254.31
6/1/2033	389,351	2.000%	3,903.24	393,254.24
9/1/2033	391,297	2.000%	1,956.49	393,253.49
25,877,009			5,583,298.11	31,460,307.11 *

*Plus a Quarterly Administrative fee of \$34,895.62 for a total administrative expense of

\$2,791,649.60

AR-1



SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF KANAWHA
THE CITY OF CHARLESTON
SEWERAGE SYSTEM REVENUE BONDS, SERIES 2011 A

No. AR-1

\$25,877,009

KNOW ALL MEN BY THESE PRESENTS: That 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 sum of TWENTY-FIVE MILLION EIGHT HUNDRED SEVENTY-SEVEN THOUSAND NINE DOLLARS (\$25,877,009), or such lesser amount as shall have been advanced to the City hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2013, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference, with interest on each installment at the rate of two percent (2%) per annum as set forth on said EXHIBIT B. The interest and the SRF Administrative Fee (as defined in the hereinafter described Ordinance) on this Bond shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2013, as set forth on EXHIBIT B attached hereto.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of 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 the West Virginia Department of Environmental Protection (the "DEP") and as otherwise provided by the Loan Agreement dated December 13, 2011, among the Authority, the DEP and the City.

This Bond is issued (i) to pay the costs of design, acquisition and construction of certain extensions, additions, betterments and improvements to the existing sewerage system of the City (the "Project"); (ii) to fund a reserve account for this Bond; and (iii) 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, Ordinance No. 7490 passed by the City on September 6, 2011, and a Supplemental Resolution adopted by the City on December 5, 2011 (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. All undefined capitalized terms used herein shall have the same meaning as set forth in 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, 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 (the "Series 2011 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 constitutional or statutory provisions or limitations, nor shall the City be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 2011 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 the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on this Bond and all obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the Prior Bonds; provided however, that so long as there exists in the Series 2011 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 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.

AR-1 SPECIMEN

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.

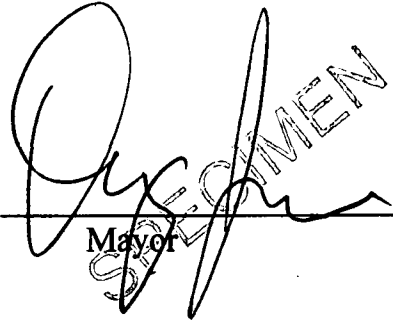
IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, 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 December 13, 2011.

[SEAL]



Mayor

ATTEST:



City Clerk

AR-1

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2011 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: December 13, 2011.

UNITED BANK, INC., as Registrar

By *[Signature]*
Its Authorized Officer

AR-1

EXHIBIT ARECORD OF ADVANCES

SPECIMEN

<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>
(1) \$1,621,017	December 13, 2011	(19) \$	
(2) \$		(20) \$	
(3) \$		(21) \$	
(4) \$		(22) \$	
(5) \$		(23) \$	
(6) \$		(24) \$	
(7) \$		(25) \$	
(8) \$		(26) \$	
(9) \$		(27) \$	
(10) \$		(28) \$	
(11) \$		(29) \$	
(12) \$		(30) \$	
(13) \$		(31) \$	
(14) \$		(32) \$	
(15) \$		(33) \$	
(16) \$		(34) \$	
(17) \$		(35) \$	
(18) \$		(36) \$	

Total \$ _____

AR-1

EXHIBIT B

SPECIMEN

BOND DEBT SERVICE

Charleston Sanitary Board

CW SRF

2% Interest Rate

1% Administrative Fee, 20 years

Dated Date 12/13/2011
 Delivery Date 12/13/2011

Period Ending	Principal	Coupon	Interest	Debt Service
12/1/2013	263,869	2.000%	129,385.05	393,254.05
3/1/2014	265,188	2.000%	128,065.70	393,253.70
6/1/2014	266,514	2.000%	126,739.76	393,253.76
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3/1/2015	270,532	2.000%	122,722.03	393,254.03
6/1/2015	271,884	2.000%	121,369.37	393,253.37
9/1/2015	273,244	2.000%	120,009.95	393,253.95
12/1/2015	274,610	2.000%	118,643.73	393,253.73
3/1/2016	275,983	2.000%	117,270.68	393,253.68
6/1/2016	277,363	2.000%	115,890.76	393,253.76
9/1/2016	278,750	2.000%	114,503.95	393,253.95
12/1/2016	280,144	2.000%	113,110.20	393,254.20
3/1/2017	281,544	2.000%	111,709.48	393,253.48
6/1/2017	282,952	2.000%	110,301.76	393,253.76
9/1/2017	284,367	2.000%	108,887.00	393,254.00
12/1/2017	285,789	2.000%	107,465.16	393,254.16
3/1/2018	287,218	2.000%	106,036.22	393,254.22
6/1/2018	288,654	2.000%	104,600.13	393,254.13
9/1/2018	290,097	2.000%	103,156.86	393,253.86
12/1/2018	291,547	2.000%	101,706.37	393,253.37
3/1/2019	293,005	2.000%	100,248.64	393,253.64
6/1/2019	294,470	2.000%	98,783.61	393,253.61
9/1/2019	295,943	2.000%	97,311.26	393,254.26
12/1/2019	297,422	2.000%	95,831.55	393,253.55
3/1/2020	298,909	2.000%	94,344.44	393,253.44
6/1/2020	300,404	2.000%	92,849.89	393,253.89
9/1/2020	301,906	2.000%	91,347.87	393,253.87
12/1/2020	303,415	2.000%	89,838.34	393,253.34
3/1/2021	304,933	2.000%	88,321.27	393,254.27
6/1/2021	306,457	2.000%	86,796.60	393,253.60
9/1/2021	307,990	2.000%	85,264.32	393,254.32
12/1/2021	309,529	2.000%	83,724.37	393,253.37
3/1/2022	311,077	2.000%	82,176.72	393,253.72
6/1/2022	312,632	2.000%	80,621.34	393,253.34
9/1/2022	314,196	2.000%	79,058.18	393,254.18
12/1/2022	315,767	2.000%	77,487.20	393,254.20

AR-1

SPECIMEN

BOND DEBT SERVICE
Charleston Sanitary Board
CWSRF

13-Dec-11

Period Ending	Principal	Coupon	Interest	Debt Service
3/1/2023	317,345	2.000%	75,908.36	393,253.36
6/1/2023	318,932	2.000%	74,321.64	393,253.64
9/1/2023	320,527	2.000%	72,726.98	393,253.98
12/1/2023	322,129	2.000%	71,124.34	393,253.34
3/1/2024	323,740	2.000%	69,513.70	393,253.70
6/1/2024	325,359	2.000%	67,895.00	393,254.00
9/1/2024	326,986	2.000%	66,268.20	393,254.20
12/1/2024	328,621	2.000%	64,633.27	393,254.27
3/1/2025	330,264	2.000%	62,990.17	393,254.17
6/1/2025	331,915	2.000%	61,338.85	393,253.85
9/1/2025	333,575	2.000%	59,679.27	393,254.27
12/1/2025	335,242	2.000%	58,011.40	393,253.40
3/1/2026	336,919	2.000%	56,335.19	393,254.19
6/1/2026	338,603	2.000%	54,650.59	393,253.59
9/1/2026	340,296	2.000%	52,957.58	393,253.58
12/1/2026	341,998	2.000%	51,256.10	393,254.10
3/1/2027	343,708	2.000%	49,546.11	393,254.11
6/1/2027	345,426	2.000%	47,827.57	393,253.57
9/1/2027	347,153	2.000%	46,100.44	393,253.44
12/1/2027	348,889	2.000%	44,364.67	393,253.67
3/1/2028	350,634	2.000%	42,620.23	393,254.23
6/1/2028	352,387	2.000%	40,867.06	393,254.06
9/1/2028	354,149	2.000%	39,105.12	393,254.12
12/1/2028	355,919	2.000%	37,334.38	393,253.38
3/1/2029	357,699	2.000%	35,554.78	393,253.78
6/1/2029	359,488	2.000%	33,766.29	393,254.29
9/1/2029	361,285	2.000%	31,968.85	393,253.85
12/1/2029	363,091	2.000%	30,162.42	393,253.42
3/1/2030	364,907	2.000%	28,346.97	393,253.97
6/1/2030	366,731	2.000%	26,522.43	393,253.43
9/1/2030	368,565	2.000%	24,688.78	393,253.78
12/1/2030	370,408	2.000%	22,845.95	393,253.95
3/1/2031	372,260	2.000%	20,993.91	393,253.91
6/1/2031	374,121	2.000%	19,132.61	393,253.61
9/1/2031	375,992	2.000%	17,262.01	393,254.01
12/1/2031	377,872	2.000%	15,382.05	393,254.05
3/1/2032	379,761	2.000%	13,492.69	393,253.69
6/1/2032	381,660	2.000%	11,593.88	393,253.88
9/1/2032	383,568	2.000%	9,685.58	393,253.58
12/1/2032	385,486	2.000%	7,767.74	393,253.74
3/1/2033	387,414	2.000%	5,840.31	393,254.31
6/1/2033	389,351	2.000%	3,903.24	393,254.24
9/1/2033	391,297	2.000%	1,956.49	393,253.49
25,877,009			5,583,298.11	31,460,307.11 *

*Plus a Quarterly Administrative fee of \$34,895.62 for a total administrative expense of
 \$2,791,649.60

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

2.11

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF CHARLESTON
SEWERAGE SYSTEM REVENUE BONDS, SERIES 2011 A
(WEST VIRGINIA CWSRF PROGRAM)

<u>Bond Number</u>	<u>Principal Amount</u>	<u>Date of Bond</u>
No. AR-1	\$25,877,009	December 13, 2011

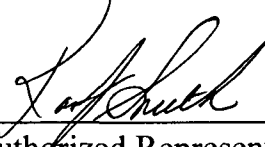
NO WRITING ON THIS BOND REGISTER EXCEPT BY THE REGISTRAR

Name of Registered Owner:

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

Signature of Registrar:

UNITED BANK, INC.



Authorized Representative



WEST VIRGINIA

Water Development Authority

Celebrating 36 Years of Service 1974 - 2010

2.12

THE CITY OF CHARLESTON
SEWERAGE SYSTEM REVENUE BONDS, SERIES 2011 A
(WEST VIRGINIA CWSRF PROGRAM)

CONSENT TO ISSUANCE OF PARITY BONDS

In reliance upon a certificate of Grigoraci, Trainer, Wright & Paterno, certified public accountants and Jackson Kelly PLLC, bond counsel, stating that the coverage and parity requirements have been met, the undersigned duly authorized representative of the West Virginia Water Development Authority, the registered owner of the Prior Bonds, hereinafter defined and described, hereby consents to the issuance of the Sewerage System Revenue Bonds, Series 2011 A (West Virginia CWSRF Program) (the "Bonds"), in the original principal amount of \$25,877,009, by The City of Charleston (the "Issuer"), under the terms of the Bond Ordinance authorizing the Bonds, on a parity with respect to liens, pledge and source of and security for payment with 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 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, Sewerage System Revenue Bonds, Series 2005 A and Sewerage System Revenue Bonds, Series 2008 A, and senior and prior with respect to liens, pledge and source of and security for payment to the Issuer's Supplemental Sewer Revenue Bonds, Series 1989 B, Supplemental Sewer Revenue Bonds, Series 1989 D, Sewerage System Revenue Bonds, 1999 Series B, Sewerage System Revenue Bonds, 2001 Series C, and Sewerage System Revenue Bonds, Series 2005 B-1 and Sewerage System Revenue Bonds, Series 2005 B-2 (collectively, the "Prior Bonds").

WITNESS my signature on this 13th day of December, 2011.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Authorized Representative

THE CITY OF CHARLESTON
SEWERAGE SYSTEM REVENUE BONDS, SERIES 2011 A
(WEST VIRGINIA CWSRF PROGRAM)

3.1

GENERAL CERTIFICATE ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. SIGNATURES AND DELIVERY
6. RATES
7. INCUMBENCY AND OFFICIAL NAME
8. MEETINGS
9. INSURANCE
10. LOAN AGREEMENT
11. SPECIMEN BOND
12. BOND PROCEEDS
13. LAND AND RIGHTS-OF-WAY
14. PUBLIC SERVICE COMMISSION ORDER
15. CONFLICTS OF INTEREST
16. PROCUREMENT OF ENGINEERING SERVICES
17. VERIFICATION OF SCHEDULE A
18. CLEAN WATER ACT
19. COUNTERPARTS

We, the undersigned MAYOR and the undersigned CITY CLERK of The City of Charleston in Kanawha County, West Virginia (the "Issuer"), and the undersigned CITY ATTORNEY for the Issuer, hereby certify in connection with The City of Charleston Sewerage System Revenue Bonds, Series 2011 A (West Virginia CWSRF Program), numbered AR-1, dated the date hereof, in the principal amount of \$25,877,009 (the "Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning set forth in the Bond Ordinance duly passed by the Issuer on September 6, 2011, effective September 19, 2011, the Supplemental Resolution duly adopted by the Issuer on December 5, 2011 (collectively, the "Ordinance"), and the Loan Agreement by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Department of Environmental Protection ("DEP"), dated June 26, 2011 (the "Loan Agreement").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting in any manner the authorization, issuance, sale and delivery of the Bonds, the acquisition and construction of the Project, the operation of the System, the collection or use of the Gross Revenues, or the pledge and security of the Net Revenues for the Bonds; nor affecting the validity of the Bonds or any provisions made or authorized for the payment thereof; nor questioning the existence of the Issuer or the title of the members or officers of the Issuer, the Governing Body, or the Sanitary Board to their respective offices; nor questioning any proceedings of the Issuer taken with respect to the authorization, issuance, sale or delivery of the Bonds, the acquisition and construction of the Project, the operation of the System, the collection or use of the Gross Revenues, or the pledge and security of the Net Revenues for the Bonds.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable and necessary approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the acquisition and construction of the Project, the operation of the System and the issuance of the Bonds have been duly and timely obtained and remain in full force and effect, and competitive bids for the acquisition and construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the Code of West Virginia, 1931, as amended, which bids remain in full force and effect. The Issuer has received the Drug Free Workplace affidavits from the successful bidders required by Chapter 21, Article 1D of the West Virginia Code of 1931, as amended.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the approval, execution and delivery by the Issuer of the Loan Agreement. The Issuer has met all conditions set forth in the Loan Agreement and will provide the financial, institutional, legal and managerial capabilities necessary to complete and operate the Project.

The Bonds are issued on a parity with the First Lien Bonds, and senior and prior to the Second Lien Bonds, with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has obtained (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the First Lien Bonds are met; and (ii) the written consent of the registered owners of the Prior Bonds (other than the Series 2002 A Bonds and the Series 2002 B Bonds) to the issuance of the Bonds on a parity with the First Lien Bonds, and senior and prior to the Second Lien Bonds. No written consent is required from the registered owners of the Series 2002 A Bonds and the Series 2002 B Bonds. Other than the Prior Bonds, there are no other outstanding bonds or

obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with all the terms and provisions of the Prior Bonds and the Prior Ordinances.

5. SIGNATURES AND DELIVERY: The undersigned Mayor and City Clerk are the duly elected or appointed, qualified and acting officers of the Issuer as indicated by the official titles opposite their signatures below, and are duly authorized to execute and seal the Bonds for the Issuer. The seal impressed upon the Bonds and this Certificate is the duly authorized, proper and only seal of the Issuer. On the date hereof, the undersigned Mayor did officially sign all of the Bonds, consisting upon original issuance of a single Bond, dated the date hereof, by his manual signature; the undersigned City Clerk did officially cause the seal of the Issuer to be affixed upon the Bonds and to be attested by his manual signature; and the Registrar did officially authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreement.

6. RATES: The Issuer has duly enacted a sewer rate ordinance on February 19, 2008, setting forth the rates and charges for the services of the System. The Issuer has complied with all requirements of the Act and the Public Service Commission of West Virginia (the "PSC") to make the rates valid and effective. The time for appeal of such rate ordinance has expired and there has been no appeal thereof and such rates are in full force and effect.

7. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "The City of Charleston." The Issuer is a municipal corporation of the State of West Virginia in Kanawha County of said State. The Governing Body of the Issuer is its Council, consisting of 27 Council members and the Mayor, all duly elected or appointed, qualified and acting, whose names and dates of commencement and termination of their current terms of office, along with the appointed City Clerk, are listed below:

<u>Office</u>	<u>Name</u>	<u>Date Of Commencement Of Office</u>	<u>Date Of Termination Of Office</u>
Mayor	Danny Jones	July 1, 2011	June 30, 2015
City Clerk	James M. Reishman	July 1, 2011	June 30, 2015
Council Member	Bob Haas	July 1, 2011	June 30, 2015
Council Member	William Kirk	July 1, 2011	June 30, 2015
Council Member	James Lanham	July 1, 2011	June 30, 2015
Council Member	Joe Denault	July 1, 2011	June 30, 2015
Council Member	Mike Nichols	July 1, 2011	June 30, 2015

Council Member	Edward Talkington	July 1, 2011	June 30, 2015
Council Member	Mike Stajduhar	July 1, 2011	June 30, 2015
Council Member	Bob White	July 1, 2011	June 30, 2015
Council Member	Cubert Smith	July 1, 2011	June 30, 2015
Council Member	Robert Sheets	July 1, 2011	June 30, 2015
Council Member	Marc R. Weintraub	July 1, 2011	June 30, 2015
Council Member	Shannon Snodgrass	July 1, 2011	June 30, 2015
Council Member	Susie Salisbury	July 1, 2011	June 30, 2015
Council Member	Jack E. Harrison	July 1, 2011	June 30, 2015
Council Member	Courtney Persinger	July 1, 2011	June 30, 2015
Council Member	Samuel Minardi	July 1, 2011	June 30, 2015
Council Member	Bobby Reishman	July 1, 2011	June 30, 2015
Council Member	John H. Miller, Jr.	July 1, 2011	June 30, 2015
Council Member	Rick Burka	July 1, 2011	June 30, 2015
Council Member	Brent Burton	July 1, 2011	June 30, 2015
Council Member	Mike Clowser	July 1, 2011	June 30, 2015
Council Member	Mary Jean Davis	July 1, 2011	June 30, 2015
Council Member	Tom Lane	July 1, 2011	June 30, 2015
Council Member	Kasey Russell	July 1, 2011	June 30, 2015
Council Member	Andrew Richardson	July 1, 2011	June 30, 2015
Council Member	Jerry L. Ware	July 1, 2011	June 30, 2015
Council Member	Chris Doddrell	July 1, 2011	June 30, 2015

The names of the duly appointed, qualified and acting members of the Sanitary Board of the Issuer are as follows:

Chairman:	Danny Jones, Mayor
Member:	John Tinney, Jr.
Member:	Sam Bowling, P.E.

The duly appointed and acting City Attorney for the Issuer is Paul Ellis, Esquire, Charleston, West Virginia.

8. MEETINGS: All actions, ordinances, resolutions, orders and agreements taken, adopted and entered into by or on behalf of the Issuer in any way connected with the issuance of the Bonds and the acquisition, construction, operation and financing of the Project or the System were authorized or adopted at meetings of the Governing Body duly and regularly or specifically called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes including Chapter 6, Article 9A of the Code of West Virginia, 1931, as amended, and a quorum of duly elected or appointed,

qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

9. **INSURANCE:** The Issuer will maintain or, as appropriate, will require all contractors to maintain worker's compensation, public liability and property damage insurance, standard hazard insurance, builder's risk insurance, flood insurance and business interruption insurance, where applicable, in accordance with the Ordinance and the Loan Agreement. All insurance for the System required by the Ordinance and the Loan Agreement is in full force and effect.

10. **LOAN AGREEMENT:** As of the date hereof, (i) the representations of the Issuer contained in the Loan Agreement are true and correct in all material respects as if made on the date hereof; (ii) the Loan Agreement does not contain any untrue statements of material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (iii) to the best knowledge of the undersigned, no event affecting the Issuer has occurred since the date of the Loan Agreement, which should be disclosed for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading; and (iv) the Issuer is in compliance with the Loan Agreement. The Issuer will serve the additional customers of the location(s) as set forth in the Certificate of Engineer. The Issuer will not reduce the amount of additional customers served by the Project without the prior written approval of the Authority. Following completion of the Project, the Issuer will certify to the Authority the number of customers added to the System.

11. **SPECIMEN BOND:** Attached hereto as Exhibit A is a specimen of the Bond which is identical in all respects with the Bond this day delivered to the Authority and being substantially in the form prescribed in the Ordinance.

12. **BOND PROCEEDS:** On the date hereof, the Issuer received \$1,621,017 from the Authority and the DEP, being a portion of the principal amount of the Bonds and more than a de minimus amount of the proceeds of the Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer from time to time as acquisition and construction of the Project progresses.

13. **LAND AND RIGHTS-OF-WAY:** All land in fee simple and all rights-of-way and easements necessary for the acquisition and construction of the Project and the operation and maintenance of the System have been acquired or can and will be acquired by purchase, or, if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions

which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Bonds.

14. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received the Recommended Decision of the Administrative Law Judge entered on February 17, 2011, as made final by the PSC on March 9, 2011, in Case No. 10-1732-S-CN, among other things, either granting to the Issuer a certificate of public convenience and necessity for the Project or waiving the certificate, and approving the financing for the Project. The time for appeal of both PSC orders has expired without any appeal. Both orders remain in full force and effect.

15. CONFLICTS OF INTEREST: No member, officer or employee of the Issuer or the Sanitary Board has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Bonds, the Ordinance, and/or the Project, including, without limitation, with respect to the Depository Bank. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

16. PROCUREMENT OF ENGINEERING SERVICES: The Issuer has complied with all the requirements of Chapter 5G, Article 1 of the Code of West Virginia, 1931, as amended, in the procurement of the engineering services of the Consulting Engineer.

17. VERIFICATION OF SCHEDULE B: The final amended Schedule B attached to the Certificate of Consulting Engineer, with the signature of the Mayor and the Consulting Engineer, accurately represents the estimated costs of the Project, the sources of funds available to pay the costs of the Project and the costs of financing of the Bonds.

18. CLEAN WATER ACT: The Project as described in the Ordinance complies with Sections 208 and 303(e) of the Clean Water Act.

19. COUNTERPARTS: This Certificate may be executed in counterparts and all counterparts shall be deemed to be the Certificate.

The certifications herein of the City Attorney are limited to Paragraphs 1, 5, 7, 8 and 15 and with respect to the enactment of the rate ordinance under Paragraph 6.

WITNESS our signatures and the official corporate seal of The City of Charleston, West Virginia, on this 13th day of December, 2011.

[SEAL]

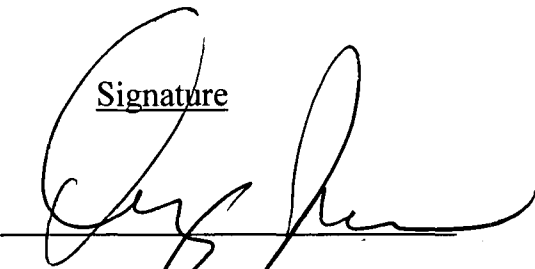
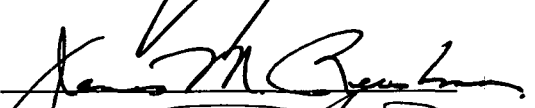
<u>Signature</u>	<u>Official Title</u>
	Mayor
	City Clerk
	City Attorney

EXHIBIT A

See Specimen Bond (Tab No. 15)

THE CITY OF CHARLESTON
SEWERAGE SYSTEM REVENUE BONDS, SERIES 2011 A
(WEST VIRGINIA CWSRF PROGRAM)

3.2

CERTIFICATE AS TO USE OF PROCEEDS

On this 13th day of December, 2011, the undersigned Mayor of The City of Charleston in Kanawha County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of \$25,877,009 Sewerage System Revenue Bonds, Series 2011 A (West Virginia CWSRF Program), of the Issuer, dated December 13, 2011 (the "Bonds" or, the "Series 2011 A Bonds"), hereby certify as follows:

1. I am one of the officers of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Ordinance duly passed by the Issuer on September 6, 2011, effective September 19, 2011, and Supplemental Resolution adopted on December 5, 2011 (the "Ordinance"), authorizing the Bonds.

2. This certificate may be relied upon as the certificate of the Issuer.

3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on December 13, 2011, the date on which the Bonds are being physically delivered in exchange for a portion of the principal amount of the Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

4. The Series 2011 A Bonds were sold on December 13, 2011, to the West Virginia Water Development Authority (the "Authority"), pursuant to a loan agreement dated December 13, 2011, by and among the Issuer, the Authority and the West Virginia Department of Environmental Protection (the "DEP"), for an aggregate purchase price of \$25,877,009 (100% of par), at which time, the Issuer received \$1,621,017 from the Authority and the DEP, being the first advance of the principal amount of the Series 2011 A Bonds. No accrued interest has been or will be paid on the Bonds. The balance of the respective principal amounts of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

5. The Bonds are being delivered simultaneously with the delivery of this Certificate and are issued for the purposes of (i) permanently financing a portion of the costs of acquisition and construction of certain improvements and extensions to the

existing public sewer facilities of the Issuer (the “Project”); (ii) funding a reserve account; and (iii) paying certain costs of issuance of the Bonds and related costs.

6. The Issuer has previously entered into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Bonds for the acquisition and construction of the Project, constituting a substantial binding commitment. The acquisition and construction of the Project and the allocation of the net sale proceeds of the Bonds to expenditures of the Project shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds deposited in the Reserve Accounts for the Bonds, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before March 1, 2013. The acquisition and construction of the Project is expected to be completed by March 1, 2013.

7. The total cost of the Project is estimated at \$25,877,009. Sources and uses of funds for the Project are as follows:

SOURCES

Proceeds of Series 2011 A Bonds	<u>\$25,877,009</u>
Total Sources	\$25,877,009

USES

Costs of the Project	\$24,255,992
Deposit into Reserve Fund	\$ 1,573,017
Costs of Issuance	<u>\$ 48,000</u>
Total Uses	\$25,877,009

8. Pursuant to Article V of the Ordinance, the following special funds or accounts have been created:

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund;
- (3) Series 2011 A Bonds Construction Trust Fund;
- (4) Series 2011 A Bonds Sinking Fund; and
- (5) Series 2011 A Bonds Reserve Account.

9. Pursuant to Article VI of the Ordinance, the proceeds of the Bonds will be deposited as follows:

- (1) Series 2011 A Bonds proceeds in the amount of \$1,573,017 will be deposited in the Series 2011 A Bonds Reserve Account.
- (2) The balance of the proceeds of the Bonds will be deposited in the Series 2011 A Bonds Construction Trust Fund as received from time to time and applied solely to payment of costs of the Project, including costs of issuance of the Bonds and related costs.

10. Moneys held in the Series 2011 A Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Series 2011 A Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on moneys in the Series 2011 A Bonds Reserve Account (if fully funded) shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2011 A Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2011 A Bonds, respectively, and then to the next ensuing principal payment due thereon, all on a pro rata basis.

11. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. The acquisition and construction of the Project is expected to be completed within 24 months of the date hereof.

12. The Issuer will take such steps as requested by the Authority to ensure that the Authority's bonds meet the requirements of the Code.

13. With the exception of the amount deposited in the Series 2011 A Bonds Reserve Account all of the proceeds of the Series 2011 A Bonds will be expended on the Project within 20 months from the date of issuance thereof.

14. The Issuer does not expect to sell or otherwise dispose of the Project in whole or in part prior to the last maturity date of the Bonds.

15. The amount designated as costs of issuance of the Bonds consists only of costs which are directly related to and necessary for the issuance of the Bonds.

16. All property financed with the proceeds of the Bonds will be owned and held by (or on behalf of) a qualified governmental unit.

17. No proceeds of the Bonds will be used, directly or indirectly, in any trade or business carried on by any person who is not a governmental unit.

18. The original proceeds of the Bonds will not exceed the amount necessary for the purposes of the issue. The Issuer covenants that it shall maintain thorough and accurate accounting records, in conformance with generally accepted accounting principles, relative to the proceeds of the Bonds so that use of proceeds from each series of the Bonds can be accounted for.

19. The Issuer shall use the Bond proceeds solely for the costs of the Project, and the Project will be operated solely for a public purpose as a local governmental activity of the Issuer.

20. The Bonds are not federally guaranteed.

21. The Issuer has retained the right to amend the Ordinance authorizing the issuance of the Bonds if such amendment is necessary to assure that the Bonds remain governmental or public purpose bonds.

22. The Issuer has either (a) funded the Series 2011 A Bonds Reserve Account at the maximum amount of principal and interest, if any, which will mature and become due on the Series 2011 A Bonds in the then current or any succeeding year with the proceeds of the Series 2011 A Bonds, or (b) created the Series 2011 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2011 A Bonds Reserve Account hold an amount equal to the maximum amount of principal and interest, if any, which will mature and become due on the Series 2011 A Bonds in the then current or any succeeding year. Moneys in the Series 2011 A Bonds Reserve Account and the Series 2011 A Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Series 2011 A Bonds and will not be available to pay costs of the Project.

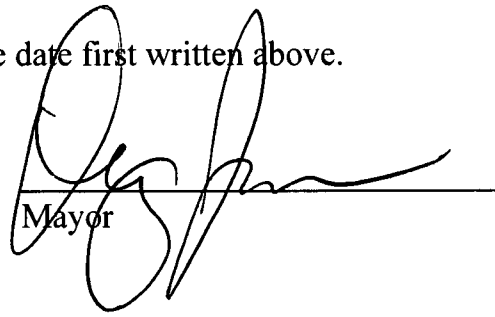
23. There are no other obligations of the Issuer which (a) are to be issued at substantially the same time as the Bonds, (b) are to be sold pursuant to a common plan of financing together with the Bonds and (c) will be paid out of substantially the same sources of funds or will have substantially the same claim to be paid out of substantially the same sources of funds as the Bonds.

24. To the best of my knowledge, information and belief, there are no other facts, estimates and circumstances which would materially change the expectations herein expressed.

25. The Issuer will comply with instructions as may be provided by the Authority, at any time, regarding use and investment of proceeds of the Bonds, rebates and rebate calculations.

26. To the best of my knowledge, information and belief, the foregoing expectations are reasonable.

WITNESS my signature as of the date first written above.



Mayor

THE CITY OF CHARLESTON
SEWERAGE SYSTEM REVENUE BONDS, SERIES 2011 A
(WEST VIRGINIA CWSRF PROGRAM)

3.3

CERTIFICATE OF CITY CLERK AS TO TRUTH
AND ACCURACY OF DOCUMENTS DELIVERED

The undersigned duly elected City Clerk of The City of Charleston, West Virginia (the "Issuer"), hereby certifies that the copies of the following documents being delivered in connection with the closing of the sale of The City of Charleston Sewerage System Revenue Bonds, Series 2011 A (West Virginia CWSRF Program) (the "Bonds") are, as of the date hereof, true, complete and accurate copies of the originals of those documents maintained on file with the Issuer and delivered in the transcript of proceedings, that said documents have been duly adopted, enacted or entered by the Council of the Issuer, and that said documents are still in full force and effect as of the date hereof and have not been repealed, rescinded, superseded, amended or modified in any way unless the document effecting such repeal, rescission, supersedence, amendment or modification is also listed below:

1. Charter.
2. Oaths of Office of Mayor, City Clerk and Council Members.
3. Ordinance Creating Sanitary Board.
4. Oaths of Office of Sanitary Board Members.
5. Public Service Commission Order.
6. Infrastructure Council Approval Letter.
7. Loan Agreement.
8. Rate Ordinance.
9. Minutes of Council Meetings regarding All Readings and Public Hearing of the Rate Ordinance.

10. Affidavit of Publication of the Rate Ordinance and Notice of Public Hearing.
11. Petition of Sanitary Board.
12. Bond Ordinance.
13. Supplemental Resolution.
14. Minutes of Council Meetings regarding All Readings and Public Hearing of the Bond Ordinance and Adoption of the Supplemental Resolution.
15. Affidavit of Publication of the Notice of Public Hearing and Abstract of Bond Ordinance.
16. WDA Consent to Issuance of Parity Bonds.
17. NPDES Permit.
18. Evidence of Insurance.

[The rest of this page is intentionally left blank.]

WITNESS my signature and the official seal of The City of Charleston, West Virginia, on this 13th day of December, 2011.


City Clerk

[SEAL]

THE CITY OF CHARLESTON
SEWERAGE SYSTEM REVENUE BONDS, SERIES 2011 A
(WEST VIRGINIA CWSRF PROGRAM)

3.4

CERTIFICATE OF CONSULTING ENGINEER

I, Craig D. Richards, Registered Professional Engineer, West Virginia License No. 10358, of Burgess & Niple Inc., Consulting Engineer, Parkersburg, 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 (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 September 6, 2011, effective September 19, 2011, a Supplemental Resolution adopted December 5, 2011, and the Loan Agreement by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection ("DEP"), dated December 13, 2011 (the "Loan Agreement").

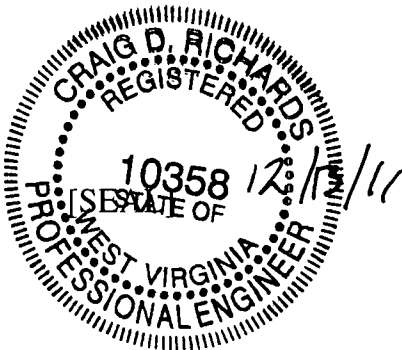
2. The Bonds are being issued for the purposes of (i) paying a portion of the costs of acquisition and construction of the Project; (ii) funding a reserve account for the Bonds; and (iii) paying costs of issuance and related costs.

3. 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 DEP and any change orders approved by the Issuer, the DEP and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least 25 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 B attached hereto as Exhibit A, 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; (xi) attached hereto as Exhibit A is the final amended "Schedule B - Total Cost of Project, Sources of Funds and Cost of Financing" for the Project; and (xii) all contractors to be awarded contracts for the construction of the Project have submitted affidavits indicating such contractor has a drug free workplace plan pursuant to Chapter 21, Article 1D of the West Virginia Code of 1931, as amended.

4. The Project will serve no new customers.

WITNESS my signature and seal on this 13th day of December, 2011.



Burgess & Niple, Inc

A handwritten signature of Craig D. Richards in black ink, written over a horizontal line.

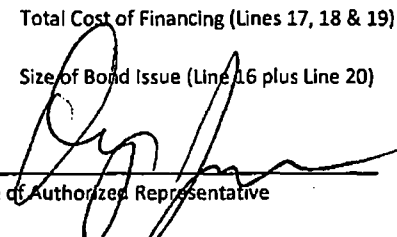
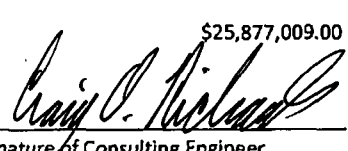
Craig D. Richards, P.E.

West Virginia License No. 10358

SCHEDULE B

NAME OF GOVERNMENTAL AGENCY: The Sanitary Board of the City of Charleston

ESTIMATED TOTAL COST OF PROJECT, SOURCES OF FUNDS AND COST OF FINANCING

		A. <u>Cost of Project</u>	
1.	Construction		\$ 17,797,920.00
	a. Contract 10-6	\$ 4,756,973.00	
	b. Contract 10-7	\$ 5,897,470.00	
	c. Contract 10-8	\$ 5,160,622.00	
	d. Contract 10-9	\$ 1,982,855.00	
2.	Technical Services		\$ 4,775,742.00
3.	Legal and Fiscal		\$ 575,000.00
	a. Rights-of-Way (Legal)	\$ 550,000.00	
	b. PSC Attorney	\$ 25,000.00	
4.	Administrative		\$ -
5.	Site and Other Lands		\$ -
	Fac. Plan/Design or Other Loan Repayment		
6.	(Specify Type: _____)	\$ -	
7.	Interim Financing Costs	\$ -	
8.	Contingency (5% of construction	\$ 882,330.00	
9.	Miscellaneous	\$ 225,000.00	
	a. Appraisal Services	\$ 50,000.00	
	b. Easement Acquisition (Right-of-Way Agent)	\$ 175,000.00	
10.	Total of Lines 1 Through 9		\$ 24,255,992.00
		B. <u>Sources of Funds</u>	
11.	Federal Grants	\$ -	
	(Specify Sources)	\$ -	
12.	State Grants	\$ -	
	(Specify Sources)	\$ -	
13.	Other Grants	\$ -	
	(Specify Sources)	\$ -	
14.	Any Other Source	\$ -	
	(Specify)	\$ -	
15.	Total of Lines 11 Through 14		\$ -
	Net Proceeds Required from Bond Issue (Line		
16.	10 Minus Line 15)		\$24,255,992.00
		C. <u>Cost of Financing</u>	
17.	Bond Counsel	\$ 47,500.00	
18.	Registrar Fee	\$ 500.00	
19.	Funded Reserve Account	\$ 1,573,017.00	
20.	Total Cost of Financing (Lines 17, 18 & 19)		\$ 1,621,017.00
21.	Size of Bond Issue (Line 16 plus Line 20)		\$25,877,009.00
			
Signature of Authorized Representative		Signature of Consulting Engineer	
Date: <u>12-13-11</u>		Date: <u>12-13-11</u>	



GRIGORACI, PATERNO & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS
(A PARTNERSHIP OF ACCOUNTING CORPORATIONS)

608 TENNESSEE AVENUE
CHARLESTON, WV 25302
(304) 343-5511
FAX: (304) 343-5514
www.gpa-cpas.com

December 13, 2011

THE CITY OF CHARLESTON SEWERAGE SYSTEM REVENUE BONDS, SERIES 2011 A

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 as set forth in Rate Ordinance No. 7320 (the "Issuer"), enacted by the Issuer on February 19, 2008, and the projected operating expenses and 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 \$25,877,009 Sewerage System Revenue Bonds, Series 2011 A (the "Series 2011 A Bonds") at a 2% interest rate and a 20 year term and all other obligations secured by or payable from revenues of the System on a parity with or junior to the Series 2011 A 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 Revenue Bonds, 1998 Series A, Sewerage System Revenue Bonds, 1999 Series A, Sewerage System Revenue Bonds, Series 2001 A, Sewerage

The City of Charleston
West Virginia Water Development Authority
West Virginia Department of Environmental Protection
December 13, 2011
Page 2

System Revenue Bonds, 2001 Series B, Sewerage System Refunding Revenue Bonds, Series 2002 A, Sewerage System Refunding Revenue Bonds, Series 2002 B, Supplemental Sewer Revenue Bonds, Series 1989 B, Supplemental Sewer Revenue Bonds, Series 1989 D, Sewerage System Revenue Bonds, 1999 Series B, Sewerage System Revenue Bonds, 2001 Series C, Sewerage System Revenue Bonds, Series 2004 A, 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 Revenue Bonds, Series 2008 A (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 2011 A 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 2011 A 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 2011 A Bonds.

Capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Ordinance authorizing the Series 2011 A Bonds.

Very truly yours,

Gugoraci, Paterno & Associates

THE CITY OF CHARLESTON
SEWERAGE SYSTEM REVENUE BONDS, SERIES 2011 A
(WEST VIRGINIA CWSRF PROGRAM)

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 the 13th day of December, 2011, in Charleston, West Virginia, the Authority received the entire original issue of \$25,877,009 in aggregate principal amount of the Sewerage System Revenue Bonds, Series 2011 A (West Virginia CWSRF Program), of The City of Charleston (the "Issuer"), dated December 13, 2011, issued in the form of one bond, fully registered to the Authority, and numbered AR-1 (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 13th day of December, 2011.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY


Authorized Representative

THE CITY OF CHARLESTON
SEWERAGE SYSTEM REVENUE BONDS, SERIES 2011 A
(WEST VIRGINIA CWSRF PROGRAM)

3.7

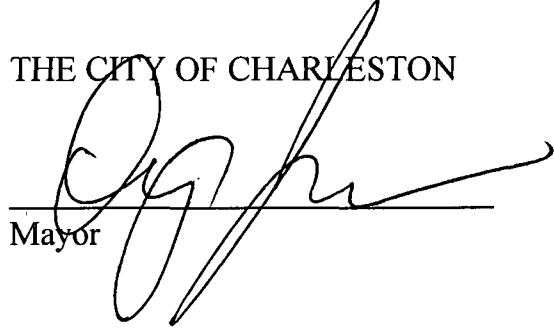
RECEIPT FOR BOND PROCEEDS

The undersigned Mayor of The City of Charleston (the "Issuer"), for and on behalf of the Issuer, hereby certifies as follows:

On the 13th day of December, 2011, the Issuer received and hereby acknowledges receipt from the West Virginia Water Development Authority (the "Authority"), as the original purchaser of the \$25,877,009 The City of Charleston Sewerage System Revenue Bonds, Series 2011 A (West Virginia CWSRF Program), dated December 13, 2011 (the "Bonds"), of \$1,621,017, being a portion of the principal amount of the Bonds. The Issuer understands that the remaining proceeds of the Bonds will be advanced to the Issuer from time to time as construction proceeds to completion.

WITNESS my signature on this 13th day of December, 2011.

THE CITY OF CHARLESTON



Mayor

THE CITY OF CHARLESTON
SEWERAGE SYSTEM REVENUE BONDS, SERIES 2011 A
(WEST VIRGINIA CWSRF PROGRAM)

3.8

REQUEST AND AUTHORIZATION TO
AUTHENTICATE AND DELIVER THE BONDS

United Bank, Inc., as Registrar
Charleston, West Virginia

Ladies and Gentlemen:

We herewith hand to you, duly executed, the \$25,877,009 Sewerage System Revenue Bonds, Series 2011 A (West Virginia CWSRF Program), in the form of one bond, numbered AR-1, dated December 13, 2011 (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 September 6, 2011, effective September 19, 2011, and a Supplemental Resolution duly adopted by the Issuer on December 5, 2011.

You are hereby requested and authorized to register, authenticate and deliver the Bonds on behalf of the Issuer to the West Virginia Water Development Authority.

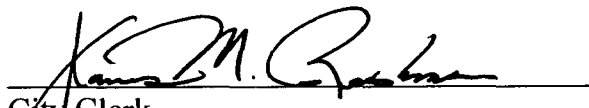
WITNESS my signature this 13th day of December, 2011.

THE CITY OF CHARLESTON

Mayor

(SEAL)

Attest:


City Clerk

{C2061543.1}

THE CITY OF CHARLESTON
SEWERAGE SYSTEM REVENUE BONDS, SERIES 2011 A
(WEST VIRGINIA CWSRF PROGRAM)

3.9

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 13th day of December, 2011, 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 \$25,877,009 Sewerage System Revenue Bonds, Series 2011 A (West Virginia CWSRF Program) (the "Bonds"), in the form of one bond, numbered AR-1, in fully registered form, pursuant to a Bond Ordinance duly passed by the Issuer on September 6, 2011, effective September 19, 2011, and a Supplemental Resolution duly adopted December 5, 2011 (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 with the intention of maintaining the exclusion of interest, if any, on the Bonds 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 for services rendered as provided in the annexed schedule.

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:

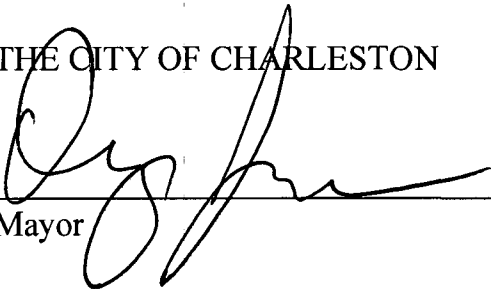
United Bank, Inc.
P.O. Box 393
Charleston, WV 25322
Attention: Corporate Trust Department

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 and deliver the Bonds in accordance with the Ordinance.

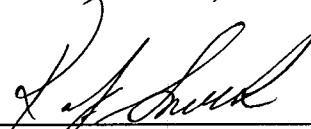
IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the date first above-written.

THE CITY OF CHARLESTON



Mayor

UNITED BANK, INC.



Authorized Officer

EXHIBIT A

See Bond Ordinance (Tab No. 11)

See Supplemental Resolution (Tab No. 12)

THE CITY OF CHARLESTON
SEWERAGE SYSTEM REVENUE BONDS, SERIES 2011 A
(WEST VIRGINIA CWSRF PROGRAM)

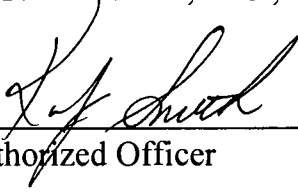
3.10

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 2011 A (West Virginia CWSRF Program), of The City of Charleston, West Virginia (the "Issuer"), dated December 13, 2011, in the principal amount of \$25,877,009, and numbered AR-1, was registered as to principal and interest in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of the Registrar.

WITNESS my signature on this 13th day of December, 2011.

UNITED BANK, INC., as Registrar



Authorized Officer

THE CITY OF CHARLESTON
SEWERAGE SYSTEM REVENUE BONDS, SERIES 2011 A
(WEST VIRGINIA CWSRF PROGRAM)

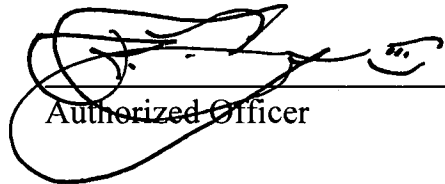
3.11

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

JPMORGAN CHASE BANK, NA, 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 September 6, 2011, effective September 19, 2011, and a Supplemental Resolution adopted by the Issuer on December 5, 2011 (collectively, the "Ordinance"), authorizing the issuance of The City of Charleston Sewerage System Revenue Bonds, Series 2011 A (West Virginia CWSRF Program), in the aggregate principal amount of \$25,877,009, dated December 13, 2011, and agrees to serve as Depository Bank for the Revenue Fund all as set forth in the Ordinance.

WITNESS my signature on this 13th day of December, 2011.

JPMORGAN CHASE BANK, NA



Authorized Officer

WEST VIRGINIA MUNICIPAL BOND COMMISSION

3.12

Suite 401

1207 Quarrier Street, Charleston, WV 25301

(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: December 13, 2011

ISSUE: The City of Charleston Sewerage System Revenue Bonds, Series 2011 A (West Virginia CWSRF Program)ADDRESS: P.O. Box 2749, Charleston, WV 25330 COUNTY: KanawhaPURPOSE OF ISSUE: New Money X
Refunding Refunds issue(s) dated: ISSUE DATE: December 13, 2011 CLOSING DATE: December 13, 2011ISSUE AMOUNT: \$25,877,009 RATE: 2%; Administrative Fee: 1%1st DEBT SERVICE DUE: 12/1/2013 1st PRINCIPAL DUE: 12/1/20131st DEBT SERVICE AMOUNT: \$ PAYING AGENT: Municipal Bond CommissionBOND COUNSEL: Jackson Kelly PLLC UNDERWRITERS COUNSEL: Kauffelt & Kauffelt
Contact Person: Samme L. Gee, Esquire Contact Person: Mark Kauffelt, Esquire
Phone: (304) 340-1318 Phone: (304) 345-1272CLOSING BANK: JPMorgan Chase Bank, NA ESCROW TRUSTEE:
Contact Person: John Copenhaver Contact Person:
Phone: (304) 348-1113 Phone: KNOWLEDGEABLE ISSUER CONTACT: OTHER: WVDEP
Contact Person: Crystal Sanders Contact Person: Rosalie Brodersen
Position: Finance Manager Function: Program Manager
Phone: (304) 348-1084 Phone: (304) 926-0449 ext. 1608
Email: csanders@csbwv.comDEPOSITS TO MBC AT CLOSE: Accrued Interest: \$
 Capitalized Interest: \$
By Wire X Reserve Account: \$1,573,017
 Check Other: \$ REFUNDS & TRANSFERS BY MBC AT CLOSE:
By Wire To Escrow Trustee: \$
 Check To Issuer: \$
 IGT To Cons.Invest.Fund \$
 To Other: \$ NOTES: Reserve Account will be funded at closing.

FOR MUNICIPAL BOND COMMISSION USE ONLY:

Documents Required: Transfers Required:



500 LEE STREET EAST • SUITE 1600 • P.O. BOX 553 • CHARLESTON, WEST VIRGINIA 25322 • TELEPHONE: 304-340-1000 • TELECOPIER: 304-340-1130
www.jacksonkelly.com

4.1

December 13, 2011

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

West Virginia Department of Environmental Protection
1560 Kanawha Boulevard, East
Charleston, WV 25311

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

Re: The City of Charleston
Sewerage System Revenue Bonds, Series 2011 A
(West Virginia CWSRF Program)

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 2011 A (West Virginia CWSRF Program), 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 December 13, 2011, including all schedules and exhibits attached thereto (the “Loan Agreement”), by and among the Issuer, the West Virginia Water Development Authority (the “Authority”) and the West Virginia Department of Environmental Protection (the “DEP”), 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 \$25,877,009, in the form of one bond, registered as to principal and interest to the Authority, with interest at the rate of 2% per annum, and with

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principal and interest payable quarterly on March 1, June 1, September 1, and December 1 of each year, commencing December 1, 2013, 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 subject to the SRF Administrative Fee equal to 1% of the principal amount of the Bonds as set forth in the Schedule Y attached to the Loan Agreement.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13 and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (collectively, the "Act"), for the purposes of (i) paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); [(ii) funding a reserve account for the Bonds]; and (iii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act and a Bond Ordinance duly passed by the Issuer on September 6, 2011, effective September 19, 2011, as supplemented by a Supplemental Resolution duly adopted by the Issuer on December 5, 2011 (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 organized 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 the DEP and cannot be amended so as to affect adversely the rights of the Authority or the DEP or diminish the obligations of the Issuer without the written consent of the Authority and the DEP.

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 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, 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, if any, 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, if any, from the gross income of the owners thereof for federal income tax purposes or other federal tax consequences arising with respect to the Bonds.

8. 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 City of Charleston
West Virginia Department of Environmental Protection
West Virginia Water Development Authority
December 13, 2011
Page 4

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.

9. 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 DEP, 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 charges, including, without limitation, the enactment of an ordinance prescribing such rates and charges.

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

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 dark ink, appearing to read "Jack Kelly" followed by a stylized monogram or set of initials.



OFFICE OF THE CITY ATTORNEY

City of Charleston | P.O. Box 2749, Charleston WV 25330 | 304-348-8031
Writer's Fax: 304-348-0770 | Writer's email: paul.ellis@cityofcharleston.org

Paul D. Ellis
City Attorney of Charleston

December 13, 2011

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

West Virginia Department of Environmental Protection
1560 Kanawha Boulevard, East
Charleston, WV 25311

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 2011 A
(West Virginia CWSRF Program)

Ladies and Gentlemen:

I am City Attorney for The City of Charleston in Kanawha County, West Virginia (the "Issuer"). As such City Attorney, I have examined copies of the approving opinion of Jackson Kelly PLLC, as bond counsel, relating to the above-captioned bonds of the Issuer (the "Bonds"), a loan agreement for the Bonds, dated December 13, 2011, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"), a Bond Ordinance duly passed by the Issuer on August 6, 2011, effective August 19, 2011, as supplemented by a Supplemental Resolution duly adopted by the Issuer on December 5, 2011 (collectively, the "Ordinance"), a Petition of the Sanitary Board duly adopted on April 7, 2011, 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.

I am of the opinion that:

1. The Issuer is a duly organized 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.

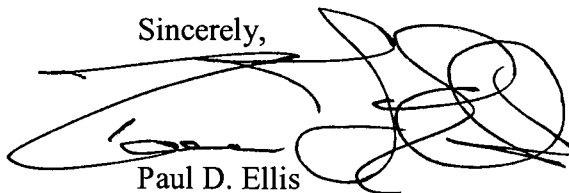
2. The Loan Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the DEP and the Authority, constitutes a valid and binding agreement of the Issuer, enforceable in accordance with its terms.

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.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Paul D. Ellis", is written over a horizontal line. The signature is stylized with loops and flourishes.

Paul D. Ellis
City Attorney of Charleston



SPILMAN THOMAS & BATTLE, PLLC

ATTORNEYS AT LAW

December 13, 2011

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

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

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 2011 A
(West Virginia CWSRF Program)

Ladies and Gentlemen:

We are special counsel to the City of Charleston, West Virginia (the "Issuer") and its Sanitary Board in connection with certain matters before the Public Service Commission of West Virginia (the "PSC") and for the imposition of rates and charges. As such special counsel, we are of the opinion that:

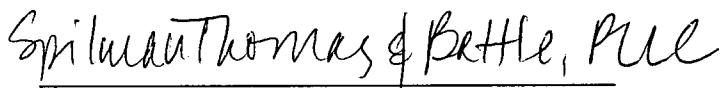
The Issuer has received the Recommended Decision of the Administrative Law Judge entered on February 17, 2011, Final as of March 9, 2011, in Case No. 10-1732-S-CN, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the PSC order has expired without any appeal. The order remains in full force and effect.

The Issuer duly enacted a sewer rate ordinance on February 19, 2008, setting forth the rates and charges for the services of the System. The Issuer has complied with all requirements of State law and the PSC to make the rates valid and effective. The time for appeal of such rate ordinance expired and there was no appeal thereof. The rates are in full force and effect.

The City of Charleston
West Virginia Department of Environmental Protection
West Virginia Water Development Authority
Jackson Kelly PLLC
December 13, 2011
Page 2

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

Sincerely,


SPILMAN THOMAS & BATTLE, PLLC

cc: Larry Roller
3257600



SPILMAN THOMAS & BATTLE, PLLC

ATTORNEYS AT LAW

December 13, 2011

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

West Virginia Department of Environmental Protection
Division of Water & Waste Management
State Revolving Fund Program
601 57th Street
Charleston, WV 25304

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
Kanawha Two Mile Sewer System Project
Sewerage System Revenue Bonds, Series 2011 A
(West Virginia CWSRF Program)

Ladies and Gentlemen:

This Firm represents the City of Charleston and its Sanitary Board ("Sanitary Board") in connection with a proposed project to construct the Kanawha Two Mile sewer system improvements project (the "Project"), and provides this final title opinion on behalf of the City of Charleston and the Sanitary Board to satisfy the requirements of the West Virginia Department of Environmental Protection (the "DEP") and the West Virginia Clean Water Revolving Loan Fund Program (the "Program") with regard to the financing proposed for the Project. Please be advised of the following:

1. That we are of the opinion that the City of Charleston is a duly created and existing municipal/public corporation possessed with all the powers and authority granted to municipal/public corporations under the laws of the State of West Virginia and through its Sanitary Board has the full power and authority to construct, operate and maintain the Project as approved by the Department of Environmental Protection.

The City of Charleston, et. al.
December 13, 2011
Page 2

2. That the City of Charleston or the Sanitary Board has obtained all necessary permits and approvals for the construction of the Project. In rendering this opinion, we have relied solely on representations concerning construction permits and approvals made to us by Burgess & Niple, the consulting engineer for the Project (“Burgess & Niple”).

3. That we have investigated and ascertained the location of and are familiar with the legal description of the easements and/or rights of way required for the Project as set forth in the plans for the Project prepared by Burgess & Niple. In rendering this opinion, we have relied solely on the plans for the Project, as amended from time to time, prepared by Burgess & Niple (the “Plans”), and on lists of the necessary easements and/or rights of way prepared by Burgess & Niple.

4. That we have examined the records on file in the Office of the Clerk of the County Commission of Kanawha County, West Virginia, the county in which the Project is to be located, and, in our opinion, the City of Charleston or the Sanitary Board has acquired legal title or such other estate or interest in the easements and/or rights-of-way necessary for the Project, which Burgess & Niple advised were necessary to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the facilities to be constructed, excepted and subject to the following.

The following listed properties are being acquired by eminent domain and the necessary filings have been made in the Office of the Clerk of the County Commission of Kanawha, West Virginia to permit the City of Charleston a right-of-entry on the subject properties for the purpose of construction, operation, maintenance, rehabilitation, and removal of the subject facilities. The City of Charleston’s title thereto is defeasible in the event the City of Charleston does not satisfy any resulting judgment and/or award in the proceedings for acquisition of permanent easement and/or temporary easements on said properties, and our certification is subject to the pending litigation.

11-MISC-548 Donald Ray Anderson Jr. et. al. (NC91/parcel 201)	Order Granting Petitioner Immediate Right of Entry, Possession, and Use – November 28, 2011
11-MISC-541 David Burdette (NC27/parcel 104)	Order Granting Petitioner Immediate Right of Entry, Possession, and Use – November 28, 2011
11-MISC-551 Unknown Heirs of D.K. Casto (WC1/parcel 11)	Order Granting Petitioner Immediate Right of Entry, Possession, and Use – November 29, 2011
11-MISC-561 Kathern Casto (NC23/parcel 4.6)	Order Granting Petitioner Immediate Right of Entry, Possession, and Use – November 29, 2011
11-MISC-552 Charleston Welding Co. LLC (WC1/parcel 101)	Order Granting Petitioner Immediate Right of Entry, Possession, and Use – December 1, 2011

The City of Charleston, et. al.
December 13, 2011
Page 3

11-MISC-546 George R. Counts, Jr. (NC91/parcel 242)	Order Granting Petitioner Immediate Right of Entry, Possession, and Use – November 23, 2011
11-MISC-532 James R. and Juanita G. Cunningham (NC19/parcel 13)	Order Granting Petitioner Immediate Right of Entry, Possession, and Use – November 17, 2011
11-MISC-558 John Dorsey (NC91/parcels 111 and 112)	Order Granting Petitioner Immediate Right of Entry, Possession, and Use – November 30, 2011
11-MISC-462 Leonard Fields (NC90/parcel 178)	Order Granting Petitioner Immediate Right of Entry, Possession, and Use – October 17, 2011
11-MISC-527 Steven and Karen Fisher (NC23/parcel 4.5)	Order Granting Petitioner Immediate Right of Entry, Possession, and Use – November 21, 2011 (Amended Order November 30, 2011)
11-MISC-554 Brian Foster, et.al. (NC23/parcel 4.2)	Order Granting Petitioner Immediate Right of Entry, Possession, and Use – November 30, 2011
11-MISC-445 Unknown Heirs of Orletta Harper (NC16/parcel 34)	Order Granting Petitioner Immediate Right of Entry, Possession, and Use – October 7, 2011
11-MISC-573 Eunice Haynes (NC16/parcel 85)	Order Granting Petitioner Immediate Right of Entry, Possession and Use - December 2, 2011
11-MISC-408 Jay D. Hughart (NC23/parcel 4.8)	Order Granting Petitioner Immediate Right of Entry - September 14, 2011 (Amending Order - November 10, 2011)
11-MISC-409 Walter and Drema Hughart (NC 23/parcels 4 and 4.1)	Order Granting Petitioner Immediate Right of Entry, Possession and Use - September 14, 2011
11-MISC-556 Walter D. and Drema F. Hughart (NC23/parcel 5)	Order Granting Petitioner Immediate Right of Entry, Possession and Use -November 29, 2011
11-MISC-560 Indore Baptist Church (NC21/parcel 124)	Order Granting Petitioner Immediate Right of Entry, Possession and Use - December 1, 2011
11-MISC-543 Reuben Johnson (NC27/parcel 103)	Order Granting Petitioner Immediate Right of Entry, Possession and Use - November 22, 2011
11-MISC-529 Travis R. Jordan (NC19/parcel 12)	Order Granting Petitioner Immediate Right of Entry, Possession and Use - November 17, 2011
11-MISC-495 Brailford Keeton (NC90/parcel 202)	Order Granting Petitioner Immediate Right of Entry, Possession and Use - October 28, 2011
11-MISC-553 L.T. and Aretta Kelley (NC28/parcel 34)	Order Granting Petitioner Immediate Right of Entry, Possession and Use - November 29, 2011
11-MISC-568 L.T. and Aretta Kelley, Alvin L. Engelke, and H3LLC (NC83/parcel 92)	Order Granting Petitioner Immediate Right of Entry, Possession and Use - November 30, 2011
11-MISC-578 William T. Lively, Jr. Revocable Trust (WC/parcels 121 and 124)	Order Granting Petitioner Immediate Right of Entry, Possession and Use - December 5, 2011
11-MISC-562 Joe E. and Tamrya L. Martin (WC9/parcels 8 and 9)	Order Granting Petitioner Immediate Right of Entry, Possession and Use - November 30, 2011
11-MISC-461 Joseph M. Mason (NC21/parcels 118 and 119)	Order Granting Petitioner Immediate Right of Entry, Possession and Use - November 9, 2011

The City of Charleston, et. al.
December 13, 2011
Page 4

11-MISC-580 Algernon E. Monroe II, Shunn N. Monroe a/k/a Shaunn N. Monroe, and Unknown Heirs of Algernon E. Monroe, Jr. (NC18/parcel 3)	Order Granting Petitioner Immediate Right of Entry, Possession and Use - December 5, 2011
11-MISC-531 Pamela M. and Hershel R. Murphy (NC90/parcel 173)	Order Granting Petitioner Immediate Right of Entry, Possession and Use - November 17, 2011
11-MISC-569 NAJ LLC (WC4/parcel 125, NC90/parcel 4, NC90/parcel 175)	Order Granting Petitioner Immediate Right of Entry, Possession and Use – December 2, 2011
11-MISC-566 P&J Real Estate LLC (NC28/parcel 29)	Order Granting Petitioner Immediate Right of Entry, Possession and Use – December 2, 2011
11-MISC-577 Unknown Heirs of Pearl Reveal (NC28/parcel 28)	Order Granting Petitioner Immediate Right of Entry, Possession and Use - December 1, 2011
11-MISC-559 Guy Rhodes (NC27/parcel 123)	Order Granting Petitioner Immediate Right of Entry, Possession and Use - November 30, 2011
11-MISC-539 Samuel C. Rivers or Unknown Heirs of Samuel C. Rivers (WC4/parcel 13)	Order Granting Petitioner Immediate Right of Entry, Possession and Use - November 22, 2011
11-MISC-572 Rodel Properties LLC (NC28/parcel 30)	Order Granting Petitioner Immediate Right of Entry, Possession and Use – December 1, 2011
11-MISC-582 John L. and Barbara Summers (NC12/parcel 36)	Order Granting Petitioner Immediate Right of Entry, Possession and Use - December 5, 2011
11-MISC-574 Jodi and Debra Ann Taylor (NC91/parcel 228)	Order Granting Petitioner Immediate Right of Entry, Possession and Use – December 2, 2011
11-MISC-583 Unknown Heirs of Helen J. Thomas (WC1/parcels 121 and 122)	Order Granting Petitioner Immediate Right of Entry, Possession and Use – December 2, 2011
11-MISC-494 Richard H. and Suzette D. Vinyard (NC24/parcel 21)	Order Granting Petitioner Immediate Right of Entry, Possession and Use - October 28, 2011
11-MISC-530 Edward G. and Patricia M. Walker (NC19/parcels 10 and 11)	Order Granting Petitioner Immediate Right of Entry, Possession and Use - November 22, 2011
11-MISC-547 Shawnetta A. Whittington (NC91/parcel 200 & NC92/parcel 47.2)	Order Granting Petitioner Immediate Right of Entry, Possession and Use - November 28, 2011
11-MISC-528 Charles W. and Karen J. Wickline (NC23/parcel 4.3)	Order Granting Petitioner Immediate Right of Entry, Possession and Use - November 18, 2011
11-MISC-579 Gary K. Young and Mark A. Young (NC28/parcel 17)	Order Granting Petitioner Immediate Right of Entry, Possession and Use – December 2, 2011

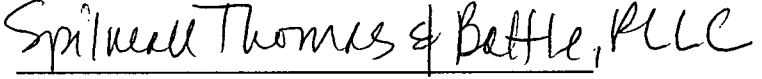
The City of Charleston, et. al.
December 13, 2011
Page 5

5. That any deeds or other documents requiring record notice which have been acquired to date by the City of Charleston or the Sanitary Board have been duly recorded in the aforesaid Clerk's office in order to protect the legal title to and interest of the City of Charleston.

6. This final title opinion is based upon a limited search of and relies on the correctness and accuracy of the records, indices of records and recitals of the records in the aforesaid Clerk's office and the Office of the Assessor of Kanawha County. This opinion is subject to any facts, rights, interests, or claims which are not shown by the records contained in the aforesaid Clerk's office or Assessor's office and any discrepancies, conflicts and inaccuracies in boundary lines, errors in acreage, encroachments, or any other facts which a correct and accurate survey of the subject properties would disclose. This opinion is further subject to the accuracy of the information provided to us by Burgess & Niple, including but not limited to, the list of easements to be acquired for the Project.

This opinion is rendered only for the benefit of the addressees and may not be relied upon by any other party without our prior written consent. No attorney-client privilege is waived or intended to be waived by this opinion. If you have any questions regarding any of the information contained in this opinion, please contact this office.

Sincerely,


SPILMAN THOMAS & BATTLE, PLLC

cc: Larry Roller
3257645



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www.jacksonkelly.com

4.5

December 13, 2011

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

West Virginia Department of Environmental Protection
1560 Kanawha Boulevard, East
Charleston, WV 25311

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

Re: The City of Charleston
Sewerage System Revenue Bonds, Series 2011 A
(West Virginia CWSRF Program)

Ladies and Gentlemen:

We have served as counsel to The City of Charleston (the “Issuer”), a municipal corporation, in connection with the issuance of its Sewerage System Revenue Bonds, Series 2011 A (West Virginia CWSRF Program), 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 December 13, 2011, including all schedules and exhibits attached thereto (the “Loan Agreement”), by and among the Issuer, the West Virginia Water Development Authority (the “Authority”) and the West Virginia Department of Environmental Protection (the “DEP”), and (ii) the Bonds to be purchased by the Authority in accordance with the provisions of the Loan Agreement. We have also examined the applicable provisions of the Act and a Bond Ordinance duly passed by the Issuer on September 6, 2011, effective September 19, 2011, as supplemented by a Supplemental Resolution duly adopted by the Issuer on December 5, 2011 (collectively, the “Ordinance”), pursuant to and under which Act and Ordinance the Bonds are authorized and

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The City of Charleston
West Virginia Department of Environmental Protection
West Virginia Water Development Authority
December 13, 2011
Page 2

issued, and the Loan 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 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. 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. Based upon our review of the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project, we are of the opinion that such surety bonds and policies: (1) are in compliance with the contracts as proposed to be modified by Change Orders No.1 in the case of Combined Contracts 10-7 and 10-9 and Contract 10-8 and Change Order No. 2 in the case of Contract 10-6, Combined Contracts 10-7 and 10-9; (2) are adequate in form, substance and amount to protect the various interest of the Issuer; (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.

2. The contracts contain language requiring the contractors to provide affidavits from all contractors and subcontractors indicating that each contractor and subcontractor have a drug free workplace policy pursuant to Chapter 21, Article 1D of the West Virginia Code of 1931, as amended. The contractor has submitted a plan to implement the drug free workplace policy prior to the awarding of the contract pursuant to Chapter 21, Article 1D of the West Virginia Code of 1931, as amended.

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

Very truly yours,

Jackson Kelley, PLLC