

THE CITY OF CHARLESTON, WEST VIRGINIA

\$1,912,194

SEWER REVENUE BONDS, SERIES 1989

\$283,458

SUPPLEMENTAL SEWER REVENUE BONDS,
SERIES 1989

Closing: March 21, 1989

*Passed
June 15, 1952*

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to
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AN ORDINANCE PLACING THE CUSTODY, OPERATION, MAINTENANCE, SUPERVISION AND CONTROL OF THE SEWER SYSTEM OF THE CITY OF CHARLESTON, AND ALL BETTERMENTS THEREOF AND EXTENSIONS THERETO, IN THE SANITARY BOARD OF THE CITY OF CHARLESTON; AUTHORIZING THE CONSTRUCTION AND ACQUISITION OF CERTAIN ADDITIONS, EXTENSIONS AND IMPROVEMENTS TO SAID SYSTEM; PROVIDING FOR THE FINANCING OF SUCH ADDITIONS, EXTENSIONS AND IMPROVEMENTS BY THE ISSUANCE OF REVENUE BONDS; PROVIDING FOR THE ESTABLISHMENT AND COLLECTION OF RATES OR CHARGES FOR THE USE OF SAID SYSTEM AND WORKS AND FOR THE SERVICE RENDERED THEREBY AND FOR THE APPLICATION OF THE PROCEEDS OF SUCH RATES OR CHARGES TO THE OPERATION, REPAIR, REPLACEMENT AND MAINTENANCE OF SUCH SYSTEM AND WORKS AND TO A SINKING FUND FOR THE PAYMENT OF SAID REVENUE BONDS AND THE INTEREST THEREON, ALL AS PROVIDED BY CHAPTER 25 OF THE ACTS OF THE LEGISLATURE OF WEST VIRGINIA, EXTRAORDINARY SESSION OF 1933, AS AMENDED.

PREAMBLE

WHEREAS, for a number of years it has been realized by the council of The City of Charleston, the State Department of Health, the State Water Commission and by citizens generally, that the system of sewage collection and disposal in and about The City of Charleston has been and is inadequate and a menace to public health; and

WHEREAS, various investigations and recommendations have been made from time to time by representatives of the State Department of Health and of the State Water Commission relating to said problem and the correction thereof; and

WHEREAS, by direction and authority of the council of The City of Charleston the necessary preliminary work has been done looking toward the correction of the present inadequate and dangerous sewage disposal system; and

WHEREAS, by order entered on the 10th day of July, 1950, the State Water Commission of West Virginia ordered The City of Charleston to cease and desist from polluting the Kanawha and Elk Rivers, and to install, use and operate a system of sewage disposal which will reduce said stream pollution to an acceptable minimum; and

WHEREAS, there has been submitted to the State Water Commission for its consideration and approval a plan and statement describing the system and means proposed to be acquired, constructed, used and operated to comply with the said order of said commission and to collect, treat and dispose of the sewage and wastes of The City of Charleston and certain nearby areas, all within ten (10) miles of the corporate limits of said city, as hereinafter more fully shown, which plan and statement was approved by the State Water Commission by order entered on the 4th day of April, 1952; and

WHEREAS, there have been filed with the State Department of Health plans and specifications for said proposed plan for the collection, treatment and disposal of sewage and wastes of The City of Charleston and of said certain nearby areas, which plans and specifications were approved by the Director of Health by writing bearing date the 25th day of March, 1952, on file with the State Department of Health; and

WHEREAS, The Sanitary Board of The City of Charleston (hereinafter sometimes referred to as "the Board") has filed its petition with the council of The City of Charleston petitioning the council to enact an ordinance: (a) placing the custody,

administration and control of the present sewer system of the city and all additions thereto in said Board; (b) authorizing the Board to proceed at this time with the construction or acquisition of additions, extensions and improvements to said existing sewer system which it is estimated by J. E. Settle, the engineer chosen by the Board, will cost approximately One Million Five Hundred Thousand Dollars (\$1,500,000); (c) providing for the issuance of revenue bonds, the proceeds thereof to be applied to the cost of said works; and (d) providing for the operation, repair, maintenance, supervision, administration and control of all such systems and works by the Board, all as provided by Chapter 25, Acts of the Legislature of West Virginia, Extraordinary Session of 1933, as amended; and

WHEREAS, said Board has filed with said petition a preliminary report prepared by J. E. Settle, a consulting engineer chosen by said Board, which preliminary report contains a general description of the works proposed to be acquired and constructed, the estimated cost thereof, and recommendations as to the amounts of revenue bonds to be issued, the times of issuance thereof and also as to the rates to be charged for the use of the works to be acquired and constructed;

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF CHARLESTON:

Section 1. DEFINITIONS. The following terms shall have the following meaning in this ordinance unless the text otherwise expressly requires a different meaning:

(a) "Board" shall mean The Sanitary Board of the City of Charleston, West Virginia, as created and appointed by ordinance adopted the 17th day of March, 1952, by the Council of the City of Charleston pursuant to the provisions of Chapter 25 of the Acts of the Legislature of West Virginia, Extraordinary Session of 1933, as amended, and shall include the membership of the Board as may hereafter be duly constituted as the legal successors to the present membership, or any other agency or department or instrumentality of said city which shall at any time have jurisdiction, possession or control of the sewer system, or the management and operation thereof.

(b) "City" shall mean the municipal corporation of The City of Charleston, West Virginia, which city for the purposes of this ordinance shall have jurisdiction for ten miles outside its corporate limits as presently defined or as may hereafter be defined.

(c) "Council" shall mean the Mayor and members of council, respectively, of The City of Charleston, West Virginia, as constituting the governing body of said city.

(d) "Act" shall mean Chapter 25 of the Acts of the Legislature of West Virginia, Extraordinary Session of 1933, as amended, or Article 13, Chapter 16, of the Code of West Virginia, as amended.

(e) "Sewer System" shall mean the complete existing sewer system and works now owned by The City of Charleston for the collection and/or treatment, purification and disposal of sewage, in its entirety or any integral part thereof, and shall include any extensions, betterments and improvements thereto as authorized by this ordinance, or hereafter constructed or acquired for said sewer system from any sources whatever, both within and without said city.

(f) "Cost of Works" shall include the cost of acquisition or construction of the sewer system as contemplated by this ordinance and by the description of the works to be constructed

as prepared by J. E. Settle, the consulting engineer; the cost of all property rights, easements and franchises deemed necessary or convenient therefor and for the improvements determined upon or hereafter determined upon as provided in this ordinance; interest upon bonds prior to and during construction or of acquisition of the improvements last mentioned; engineering and legal expenses; expense for estimates of cost and of revenue; expenses for plans, specifications and surveys, including the repayment of any amounts theretofore advanced for such purposes; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense, including the cost of creation and organization of the Board, and such other expenses as may be necessary or incident to the financing herein authorized and the construction or acquisition of the sewer system and the placing of the sewer system in operation and the performance of the things required or permitted by the act or other pertinent statutory requirements in connection with the sewer system.

(g) "Bonds" shall mean the sewer revenue bonds of The City of Charleston authorized to be issued pursuant to this ordinance and the interest coupons attached thereto; and shall also include any and all additional pari passu sewer revenue bonds authorized to be issued by this ordinance under the limitations and restrictions set forth in this ordinance and set forth in the act and the interest coupons attached to said additional bonds.

(h) "Holder of the Bonds" or "Holder of the Certificates" or "Bondholder" or any similar term shall mean any person who shall be the bearer or owner of any outstanding bond or bonds registered to bearer or not registered, or the registered owner of any outstanding bond or bonds which shall at the time be registered other than to the bearer or to any coupons representing interest accrued or to accrue on said bonds.

(i) "Revenues" or "Gross Revenues" shall mean all rates, charges, fees, rents or other income received by or accrued to the Board and the city, from the operation and management of the sewer system, and all parts thereof, all as calculated in accordance with sound accounting practice.

(j) "Operating Expenses" shall mean such reasonable current expenses, paid or accrued, of operation, repair and maintenance of said sewer system as are normally and regularly included under recognized accounting practices, including such administrative and supervisory expenses as relate solely to the operation and maintenance of said system and the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred.

(k) "Net Revenues" shall mean the balance of the gross revenues, as defined in subsection (i) above, remaining after deduction only of operating expenses, as defined in subsection (j) above.

(l) "Consulting Engineer" shall mean Settle Engineers, Consulting Engineers of Charleston, West Virginia, or some other independent and qualified engineer employed by the Sanitary Board of The City of Charleston.

(m) Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

Section 2. CONTROL OF SEWER SYSTEM IN SANITARY BOARD.
On and after the first day of July, 1952, the custody, administration, operation and maintenance of all sewers constituting the sewer system of The City of Charleston, both within and without

the corporate limits thereof, the acquisition and construction of all new or additional works, the improvement, equipment, custody, operation and maintenance of all such works, and the collection and expenditure of all revenues for the use of such system and the service rendered thereby, shall be under the supervision and control of The Sanitary Board of The City of Charleston. Until such time, not later than December 31, 1952, unless extended by the council, as the revenues from the rates and charges for the use of said sewer system hereinafter authorized and provided shall be sufficient for the purpose, the reasonable expense of operation, maintenance and repair of said system shall be paid from other funds of The City of Charleston, to the extent that such funds are legally available for such purposes.

Section 3. CONSTRUCTION OF WORKS ORDERED. In order to provide a sewer system for The City of Charleston, and certain nearby areas, adequate to collect and dispose of the sewage and other wastes of said areas in a sanitary manner, and by such provisions to prevent the pollution of Kanawha and Elk Rivers in the city and in said nearby areas, the Board shall proceed at once with the construction and acquisition of intercepting and sanitary sewers, reconstruction of existing sewers, for the first units of the sewer system shown under "Time Schedule" in the said "Preliminary Report J. E. Settle," and the facilities and appurtenances incident thereto.

Section 4. SEWER REVENUE BONDS AUTHORIZED. For the purpose of providing funds to be applied solely to the cost of said system hereby directed to be constructed and acquired, the appurtenant sinking fund and the repayment to The City of Charleston of all amounts advanced by it for preliminary expenses, all as provided in said statute, revenue bonds in the principal amount of One Million Five Hundred Thousand Dollars (\$1,500,000) are hereby authorized to be issued, to bear date July 1, 1952, and to be substantially in the form hereinafter set forth.

The principal and interest of all bonds hereby authorized shall be payable solely from the special fund herein provided for such payment. Each of said bonds shall be in the denomination of One Thousand Dollars (\$1,000.00) each, and said bonds shall be numbered consecutively from 1 to 1500, inclusive.

Said bonds shall bear interest from their date at the rate of three (3) per cent per annum payable semi-annually and each bond shall carry interest coupons payable at consecutive intervals of six months from date of issue. Principal and interest shall be payable in any coin or currency which on the date of payment is legal tender for the payment of public and private debts under the laws of the United States of America.

The bonds so issued hereunder shall mature serially in numerical order, lowest numbers first, on the first day of July of each year, as follows:

1955	\$30,000	1971	\$45,000
1956	30,000	1972	45,000
1957	30,000	1973	45,000
1958	30,000	1974	45,000
1959	30,000	1975	50,000
1960	30,000	1976	50,000
1961	30,000	1977	50,000
1962	30,000	1978	60,000
1963	35,000	1979	60,000
1964	35,000	1980	60,000
1965	35,000	1981	65,000
1966	40,000	1982	65,000
1967	40,000	1983	65,000
1968	40,000	1984	80,000
1969	45,000	1985	80,000
1970	45,000	1986	80,000

Bonds maturing in the year 1959 and thereafter shall be callable prior to maturity at the option of The City of Charleston, to be exercised by said Board, in whole or in part, in inverse numerical order if less than all, on July 1, 1958, or on any interest date thereafter, at the price of

102 per centum of the par value thereof during the years 1958 to 1962, inclusive;

101-1/2 per centum of the par value thereof during the years 1963 to 1967, inclusive;

101 per centum of the par value thereof during the years 1968 to 1972, inclusive;

100-1/2 per centum of the par value thereof during the years 1973 to 1977, inclusive;

and thereafter at the par value thereof and accrued interest to the date of redemption, provided, however, that a notice of such intended redemption shall have been published at least once not less than thirty days prior to the date of redemption in a financial paper published in the City of New York.

Each and every of said bonds hereby authorized shall rank equally with all others with respect to their lien on the revenues of said sewer system and shall be secured and be payable both as to principal and interest from said revenues without preference or distinction of any kind between them by reason of priority of issuance or otherwise.

All bonds duly called for redemption, and for the payment of which funds are provided on the redemption date, will cease to bear interest therefrom.

All bonds shall be payable to bearer, unless registered as herein provided, and all bonds shall be payable at the offices of the State Sinking Fund Commission of the State of West Virginia through The Kanawha Valley Bank in The City of Charleston in said state, or, at the option of the holder, at the Chemical Bank and Trust Company, New York, New York.

Bonds shall be signed by the Mayor and attested by the City Clerk of The City of Charleston and shall be sealed with its corporate seal, and the interest coupons shall be executed with the facsimile signatures of the Mayor and City Clerk, and said officials by the execution of said bonds shall adopt as and for their own proper signatures their respective facsimile signatures on said coupons. All of said bonds shall contain a statement on their face that The City of Charleston shall not be obligated to pay the same or the interest thereon except from the special fund provided from the net revenues of the system set aside and pledged to said fund, as hereinafter provided.

Section 5. REGISTRATION OF BONDS. Upon presentation at the office of the Treasurer of the State of West Virginia of any of the bonds issued under the authority of this ordinance, the same may be registered as to principal in the name of the owner on the books in his office, such registration to be noted on the reverse side of the bonds by said Treasurer, and thereafter the principal of such registered bonds shall be payable only to the registered holder, his legal representative or assigns. Such registered bonds shall be transferable to another registered holder, or back to bearer, only upon presentation to said Treasurer with a legal assignment duly acknowledged or proved. Registration of any such bonds shall not affect the negotiability of the coupons thereto attached, but such coupons shall be transferable merely by delivery.

Section 6. FORM OF BONDS. The bonds, coupons and provisions for registration issued under authority of this ordinance shall be substantially in the following form:

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF KANAWHA
CITY OF CHARLESTON

THE CITY OF CHARLESTON SEWER REVENUE BOND

\$1,000.00

No. _____

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF CHARLESTON, a municipal corporation, organized and existing under the laws of the State of West Virginia, for value received, hereby promises to pay, solely from the special fund provided therefor, as hereinafter set forth, to the bearer or, if this bond be registered as to principal, to the registered holder thereof, on the first day of _____, 19____, the sum of One Thousand Dollars (\$1,000.00) and solely from such special fund also to pay interest on said sum from the date hereof at the rate of three (3) per cent per annum semi-annually, on the first day of July and the first day of January in each year, except as the provisions hereinafter set forth as to redemption may become applicable hereto, all such interest as may accrue on and prior to the maturity date hereof to be payable only upon presentation and surrender of the annexed coupons as they severally become due, both principal of, and interest on, this bond being payable in any coin or currency which, on the respective dates of payment of principal and interest, 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 State Sinking Fund Commission, Charleston, West Virginia, through The Kanawha Valley Bank in said city, or at the option of the holder at the Chemical Bank & Trust Company, New York, New York.

This bond is issued pursuant to ordinance duly enacted by the council of said city for the purpose of defraying the cost of construction and acquisition of additions and betterments to the sewer system of The City of Charleston, under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 25 of the Acts of the Legislature of West Virginia, Extraordinary Session of 1933, as amended, and this bond is subject to all the terms and conditions of said ordinance, Constitution and statutes.

Bonds maturing in the year 1958 and prior thereto shall not be callable prior to their stated dates of maturity. Bonds maturing in the year 1959 and thereafter shall be callable prior to maturity at the option of The City of Charleston, to be exercised by said Board, in whole or in part, in inverse numerical order if less than all, on July 1, 1958, or on any interest date thereafter, at the price of

- | | |
|---------|---|
| 102 | per centum of the par value thereof during the years 1958 to 1962, inclusive; |
| 101-1/2 | per centum of the par value thereof during the years 1963 to 1967, inclusive; |
| 101 | per centum of the par value thereof during the years 1968 to 1972, inclusive; |
| 100-1/2 | per centum of the par value thereof during the years 1973 to 1977, inclusive; |

and thereafter at the par value thereof and accrued interest to the date of redemption, provided, however, that a notice of such intended redemption shall have been published at least once not less than thirty days prior to the date of redemption in a financial paper published in the City of New York. Interest shall cease upon this bond after the redemption date if it shall be duly called for redemption and payment thereof duly provided for.

This bond and all other bonds authorized by said ordinance are payable only from and secured by the net revenues to be derived from the operation of the sewer system of the city in the custody and under the control of The Sanitary Board of The City of Charleston, which net revenues shall be sufficient to pay the principal of, and interest on, all bonds which may be issued for the construction, acquisition, extension or betterment of such system as and when the same become due and payable, 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 of Charleston within the meaning of any constitutional or statutory provisions or limitations, nor shall said city be obligated to pay the same or the interest thereon except from said special fund provided from the net revenues from the operation of said sewer system. By ordinance authorizing the issuance of this bond The City of Charleston has covenanted and agreed to establish and maintain just and equitable rates or charges for the use of such system and the service rendered thereby, and from the net revenues remaining from the proceeds of such rates and charges after the payment of the reasonable expense of operation, repair and maintenance of said system, to set aside and pledge, and to pay into a sinking fund therefor, amounts sufficient to pay (a) the interest upon all such revenue bonds as such interest shall fall due; (b) the necessary fiscal agency charges for paying bonds and interest; (c) the principal amount of the bonds at or before their respective maturities; (d) a margin of safety or reserve for said bonds as provided in said ordinance. Such required payments shall constitute a first charge upon all the net revenues of said system.

This bond is one of an issue of One Million Five Hundred Thousand Dollars (\$1,500,000), par value, but additional pari passu bonds may be issued upon compliance with certain terms and conditions more fully set forth in the ordinance under which this bond is issued, for the terms of which reference is here made to said ordinance.

This bond is fully negotiable but may be registered as to principal only in the name of the holder on the books in the office of the Treasurer of the State of West Virginia, at Charleston, West Virginia, such registration to be evidenced by notation on the back hereof by the Treasurer, after which no transfer shall be valid unless made on said books and similarly noted hereon, but it may be discharged from said registration by being transferred to bearer, after which it shall be transferable by delivery, but it may be registered again as before. The registration of this bond as to principal shall not restrain the negotiability of the coupons by delivery merely.

This bond shall be exempt from all taxation by the State of West Virginia and any county or municipality therein.

All moneys received from the sale of this bond and other bonds issued pursuant to the ordinance authorizing the same, after reimbursement and repayment of all amounts

advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the cost of the works, extensions, improvements or betterments, or to the appurtenant sinking fund and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the holder or holders of said bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this bond, have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this bond, together with all other obligations of said 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 sewer system of said city has been pledged to and will be set aside into said special fund by said city for the prompt payment of the principal of and interest on this bond and the issue of which it is one.

All provisions of the ordinance 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 said The City of Charleston has caused this bond to be signed by its Mayor, attested by its City Clerk and its corporate seal to be hereunto affixed, and the coupons hereto attached to be executed with the facsimile signatures of said Mayor and City Clerk, which officials by the execution of this bond do adopt as their own proper signatures their facsimile signatures appearing on said coupons, and this bond to be dated as of the first day of _____, 195_____.

Mayor

Attest:

City Clerk

(Form of Coupon)

No. _____

\$ _____

On the _____ day of _____, 19____, unless the bond hereinafter mentioned shall have been duly called for prior redemption and payment of the redemption price has been duly made as provided for, The City of Charleston, West Virginia, will pay to bearer upon presentation of and surrender of this coupon the sum of _____ Dollars (\$ _____), out of the special fund provided therefor, at the office of the State Sinking Fund Commission through The Kanawha Valley Bank, Charleston, West Virginia, or at the Chemical Bank & Trust Company in the City of New York, New York, at the option of the holder hereof, as provided in, and for inter-

est then due on, the Sewer Revenue Bond to which this coupon is attached, said payment to be made in any coin or currency which on said date of payment is legal tender for the payment of public and private debts under the laws of the United States of America.

Attest:

Mayor

City Clerk

(No writing on this bond except by the Treasurer of the State of West Virginia as Registrar)

<u>Date of</u> <u>Registration</u>	<u>In Whose Name</u> <u>Registered</u>	<u>Signature of</u> <u>Registrar</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

Section 7. BONDS MUTILATED, DESTROYED OR LOST. In case any bond shall become mutilated or be destroyed, stolen or lost, the city may in its discretion issue and deliver a new bond with all unmatured coupons attached, of like tenor as the bond and attached coupons, if any, so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated bond, upon surrender and cancellation of such mutilated bond and attached coupons, if any, or in lieu of and substitution for the bond and attached coupons, if any, destroyed, stolen or lost, and upon the holder furnishing the city proof of his ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the city may prescribe and paying such expense as the city may incur. All bonds and coupons so surrendered shall be cancelled by the City Clerk and held for the account of the city. If any such bond or coupon shall have matured or be about to mature, instead of issuing a substituted bond or coupon, the city may pay the same, upon being indemnified as aforesaid, and, if such bond or coupon be lost, stolen or destroyed, without surrender thereof.

Any such duplicate bonds and coupons issued pursuant to this section shall constitute an original, additional revenue bond, whether or not the lost, stolen or destroyed bonds or coupons be at any time found by anyone, and such duplicate bonds and coupons shall be entitled to equal proportionate benefits with all other bonds and coupons issued hereunder.

Section 8. SEWER REVENUE FUND. The gross revenues derived from the operation of said sewer system, as defined herein, shall be deposited by the Board in a special fund in a bank or banks in the City of Charleston, West Virginia, qualified under the Federal Reserve System, which fund is hereby designated as the "sewer revenue fund," and shall constitute a trust fund for, and be used only for, the purposes provided in this ordinance.

Section 9. DISPOSITION OF REVENUES.

A. Operating Expenses and Pledge of Net Revenues

All revenues at any time remaining on deposit in the sewer revenue fund shall first be used by the Board for the pay-

ment of all operating expenses of the sewer system, as defined in Section 1 (j) hereof, and the Board shall next from the funds then remaining on deposit in the sewer revenue fund set aside from said fund (or from transfers from the Construction Trust Fund to the extent necessary until six months after the completion of the construction of said sewer system), and does hereby irrevocably so pledge, a sufficient amount of the net revenues of the system, as defined herein, for sinking fund requirements and payments as hereinafter provided.

B. Sinking Fund

There is hereby created a special fund, hereinafter sometimes referred to as the "sinking fund," to be remitted to and administered by the State Sinking Fund Commission of West Virginia, for the payment of the bonds and the interest thereon and the payment of the charges of banks or trust companies for making payment of such bonds or interest, and there shall be set aside and paid into said sinking fund, and there is hereby pledged a sufficient amount of the net revenues of the system for: (1) the payment of interest upon all bonds which may be issued pursuant to this ordinance for the acquisition, construction, extension or betterment of said system as such interest shall fall due; (2) the payment of necessary fiscal agency charges for paying bonds and interest; and (3) the payment of the principal amount of the bonds at their respective maturities.

C. Reserve Account

Thereafter from the revenues remaining in the said sewer revenue fund payment shall be made of a margin of safety or reserve for deposit by the State Sinking Fund Commission in said sinking fund in a special account which is hereby designated as the "reserve account" for the payment of premiums upon bonds retired by call or purchase as herein provided, which margin of safety or reserve payable in each year shall be an amount equal to twenty per centum of all amounts so required to be paid for maturing principal and interest into said sinking fund in that year, excepting any amounts advanced from the Construction Trust Fund; provided, however, that no further payments need be made into said reserve account when there shall have been deposited therein, and there shall remain therein, an amount equal to the largest amount of principal and interest which will become due on the bonds in any succeeding year.

Such required payments into the said sinking fund shall constitute a first charge upon all the net revenues of the system, and said sinking fund shall be used only for the purposes herein provided.

The sums or amounts so set aside from the net revenues for payment to the State Sinking Fund Commission shall be remitted to said commission on the last day of each calendar month, except when that date shall be a Sunday or legal holiday, then such payment shall be made on the next succeeding day. Each of said monthly payments shall be so computed as to include approximately one-sixth of the amount necessary to pay the interest which will become due on the next interest payment date, and beginning June 30, 1954, one-twelfth of the principal on the bonds which will mature and become payable on the next succeeding date for the payment of principal, plus an equitable apportionment of the additional payments heretofore required to be made for the necessary fiscal agency charges and for the reserve account.

If for any reason the Board shall fail to make any payment required to be made into said sinking fund, as aforesaid, any sum then held as a reserve for contingencies shall be used for the

payment of any portion of the interest on, or principal of, said bonds as to which there would otherwise be a default, but such reserve shall be reimbursed therefor from the first available revenues in the sewer revenue fund after all prior required payments into the sinking fund have been duly made.

D. Renewal and Replacement Fund

Thereafter from the revenues remaining in said sewer revenue fund the Board shall next set apart and establish a fund to be known as the "renewal and replacement fund" and on the first day of December, 1955, and on the first day of December of each year thereafter in which there shall be any bonds outstanding, shall pay into such fund a sum not less than five per centum of the gross revenues derived during the preceding fiscal year from the operation of said sewer system, to be used only for the construction or acquisition of additions, extensions and improvements to, or renewals and replacements of capital assets of, said sewer system; provided, however, upon the certificate of the Board and the consulting engineer, as defined herein, that moneys in said fund are not needed for such purposes, then such moneys may be remitted to the sinking fund to be used for the redemption of the last maturing bonds then outstanding or the purchase thereof at prices not greater than the then redemption prices of such bonds.

E. Remaining Revenues

Thereafter the revenues remaining in the said sewer revenue fund shall be used as provided by law.

F. Permission to Invest

The Sinking Fund Commission of West Virginia, after strictly observing the requirements and directions of the disposition of revenues as hereinabove provided, may invest as provided by law these moneys in the reserve account and these moneys remitted by the Board which are not required or pledged for specific purposes as provided herein.

Section 10. RATES AND CHARGES FOR SEWER SERVICE.

There shall be established and maintained just and equitable rates or charges for the use of and the service rendered by the sewer system of the City of Charleston, to be paid by the owner of each and every lot, parcel of real estate or building that is connected with and uses the same by or through any part of said system, or that in any way uses or is served by such system. Such rates or charges shall be sufficient in each year for the payment of the proper and reasonable expense of operation, repair, replacement and maintenance of the system, and for the payment of the sums herein required to be paid into the sinking fund, provided, that no such rates or charges shall be established until after a public hearing, at which all the users of the system and owners of property served or to be served thereby and others interested shall have an opportunity to be heard concerning the proposed rates or charges. The proceeds or income from all charges and contracts for sewers and sewage service furnished within or without the corporate limits of The City of Charleston shall be included and accounted for as other income and revenue of said system.

Bills for rates or charges, if not paid when due, shall be a lien upon the premises served by such system, and if such rates or charges be not paid within thirty (30) days after due, the amount thereof, together with a penalty of ten per cent (10%) and a reasonable attorney's fee, may be recovered by the Board in a civil action in the name of The City of Charleston, and in connection with such

action said lien may be foreclosed against such lot, parcel of land or building, in accordance with the laws relating thereto.

Section 11. COVENANTS OF CITY. The City of Charleston by this ordinance covenants and agrees with the holder or holders of the bonds herein authorized to be issued, or any of them, that it will faithfully and punctually perform all duties with reference to said sewer system and to said bonds required by the Constitution and laws of the State of West Virginia, including the making and collecting of just and equitable rates for the services rendered by said system, and will segregate the revenues therefrom and make application thereof consistent with and as provided by this ordinance; and the city hereby irrevocably covenants that in no event will the said sewer system be sold, leased, mortgaged or in any manner disposed of as a whole before all of the bonds herein authorized to be issued and all additional pari passu bonds, including all interest due thereon, shall have been paid in full, or the proceeds to be derived from such sale, lease, mortgage or other disposition of said sewer system as a whole shall be sufficient to pay or redeem all outstanding bonds and interest thereon and such moneys shall be forwarded to the State Sinking Fund Commission for such purposes. This covenant, however, shall not be construed to prevent the city from disposing of any of the properties or facilities comprising a part of said sewer system which the city shall determine are no longer necessary or profitable in the operation of said sewer system; provided, however, that any and all proceeds from the sale, lease, mortgage or disposition of any of the properties or facilities of said sewer system, in the event any of such proceeds are not needed for replacements, shall be remitted to the State Sinking Fund Commission for deposit in the sinking fund and applied only to the redemption of bonds of the last maturity then outstanding, or to the purchase of bonds as provided herein.

The city further covenants and agrees with the holders of said bonds to maintain in good condition and continuously operate said system and appurtenances and to charge and collect such rates or charges for services rendered thereby so that the gross revenues will be sufficient at all times to provide for the payment of the operation, repair and maintenance of said system and leave net revenues remaining sufficient for the sinking fund requirements and all other payments as provided herein.

The city further covenants that it will require the owner of all premises within the city abutting on or reasonably accessible to said system to connect therewith and to use the facilities provided thereby, and that it will not permit the operation within the city of any sewer system or systems which will be in competition with the system described in this ordinance.

Section 12. RIGHTS OF BONDHOLDERS. Any holder of any bond issued pursuant hereto, or any of the coupons attached thereto, may either at law or in equity, by suit, action mandamus or other proceeding protect and enforce any and all rights granted under this ordinance, and may enforce and compel performance of all duties required by law or by this ordinance to be performed by The City of Charleston or by the Sanitary Board or by any officer thereof, including the making and collecting of reasonable and sufficient charges and rates for service rendered by the works. If there be any failure to pay the principal or interest of any of the bonds on the date named herein for such payment, or in the event of a failure by the Board to comply with the covenants contained in this ordinance in such manner as to materially affect the rights of any bondholder, any court having jurisdiction of the action may appoint a receiver to administer the works on behalf of the municipality and the bondholders, with power to charge and collect rates sufficient to provide for the payment of the expenses of operation, repair and maintenance and also to pay any bonds and

interest outstanding and to apply the revenues in conformity with this ordinance and the laws of West Virginia. The holders of not less than twenty per centum in aggregate principal amount of the bonds then outstanding may by instrument duly executed and filed in the office of the City Clerk of The City of Charleston appoint a trustee to represent such bondholders in the enforcement of any of the rights of such bondholders and the right to the appointment of such trustee for such purposes shall be limited to such percentage of bondholders.

Section 13. PROCEEDS OF BONDS. All moneys received from the sale of any or all of the bonds issued pursuant to this ordinance shall be deposited in The Kanawha Valley Bank, Charleston, West Virginia, in a trust fund which shall be known as the "Construction Trust Fund." The moneys in said fund shall be expended solely for the purposes provided in this ordinance under a Construction Trust Fund Agreement to be entered into hereinafter between the Sanitary Board and said bank, which shall provide, among other things, that no expenditures shall be made from said fund, except for engineering and legal expenses, repayment of advances heretofore made for preliminary expenses, and expenses in connection with the authorization, issuance and sale of the bonds authorized herein, and expenses in connection with the creation and establishment of said Sanitary Board, without the approval of the Sanitary Board and the consulting engineer, as defined herein. Until six months after the completion of the construction or acquisition of the additions, extensions and improvements to said sewer system authorized by this ordinance, sufficient moneys shall be transferred from the Construction Trust Fund to the sinking fund to pay maturing interest on the bonds to the extent that payments to said fund from revenues of the system are insufficient therefor. Any moneys in said Construction Fund not immediately needed for said purposes may, with the approval of the consulting engineer and the Board, be invested in direct obligations of the United States of America maturing not more than one year after the date of purchase thereof. Any balance in the Construction Trust Fund after the completion of the improvements provided for in this ordinance shall be deposited in the sinking fund and used only for the purchase or redemption of bonds as provided in this ordinance.

Section 14. ADDITIONAL BONDS. So long as any of the bonds shall remain outstanding the city shall not issue any additional bonds or incur any other obligations payable from the revenues derived from the operation of said sewer system or any part thereof, unless the lien and security of such bonds or other obligations shall be made junior and subordinate to the lien and security of the bonds issued hereunder; provided, however, said city hereby reserves the right and privilege of issuing additional bonds from time to time payable from the net revenues of said system and ranking on a parity with the bonds herein authorized in order to pay the cost of future extensions, betterments or improvements to said system, but before any such bonds ranking on a parity may be issued it must be shown by the audit of a certified public accountant not in the regular employ of the city and not otherwise interested in said sewer system that the annual net revenues of said system as defined herein for the twelve months next preceding the date of the issuance of any such additional bonds, were equal to at least 130% of the total maximum amount of principal and interest falling due in any one subsequent year on the bonds then outstanding payable from said fund and on the bonds then proposed to be issued, and provided also that the interest payment dates for any such additional bonds shall be semi-annually on July 1 and January 1 of each year and the principal maturities of such additional bonds shall be on July 1 or January 1 of any year in which any of such principal is scheduled to become due.

Section 15. ADMINISTRATIVE DUTIES OF SANITARY BOARD.

(1) The Board shall carry such insurance as is ordinarily carried by private corporations on the buildings, furniture, fixtures and equipment included in the sewer system and such other type of insurance as in its judgement it may deem proper. In time of war, the Board shall also carry such amount of insurance as may be available against loss or damages by the risks or hazards of war.

(2) The Board will keep books and records which will be separate and apart from all other records of the city, in which complete and correct entries shall be made of all transactions relating to said sewer system, and any holder of a bond or bonds issued hereunder shall have the right at all reasonable times to inspect the records and audits of the Board, as well as the sewer system.

Should the State Tax Commissioner of West Virginia in any year fail to make an audit of the accounts of the Board, the Board shall for such year cause an audit to be made by a qualified certified public accountant. A summary of such audit shall be furnished to any bondholder making a written request therefor.

(3) The Board, at least forty-five (45) days preceding each fiscal year will prepare a detailed budget of its estimated expenditures for the operation and maintenance of the sewer system for the ensuing fiscal year, and shall file a copy thereof with the Council of The City of Charleston and the State Sinking Fund Commission. No such expenditures in excess of one hundred ten percent of the aggregate amount provided in the budget shall be made, unless the Board and consulting engineer shall certify that such expenditures are due to causes not foreseeable at the time of the adoption of the budget, or that they are necessary in order to keep the sewer system in operation.

(4) The Board will construct, operate and maintain the sewer system of The City of Charleston in an efficient and economical manner.

(5) The Board will retain a competent consulting engineer, who shall supervise the construction of the sewer system and all additions thereto, and who, during the life of any of the bonds hereby authorized, shall be available for consultation with respect to the operation, maintenance, improvement and extension of the system.

Section 16. ORDINANCE AND STATUTES PART OF BOND CONTRACT.

THE provisions of this ordinance and of the statutes of the State of West Virginia under which this ordinance is enacted shall constitute a contract between The City of Charleston and the holder or holders of the bonds hereby authorized to be issued, and after the issuance of any of such bonds no material modification or amendment of this ordinance or of any ordinance or resolution amendatory hereof or supplemental hereto which would materially and adversely affect the rights of bondholders shall be made without the consent in writing of the holders of two-thirds or more in principal amount of the bonds then outstanding; provided, however, that no change shall be made in the maturity of any bond or bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the city to pay such principal and interest out of the net revenues of the sewer system without the consent of the holder thereof. No amendment or modification shall be made which would reduce the percentage of the principal amount of bonds required for consent to the above permitted amendments or modifications.

Section 17. COVENANTS AND AGREEMENTS OF ORDINANCE BINDING UPON CITY AND BOARD. All of the covenants and agreements contained in this ordinance shall be fully binding upon and enforceable against The City of Charleston, the Board or any other agency or department or instrumentality of the city which shall at any time have jurisdiction, possession, control, management or operation of said sewer system, or any part thereof.

Section 18. PARTIAL INVALIDITY DOES NOT RENDER WHOLE ORDINANCE INVALID. If any section, paragraph, clause or provision of this ordinance shall be held invalid, such invalidity shall not affect any of the remaining provisions of this ordinance.

Section 19. PUBLICATION OF ORDINANCE. The City Clerk is hereby authorized and directed to publish this ordinance once each week for two successive weeks in the Charleston Daily Mail and the Charleston Gazette, two newspapers of opposite political faith in The City of Charleston, with a notice to all persons concerned stating that this ordinance has been adopted, and that The City of Charleston contemplates the issuance of the bonds described in this ordinance, and that any person interested may appear before the council upon the 8th day of July, 1952, at 8 o'clock P. M., in the council chamber in the City Building in said City, and present such protest or protests as to such person or persons may seem proper. The last date of the successive publications aforesaid shall be at least ten (10) days prior to said date for the hearing of protests.

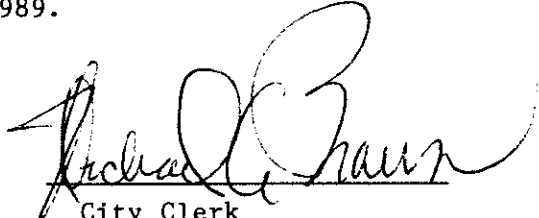
At such hearing all objections and suggestions shall be heard and the council shall take such action as it shall deem proper in the premises; provided, that if at such hearing written protest is filed by thirty (30%) per cent or more of the owners of real estate in said city, then the council shall not take further action unless four-fifths of the qualified members thereof assent thereto.

Section 20. REPEAL OF CONFLICTING ORDINANCES. All ordinances, resolutions and orders, or parts thereof in conflict with this ordinance are to the extent of such conflict repealed.

CERTIFICATE

Certified to be a true and correct copy of that certain Petition of the Sanitary Board of the City of Charleston, West Virginia, duly filed and of record in the office of the City Clerk of the City of Charleston, West Virginia, received and filed by the Council of the City of Charleston at a meeting held on March 6, 1989.

Given under my hand and the official seal of the City of Charleston, West Virginia, this 21st day of March, 1989.


City Clerk

(Seal)



THE CITY OF CHARLESTON, WEST VIRGINIA

SUPPLEMENTAL BOND AND INTERIM FINANCING ORDINANCE

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EXHIBIT A

ORDINANCE No. 4423

Introduced in Council

February 27, 1989

Introduced by

Mary Jane Vanderwilt/pl

Referred to

Finance Committee

Passed by Council

March 6, 1989

1 Ordinance No. 4423 supplementing an Ordinance entitled "An
2 Ordinance placing the custody, operation, maintenance,
3 supervision and control of the sewer system of The City of
4 Charleston, and all betterments thereof and extensions thereto,
5 in the Sanitary Board of The City of Charleston; authorizing
6 the construction and the acquisition of certain additions,
7 extensions and improvements to said system; providing for the
8 financing of such additions, extensions and improvements by the
9 issuance of revenue bonds; providing for the establishment and
10 collection of rates or charges for the use of said system and
11 works and for the service rendered thereby and for the
12 application of the proceeds of such rates or charges to the
13 operation, repair, replacement and maintenance of such system
14 and works and to a sinking fund for the payment of said revenue
15 bonds and the interest thereon, all as provided by Chapter 25
16 of the Act of the Legislature of West Virginia, Extraordinary
17 Session of 1933, as amended"; authorizing the acquisition and
18 construction of said extensions, improvements and betterments
19 to the existing sewer system of The City of Charleston and the
20 financing of the costs thereof, not otherwise provided, through
21 the issuance by The City of Charleston of not more than
22 \$2,300,000 in aggregate principal amount of Sewer Revenue Bonds
23 and not more than \$700,000 in aggregate principal amount of
24 Supplemental Sewer Revenue Bonds; defining and prescribing the
25 terms and provisions of the Bonds; providing for the rights and
26 remedies of and security for the Registered Owners of the
27 Bonds; re-authorizing the Line of Credit established under
28 Ordinance No. 3987; amending and re-enacting the Line of Credit
29 Ordinance; and adopting other provisions related thereto.

30
31 Be it Ordained By the Council Of The City Of Charleston, West
32 Virginia:
33
34
35
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39
40
41
42

ARTICLE I

DEFINITIONS, STATUTORY AUTHORITY AND FINDINGS

Section 1.01. Definitions. In addition to the definitions set forth below, all the definitions in Section 1 of the Original Ordinance, as hereinafter defined, and Section 1.01 of the 1982 Ordinance, as hereinafter defined, shall apply fully herein unless otherwise indicated. The following terms shall have the following meanings in this Ordinance unless the context expressly requires otherwise:

A. "Advance-Refunded Municipal Bonds" shall mean obligations, the interest on which is excludable from gross income for Federal income tax purposes, which have been advance-refunded prior to their maturity and are fully and irrevocably secured as to principal and interest by Government Obligations held in trust for the payment thereof, and which obligations are serial bonds or term bonds not callable prior to maturity except at the option of the holder or owner thereof.

B. "Authority Loan Agreements" means, collectively, Loan Agreement and the Supplemental Loan Agreement as both are hereinafter defined.

C. "Authorized Officer" means the Mayor of the City or any acting Mayor duly appointed or any other officer duly so authorized by the Council as hereinafter defined.

D. "Bond" or "Bonds" means the Original Bonds, as hereinafter defined, and any additional parity bonds hereafter issued within the terms, restrictions and conditions contained in this Ordinance.

E. "Bond Construction Trust Fund" means the Bond Construction Trust Fund established by Section 4.02 hereof.

F. "Bond Register" means the books of the City maintained by the Bond Registrar, as hereinafter defined, for the registration and transfer of Bonds.

G. "Bond Registrar" means the Registrar for the Bonds, which shall be appointed by a resolution supplemental hereto.

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

1 H. "Bondholder," "Registered Owner" or "Owner of the
2 Bonds" or any similar term means any person who shall be the
3 registered owner, as shown by the Bond Register, of any
4 outstanding Bond.

5
6 I. "Certificate of Authentication and Registration"
7 means the Certificate of Authentication and Registration on the
8 Bonds in substantially the form set forth in the Bond form
9 contained herein.

10
11 J. "City Clerk" means the Clerk of the City.

12
13 K. "Closing Date" means the date upon which there is
14 an exchange of the Bonds for the proceeds representing the
15 purchase of the Bonds by the Authority.

16
17 L. "Code" means the Internal Revenue Code of 1986,
18 as amended, including the rules and regulations promulgated
19 pursuant thereto or to any predecessors or successors thereto.

20
21 M. "Commission" means the West Virginia Municipal
22 Bond Commission or any other agency of the State of West
23 Virginia that succeeds to the functions of the Commission.

24
25 N. "Consulting Engineers" means Kelley, Gidley,
26 Blair & Wolfe, Inc., Consulting Engineers, Charleston, West
27 Virginia, or any engineer or firm of engineers of reputation
28 for skill and experience with respect to the design and
29 construction of sewer systems that shall at any time be
30 retained by the City as consulting engineers for the System, as
31 hereinafter defined.

32
33 O. "Costs" or "Costs of Project" or any similar
34 phrase means those costs described in Section 1.03(F) hereof to
35 be a part of the cost of the acquisition and construction of
36 the Project, as hereinafter defined.

37
38 P. "Debt Service" means the scheduled amount of
39 interest and amortization of principal payable on the
40 Subordinate Bonds during the period of computation, excluding
41 amounts scheduled during such period which relate to principal
42 which has been retired before the beginning of such period.

43
44 Q. "Depository Bank" means, with respect to the
45 Bonds, the bank eligible under the laws of the State of West
46 Virginia to receive deposits of state and municipal funds and
47 insured by the FDIC, as hereinafter defined, designated as such
48 by a resolution supplemental hereto, and any successor thereto.

49
50 R. "Event of Default" means any event or occurrence
51 specified in Section 7.01.
52
53

1 S. "Excess Investment Earnings" means an amount
2 equal to the sum of:

3
4 (A) The excess of

5
6 (i) The aggregate amount earned
7 from the Closing Date on all Nonpurpose
8 Investments in which Gross Proceeds of the
9 Subordinate Bonds are invested [other than
10 amounts attributable to an excess described
11 in this clause (A) of this definition of
12 Excess Investment Earnings], over

13
14 (ii) The amount that would have
15 been earned if the Yield on such Nonpurpose
16 Investments [other than amounts attributable
17 to an excess described in this clause (A) of
18 this definition of Excess Investment
19 Earnings] had been equal to the Yield on the
20 Subordinate Bonds, plus

21
22 (B) Any income attributable to the excess
23 described in clause (A) of this definition of Excess
24 Investment Earnings.

25
26 T. "FDIC" means the Federal Deposit Insurance
27 Corporation or any successor to the functions of the FDIC.

28
29 U. "Fiscal Year" means each twelve month period
30 beginning on July 1 and ending on the succeeding June 30.

31
32 V. "Government Obligations" means direct obligations
33 of, or obligations the timely payment of the principal of and
34 interest on which is guaranteed by, the United States of
35 America, including (i) such obligations which have been
36 stripped from their unmatured interest coupons, interest
37 coupons stripped from such obligations and receipts or
38 certificates evidencing payments from such obligations or
39 interest coupons stripped from such obligations, (ii) evidences
40 of ownership of a proportionate interest in specified direct
41 obligations of, or specified obligations which are
42 unconditionally and fully guaranteed by, the United States of
43 America, which obligations are held by a bank or trust company
44 organized and existing under the laws of the United States of
45 America or any state thereof in the capacity of custodian and
46 (iii) obligations, the sole source of the payment of the
47 principal of and interest on which are obligations of the
48 nature of those described in clause (i), which are irrevocably
49 pledged for such purposes.

50
51 W. "Gross Revenues" means the aggregate gross
52 operating and non-operating revenues of the System, as
53 hereinafter defined, determined in accordance with generally

1 accepted accounting principles, after deduction of prompt
2 payment discounts, if any, and reasonable provisions for
3 uncollectible accounts; provided, that "Gross Revenues" does
4 not include any gains from the sale or other disposition of, or
5 from any increase in the value of, capital assets (including
6 Qualified Investments, as hereinafter defined) or Tap Fees, as
7 hereinafter defined.

8
9 X. "Independent Certified Public Accountants" means
10 any certified public accountant or firm of certified public
11 accountants that shall be retained by the City to prepare an
12 independent annual or special audit of the accounts of the
13 System, as hereinafter defined, or for any other purpose except
14 keeping the accounts of such System in the usual operations of
15 its business and affairs.

16
17 Y. "Investment Property" means any security [as said
18 term is defined in Section 165(g)(2)(A) or (B) of the Code],
19 obligation, annuity contract or investment-type property,
20 excluding, however, obligations the interest on which is
21 excluded from gross income under Section 103 of the Code for
22 federal income tax purposes.

23
24 Z. "Line of Credit" means the irrevocable line of
25 credit established by the Line of Credit Ordinance and
26 re-authorized by Section 2.02 hereof.

27
28 AA. "Line of Credit Ordinance" means the Ordinance
29 No. 3987 supplementing the Prior Ordinance, as hereinafter
30 defined, enacted by the Council of the City on January 21, 1986.

31
32 BB. "Loan Agreement" means the loan agreement to be
33 entered into between the City and the Original Bonds Purchaser;
34 pursuant to which the Original Bonds Purchaser shall agree,
35 subject to the City's satisfying certain legal and other
36 requirements, to purchase the Original Subordinate Bonds
37 originally authorized hereby with a portion of the proceeds of
38 the next issue of the Original Bonds Purchaser's bonds issued
39 with respect to the Program as hereinafter defined and which
40 shall be approved by the Supplemental Resolution.

41
42 CC. "Net Proceeds" means the face amount of the
43 Subordinate Bonds, plus accrued interest and premium, if any,
44 less original issue discount, if any, and less proceeds
45 deposited in the Subordinate Reserve Account. For purposes of
46 the Private Business Use limitations set forth herein, the term
47 Net Proceeds shall include any amounts resulting from the
48 investment of proceeds of the Subordinate Bonds, without regard
49 to whether or not such investment is made in tax-exempt
50 obligations.

1 DD. "Net Revenues" means the balance of the Gross
2 Revenues remaining after deduction of Operating Expenses, as
3 hereinafter defined.
4

5 EE. "Nonpurpose Investment" means any Investment
6 Property which is acquired with the Gross Proceeds of the
7 Subordinate Bonds and is not acquired in order to carry out the
8 governmental purpose of the Subordinate Bonds.
9

10 FF. "1982 Ordinance" means Ordinance No. 2815, passed
11 by Council on May 18, 1981, as amended by Ordinance No. 3031,
12 passed by Council on November 23, 1982, supplementing the
13 Original Ordinance, as hereinafter defined and any amendments
14 and supplements thereto.
15

16 GG. "1986 Project" means the project defined and
17 described in the Line of Credit Ordinance.
18

19 HH. "Operating Expenses" means the reasonable, proper
20 and necessary costs of repair, maintenance and operation of the
21 System, as hereinafter defined, and includes, without limiting
22 the generality of the foregoing, administrative, engineering,
23 legal, auditing and insurance expenses, other than those
24 capitalized as part of the Costs of Project, fees and expenses
25 of the fiscal agents, registrars, paying agents, trustees,
26 Original Bonds Purchaser, and the Depository Bank, other than
27 those capitalized as part of the Costs of Project, payments to
28 pension or retirement funds, taxes and such other reasonable
29 operating costs and expenses as should normally and regularly
30 be included under generally accepted accounting principles;
31 provided, that "Operating Expenses" does not include payments
32 on account of the principal of or redemption, if any, or
33 interest on the Bonds, charges for depreciation, losses from
34 the sale of other disposition of, or from any decrease in the
35 value of, capital assets, amortization of debt discount or such
36 miscellaneous deductions as are applicable to prior accounting
37 periods.
38

39 II. "Ordinance," regardless of whether preceded by
40 the article "the" or "this," means this Ordinance as it may
41 hereafter from time to time be amended or supplemented.
42

43 JJ. "Original Bonds" means, collectively the Original
44 Subordinate Bonds and the Original Supplemental Bonds, both as
45 hereinafter defined.
46

47 KK. "Original Bonds Purchaser" or "Authority" or
48 "WDA" means the West Virginia Water Development Authority as
49 the purchaser of the Original Bonds or any other agency of the
50 State of West Virginia that succeeds to the functions of the
51 Authority.
52
53

1 LL. "Original Ordinance" means the Ordinance passed
2 by Council on June 16, 1952, entitled "An Ordinance placing the
3 custody, operation, maintenance, supervision and control of the
4 sewer system of The City of Charleston, and all betterments
5 thereof and extensions thereto, in the Sanitary Board of The
6 City of Charleston; authorizing the construction and
7 acquisition of certain additions, extensions and improvements
8 to said system; providing for the financing of such additions,
9 extensions and improvements by the issuance of revenue bonds;
10 providing for the establishment and collection of rates or
11 charges for the use of said system and works and for the
12 service rendered thereby and for the application of the
13 proceeds of such rates or charges to the operation, repair,
14 replacement and maintenance of such system and works and to a
15 sinking fund for the payment of said revenue bonds and interest
16 thereof, all as provided by Chapter 25 of the Acts of the
17 Legislature of West Virginia, Extraordinary Session of 1933, as
18 amended," which authorized \$1,500,000 in aggregate principal
19 amount of the City's Sewer Revenue Bonds dated July 1, 1952,
20 and any amendments and supplements thereto.
21

22 MM. "Original Subordinate Bonds" means the not more
23 than \$2,300,000 in aggregate principal amount of Sewer Revenue
24 Bonds, originally authorized hereby to pay a portion of the
25 Costs of the Project.
26

27 NN. "Original Supplemental Bonds" means the not more
28 than \$700,000 in aggregate principal amount of Supplemental
29 Sewer Revenue Bonds, originally authorized hereby to pay a
30 portion of the Costs of the Project.
31

32 OO. "Outstanding," when used with reference to Bonds,
33 as of any particular date, describes all Bonds theretofore and
34 thereupon being issued and delivered except (a) any Bond
35 cancelled by the registrar at or prior to said date; (b) any
36 Bond for the payment of which monies equal to its principal
37 amount, with interest to the date of maturity, shall be held in
38 trust under this Ordinance and set aside for such payment
39 (whether upon or prior to maturity); (c) any Bond deemed to
40 have been paid as provided in Section 9.01 hereof; and (d)
41 with respect to determining a specified percentage of
42 Registered Owners for the purpose of consents, notices and the
43 like, any Bond registered to the City.
44

45 PP. "Parity Bonds" means, collectively, Parity
46 Subordinate Bonds and Parity Supplemental Bonds.
47

48 QQ. "Parity Subordinate Bonds" means any additional
49 bonds issued under the provisions and within the limitations
50 prescribed by Section 6.07 hereof, payable from net revenues on
51 a parity with the Original Subordinate Bonds.
52
53

1 RR. "Parity Supplemental Bonds" means any additional
2 bonds issued under the provisions and within the limitations
3 prescribed by Section 6.07 hereof, payable from net revenues on
4 a parity with the Original Supplemental Bonds.

5
6 SS. "Paying Agent" means with respect to the Original
7 Bonds the Commission.

8
9 TT. "Prior Bonds" means the Bonds described in
10 Subsection 1.03(A) outstanding on the date hereof.

11
12 UU. "Prior Ordinance" means collectively the Original
13 Ordinance and the 1982 Ordinance, as supplemented and amended.

14
15 VV. "Private Business Use" means use directly or
16 indirectly in a trade or business carried on by a natural
17 person, including all persons "related" to such person within
18 the meaning of Section 144(a)(3) of the Code, or in any
19 activity carried on by a person other than a natural person,
20 including all persons "related" to such person within the
21 meaning of Section 144(a)(3) of the Code, excluding, however,
22 use by a state or local governmental unit and use as a member
23 of the general public. All of the foregoing shall be
24 determined in accordance with the Code, including, without
25 limitation, giving due regard to "incidental use," if any, of
26 the proceeds of the issue and/or proceeds used for "qualified
27 improvements," if any.

28
29 WW. "Program" means the Original Bonds Purchaser's
30 loan program, under which the Original Bonds Purchaser
31 purchases the revenue bonds of local government entities
32 satisfying certain legal and other requirements with the
33 proceeds of sewer development revenue bonds of the Original
34 Bonds Purchaser or any successor to said Program as currently
35 constituted.

36
37 XX. "Project" means the extensions, improvements and
38 betterments to the existing sewer system of the City described
39 in Exhibit A attached hereto and incorporated herein by
40 reference.

41
42 YY. "Purchase Price," for the purpose of computation
43 of the Yield of the Subordinate Bonds, has the same meaning as
44 the term "Issue Price" in Section 1273(b) and 1274 of the Code
45 and, in general, means the initial offering price of the
46 Subordinate Bonds to the public (not including bond houses and
47 brokers, or similar persons or organizations acting in the
48 capacity of underwriters or wholesalers) at which price a
49 substantial amount of the Subordinate Bonds of each maturity is
50 sold or, if the Subordinate Bonds are privately placed, the
51 price paid by the first buyer of the Series 1989 A Bonds or the
52 acquisition costs of the first buyer. Purchase Price for
53 purposes of computing Yield of Nonpurpose Investments means the

1 fair market value of the Nonpurpose Investments on the date of
2 use of Gross Proceeds of the Subordinate Bonds for acquisition
3 thereof or, if later, on the date that Investment Property
4 constituting a Nonpurpose Investment becomes a Nonpurpose
5 Investment of the Subordinate Bonds.
6

7 ZZ. "PSC" means the Public Service Commission of West
8 Virginia or any other agency of the State that succeeds to the
9 functions of the PSC.
10

11 AAA. "Qualified Investments" means and includes any of
12 the following:
13

14 (a) Government Obligations;
15

16 (b) Bonds, debentures, notes or other evidences
17 of indebtedness issued by any of the following agencies: Banks
18 for Cooperatives; Federal Intermediate Credit Banks; Federal
19 Home Loan Bank System; Export-Import Bank of the United States;
20 Federal Land Banks; the Government National Mortgage
21 Association; the Tennessee Valley Authority or the Washington
22 Metropolitan Area Transit Authority;
23

24 (c) Any bond, debenture, note, participation
25 certificate or other similar obligation issued by the Federal
26 National Mortgage Association to the extent such obligation is
27 guaranteed by the Government National Mortgage Association or
28 issued by any other federal agency and backed by the full faith
29 and credit of the United States of America;
30

31 (d) Time accounts, (including accounts evidenced
32 by time certificates of deposit, time deposits or other similar
33 banking arrangements) which, to the extent not insured by the
34 FDIC or Federal Savings and Loan Insurance Corporation, shall
35 be secured by a pledge of Government Obligations, provided,
36 that such Government Obligations pledged either must mature as
37 nearly as practicable coincident with the maturity of said time
38 account or must be replaced or increased so that the market
39 value thereof is always at least equal to the principal amount
40 of said time account;
41

42 (e) Money market funds or similar funds, the
43 only assets of which are investments of the type described in
44 paragraphs (a) through (d) above;
45

46 (f) Repurchase agreements, fully secured by
47 investments of the types described in paragraphs (a) through
48 (d) above, with banks or national banking associations which
49 are members of FDIC or with government bond dealers recognized
50 as primary dealers by the Federal Reserve Bank of New York,
51 provided, that said investments securing said repurchase
52 agreements either must mature as nearly as practicable
53 coincident with the maturity of said repurchase agreements or

1 must be replaced or increased so that the market value thereof
2 is always at least equal to the principal amount of paid
3 repurchase agreements, and provided further that the owner of
4 such repurchase agreement shall have a prior perfected security
5 interest in the collateral therefor; must have (or its agent
6 must have) possession of such collateral; and such collateral
7 must be free of all claims by third parties;
8

9 (g) The "consolidated fund" (or any distinct
10 portion thereof) managed by the West Virginia State Board of
11 Investments pursuant to Article 6, Chapter 12 of the Code of
12 West Virginia, 1931, as amended; and
13

14 (h) Advance-Refunded Municipal Bonds.
15

16 BBB. "Regulations" means temporary and permanent
17 regulations promulgated under the Code, or any predecessor
18 thereto.
19

20 CCC. "Renewal and Replacement Fund" means the Renewal
21 and Replacement Fund established in the Prior Ordinance and
22 continued by Section 4.01(2).
23

24 DDD. "Sewer Revenue Fund" means the revenue fund
25 created in the Prior Ordinance and continued by Section 4.01(1).
26

27 EEE. "State" means the State of West Virginia.
28

29 FFF. "Subordinate Bonds" means, collectively the not
30 more than \$2,300,000 in aggregate principal amount of Original
31 Subordinate Bonds and any Parity Subordinate Bonds hereafter
32 issued.
33

34 GGG. "Subordinate Reserve Account" means the account
35 in the Sinking Fund, as hereinafter defined, created by Section
36 4.03(1)(a).
37

38 HHH. "Subordinate Reserve Account Requirement" means,
39 as of any date of calculation, the maximum amount of principal
40 and interest which will become due on the Subordinate Bonds in
41 the then current and any succeeding year.
42

43 III. "Subordinate Sinking Fund" means the Subordinate
44 Sinking Fund established for the Subordinate Bonds by Section
45 4.03(1).
46

47 JJJ. "Supplemental Bonds" means, collectively the not
48 more than \$700,000 in aggregate principal amount of Original
49 Supplemental Bonds and any Parity Supplemental Bonds hereafter
50 issued.
51

52 KKK. "Supplemental Loan Agreement" means the loan
53 agreement to be entered into between the City and the Original

1 Bonds Purchaser; pursuant to which the Original Bonds Purchaser
2 shall agree, subject to the City's satisfying certain legal and
3 other requirements, to purchase the Original Supplemental Bonds
4 originally authorized hereby and by the Supplemental Resolution.
5

6 LLL. "Supplemental Reserve Account" means the account
7 established in the Supplemental Sinking Fund, as hereinafter
8 defined, pursuant to Section 4.03(2)(a).
9

10 MMM. "Supplemental Reserve Requirement" means the
11 maximum amount of principal and interest, if any, which will
12 become due on the Supplemental Bonds in the then current and
13 any succeeding year.
14

15 NNN. "Supplemental Resolution" means any ordinance or
16 resolution amendatory hereof or supplemental hereto and, when
17 preceded by the article the, refers specifically to the Supple-
18 mental Resolution authorizing the sale of the Original Bonds;
19 provided, that any provision intended to be included in the
20 Supplemental Resolution with respect to the Original Bonds and
21 not so included may be contained in any other Supplemental
22 Resolution.
23

24 OOO. "Supplemental Sinking Fund" means the
25 Supplemental Sinking Fund established for the Supplemental
26 Bonds by Section 4.03(2).
27

28 PPP. "Surplus Revenues" means the Net Revenues not
29 required by this Ordinance to be set aside and held in,
30 including but not limited to, sinking funds, the reserve
31 accounts and the renewal and replacement funds for the payment
32 of or security for the Bonds or any other obligations of the
33 City, the proceeds of which Bonds or other obligations are to
34 be used to pay Costs of the Project.
35

36 QQQ. "Tap Fees" means the fees, if any, paid by
37 prospective customers of the System in order to connect thereto.
38

39 RRR. "Yield" means that yield which, when used in
40 computing the present worth of all payments of principal and
41 interest (or other payments in the case of Nonpurpose
42 Investments which require payments in a form not characterized
43 as principal and interest) on a Nonpurpose Investment or on the
44 Subordinate Bonds, produces an amount equal to the Purchase
45 Price of such Nonpurpose Investment or the Bonds, all computed
46 as prescribed in applicable Regulations.
47

48 SSS. Words importing singular number shall include the
49 plural number in each case and vice versa; words importing
50 persons shall include firms and corporations; and words
51 importing the masculine or neuter gender shall include all
52 other genders.
53

1 TTT. Additional terms and phrases are defined in this
2 Ordinance as they are used. Accounting terms not specifically
3 defined herein shall be given meaning in accordance with general
4 accepted accounting principles.
5

6 UUU. The terms "herein," "hereunder," "hereby,"
7 "hereto," "hereof" and any similar terms refer to this
8 Ordinance; and the term "hereafter" means after the date of the
9 enactment of this Ordinance.
10

11 VVV. Articles, sections and subsections mentioned by
12 number only are the respective articles, sections and subsec-
13 tions of this Ordinance so numbered.
14

15 Section 1.02. Authority of This Ordinance. This
16 Ordinance is enacted pursuant to the provisions of the Act and
17 other applicable provisions of law.
18

19 Section 1.03. Findings. It is hereby found, deter-
20 mined and declared that:
21

22 A. The City now owns works for the collection,
23 treatment, purification and disposal of sewage. The custody,
24 operation and maintenance of such Sewer System, both within and
25 without the corporate limits of the City, is under the
26 supervision and control of the Board, which was created by an
27 ordinance enacted by the Council on March 17, 1952, and given
28 such supervision and control by the Original Ordinance. The
29 construction and acquisition of certain extensions,
30 improvements and betterments to the then existing Sewer System
31 were financed by the proceeds derived from \$1,500,000 in
32 aggregate principal amount of Sewer Revenue Bonds dated July 1,
33 1952, issued pursuant to the Original Ordinance; and the
34 construction and acquisition of further extensions,
35 improvements and betterments to said Sewer System have been
36 financed by the proceeds derived from \$2,000,000 in aggregate
37 principal amount of Sewer Revenue Bonds dated January 1, 1954,
38 issued pursuant to an ordinance enacted by the Council on
39 January 18, 1954; by the proceeds derived from \$2,000,000 in
40 aggregate principal amount of Sewer Revenue Bonds dated
41 January 1, 1957, issued pursuant to an ordinance enacted by the
42 Council on March 4, 1957; by the proceeds derived from
43 \$4,000,000 in aggregate principal amount of Sewer Revenue Bonds
44 dated July 1, 1961, issued pursuant to an ordinance enacted by
45 the Council on June 19, 1961; by the proceeds derived from
46 \$4,000,000 in aggregate principal amount of Sewer Revenue Bonds
47 dated July 1, 1962, issued pursuant to an ordinance enacted by
48 the Council on May 21, 1962; by the proceeds derived from
49 \$980,000 in aggregate principal amount of Sewer Revenue Bonds
50 dated July 1, 1974, issued pursuant to Ordinance No. 842,
51 enacted by the Council on May 16, 1966, as amended and
52 supplemented by Ordinance No. 1583, enacted by the Council on
53 August 19, 1974, all supplementing the Original Ordinance; and,

1 permanently, by the proceeds derived from \$3,000,000 in
2 aggregate principal amount of Sewer Revenue Bonds, Series 1982,
3 issued pursuant to the 1982 Ordinance.
4

5 B. In accordance with Section 18 of the Act, the
6 System is under the supervision and control of the Sanitary
7 Board.
8

9 C. The Sanitary Board has presented a petition to
10 the City for the temporary financing of the design of certain
11 extensions, improvements and betterments to the System, and
12 following such design, for the acquisition and construction of
13 the Project, enactment of this Ordinance, the issuance of the
14 Bonds and the issuance of the Line of Credit.
15

16 D. It is further deemed necessary and desirable for
17 the health, welfare and safety of the inhabitants of the City
18 that the Project be acquired and constructed in accordance with
19 the plans and specifications to be prepared by the Consulting
20 Engineers, the issuance of a certificate of convenience and
21 necessity by the PSC and specific authorization by a
22 Supplemental Resolution.
23

24 E. The estimated maximum cost of the construction of
25 the Project is \$2,300,000, of which approximately \$2,213,000
26 will be permanently obtained from the proceeds of the Original
27 Bonds herein authorized. The City may obtain such grants as
28 may be necessary to pay Costs of Project.
29

30 F. It is deemed necessary for the City to issue its
31 Original Subordinate Bonds in an aggregate principal amount not
32 to exceed \$2,300,000, and its Original Supplemental Bonds in
33 the aggregate principal amount not to exceed more than
34 \$700,000, and to permanently finance the costs of acquisition
35 and construction of the Project. Said costs shall be deemed to
36 include the cost of all property rights, easements, and
37 franchises deemed necessary therefor; the cost of the
38 construction of said extensions, additions, betterments and
39 improvements to the System and any other expenses necessary,
40 incidental, desirable or appurtenant to the acquisition and
41 construction of the Project and the placing of the same in
42 operation, and the performance of the things therein required
43 or permitted, in connection with any thereof; the cost of
44 designing the Project; the cost of interim financing for such
45 Project; interest on the Original Bonds prior to, during and
46 for six months after the estimated date of completion of
47 construction of the Project; engineering and legal expenses;
48 expenses for estimates of costs and revenues; expenses for
49 plans, specifications and surveys; expenses for the service of
50 the Original Bonds Purchaser, registrars, paying agents,
51 depositories or other agents in connection with the issuance of
52 the Original Bonds and such other expenses as may be necessary
53 or desirable to said acquisition and construction of the

1 Project and placing the same in operation and the financing
2 authorized by this Ordinance; provided that reimbursement to
3 the City for any amounts expended by it for allowable costs of
4 the Project prior to the issuance of the Original Bonds or the
5 repayment of indebtedness incurred by the City for such
6 purposes shall be deemed costs of the Project.
7

8 G. The period of usefulness of the System after
9 completion of the Project will not be less than forty years.
10

11 H. The estimated Gross Revenues to be derived in
12 each year after the enactment of this Ordinance from the
13 operation of the System will be sufficient to pay all the costs
14 of the operation and maintenance of said System, provide
15 adequate reserve funds and adequate renewal and replacement
16 funds and pay the principal of and interest on the Original
17 Bonds authorized to be issued pursuant to this Ordinance.
18

19 I. The City is unable to meet the parity requirements
20 set forth in the Prior Ordinance. The Original Bonds Purchaser
21 has agreed to purchase the Original Bonds issued hereunder on a
22 subordinate basis. The Subordinate Bonds will be junior and
23 subordinate to the Prior Bonds but senior to the Supplemental
24 Bonds with respect to the lien on the Net Revenues.
25

26 J. The City has complied with all requirements of
27 West Virginia law relating to the authorization of the
28 construction, acquisition and operation of the Project and
29 issuance of the Original Bonds, or will have so complied prior
30 to issuance of any thereof, including, among other things, the
31 obtaining of a Certificate of Convenience and Necessity from
32 the PSC by final order not subject to appeal or rehearing.
33

34 K. It is necessary and desirable to accept the Line
35 of Credit provided for in the Line of Credit Ordinance during
36 the constitution of the 1986 Project.
37

38 L. The Code provides exceptions from the rebate
39 provisions for issues of small governmental units meeting
40 certain requirements.
41

42 M. The City is a governmental unit with general
43 taxing powers.
44

45 N. The Original Bonds are not private activity bonds
46 as defined in the Code.
47

48 O. Ninety-five percent (95%) or more of the net
49 proceeds (as defined with respect to the Code) of the Original
50 Bonds will be used for local governmental activities of the
51 City.
52
53

1 P. The City shall not permit at any time any of the
2 proceeds of the Bonds or other funds of the City to be used
3 directly or indirectly in a manner which would result in the
4 exclusion of the Bonds from the treatment afforded by Section
5 103(a) of the Code.
6

7 Q. The City will file all statements, instruments
8 and returns necessary to assure the tax-exempt status of the
9 Bonds.
10

11 R. The Bonds will not be federally guaranteed within
12 the meaning of the Code.
13

14 Section 1.04. Ordinance Constituting Contract. In
15 consideration of the acceptance of the Bonds authorized to be
16 issued hereunder by those who shall respectively hold the same
17 from time to time, this Ordinance shall be deemed to be and
18 shall constitute a contract between the City and such
19 Registered Owners, and the covenants and agreements herein set
20 forth to be performed by said City shall be for the equal
21 benefit, protection and security of the Registered Owners of
22 any and all of such Bonds authorized to be issued hereunder all
23 of which shall respectively be of equal rank and without
24 preference, priority or distinction between any one Subordinate
25 Bond and any other Subordinate Bonds and between any one
26 Supplemental Bond and any other Supplemental Bonds, as the case
27 may be, by reason of priority of issuance or otherwise, except
28 as expressly provided therein and herein all subject to the
29 lien of the Prior Bonds.
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ARTICLE II

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

Section 2.01. Authorization of Construction and Acquisition. There is hereby authorized the construction and acquisition of the Project in accordance with plans and specifications therefor prepared by the Consulting Engineers; provided, that such plans and specifications, and the acquisition and construction of the Project in accordance therewith, are subject to the issuance by the PSC of a certificate of convenience and necessity and to specific authorization by the Council pursuant to a Supplemental Resolution.

Section 2.02. Interim Financing. Pending completion of the acquisition and construction of the 1986 Project, the Mayor is hereby authorized to renew and draw upon the Line of Credit authorized by the Line of Credit Ordinance and for the purpose of evidencing any draw upon the Line of Credit, there is hereby re-authorized the Note of the City. The Line of Credit Ordinance is hereby amended and re-enacted to provide that the Note be issued in the stated amount of \$500,000 with a maturity not to exceed eighteen months from the date thereof, all as otherwise provided in the Line of Credit Ordinance and by a resolution supplemental thereto and hereto.

-16-

1
2 ARTICLE III

3 AUTHORIZATION, TERMS, EXECUTION
4 AND REGISTRATION OF BONDS
5
6

7 Section 3.01. Authorization of the Original Bonds.
8 For the purposes of paying the costs, not otherwise provided,
9 of acquisition and construction of the Project, of paying
10 certain costs of issuance and related costs, and, if authorized
11 by Supplemental Resolution, of funding the Reserve Account and
12 the Supplemental Reserve Account or for providing for the
13 interest during construction or both, and for such other
14 purposes set forth in the Supplemental Resolution, there shall
15 be issued the Original Bonds of the City. The proceeds of the
16 Original Bonds shall be applied as provided in Section 5.01.
17

18 Section 3.02. Terms of Original Bonds. The Original
19 Subordinate Bonds shall be originally issued in the form of a
20 single bond, designated Sewer Revenue Bond No. R-1, fully
21 registered to the Original Bonds Purchaser, in the principal
22 amount of not more than \$2,300,000 as shall be set forth in the
23 Supplemental Resolution. The Original Subordinate Bonds shall
24 be dated the date of delivery thereof; shall be designated as
25 to series; shall bear interest at the rate per annum, not to
26 exceed the maximum legal limit; shall bear interest payable
27 semiannually on such date; shall mature on such dates and in
28 such amounts; and shall be redeemable, in whole or in part, all
29 as the City shall prescribe in a Supplemental Resolution.
30

31 The Original Supplemental Bonds shall be originally
32 issued in the form of a single bond, designated Supplemental
33 Sewer Revenue Bond No. SR-1, fully registered to the Original
34 Bonds Purchaser, in the principal amount of not more than
35 \$700,000 as shall be set forth in the Supplemental Resolution.
36 The Original Supplemental Bonds shall be dated the date of
37 delivery thereof; shall be designated as to series; shall bear
38 interest, if any, at the rate per annum, not to exceed the
39 maximum legal limit; shall bear interest, if any, payable
40 semiannually on such date; shall mature on such dates and in
41 such amounts; and shall be redeemable, in whole or in part, all
42 as the City shall prescribe in a Supplemental Resolution.
43

44 The Bonds shall payable as to both principal and
45 interest, if any, at the office of the Paying Agent in any coin
46 or currency which on the respective date of payment of
47 principal and interest, is legal tender for the payment of
48 public or private debts under the laws of the United States of
49 America. Interest on the Bonds shall be paid by check or draft
50 of the Paying Agent mailed to the Registered Owner thereof at
51 the address that appears on the books of the Bond Registrar, or
52 by such other lawful method as is acceptable to the Original
53 Bonds Purchaser.

1 Bonds shall be exchangeable at the option and expense
2 of the Registered Owner for other fully registered Bonds of the
3 same series in aggregate principal amount equal to the amount
4 of said Bonds then Outstanding, with principal installments or
5 maturities, as applicable, corresponding to the dates of
6 payment of principal installments of said Bonds; provided, that
7 the Original Bonds Purchaser shall not be obligated to pay any
8 expenses of such exchange.
9

10 Subsequent series of Bonds may be issued within the
11 terms and restrictions hereinafter set forth as provided by a
12 Supplemental Resolution and by the terms of the Authority Loan
13 Agreements.
14

15 Section 3.03 Additional Terms of Bonds. In addition
16 to the terms set forth in Sections 3.01 and 3.02 hereof, and in
17 anticipation of the sale of the Original Bonds to the Original
18 Bonds Purchaser, the City covenants that the Original Bonds
19 shall comply in all respects with the provisions of the
20 Authority Loan Agreements, and of any resolution of the
21 Original Bonds Purchaser authorizing the issuance of bonds
22 pursuant to the Program.
23

24 Section 3.04 Execution of the Bonds. The Bonds shall
25 be executed in the name of the City by the manual or facsimile
26 signature of its Mayor, and the seal of the City shall be
27 impressed thereon and attested by the manual or facsimile
28 signature of the City Clerk. In case any one or more of the
29 officers who shall have signed or sealed the Bonds shall cease
30 to be such officer of the City before the Bonds so signed and
31 sealed have been actually sold and delivered, such Bonds may
32 nevertheless be sold and delivered as herein provided and may
33 be issued as if the person who signed or sealed such Bonds had
34 not ceased to hold such office. Any Bond may be signed and
35 sealed on behalf of the City by such person as at the actual
36 time of the execution of such Bond shall hold the proper office
37 in the City, although at the date of such Bond such person may
38 not have held such office or may not have been so authorized.
39

40 Section 3.05. Authentication and Registration. No
41 Bond shall be valid or obligatory for any purpose or entitled
42 to any security or benefit under this Ordinance unless and
43 until the Certificate of Authentication and Registration on
44 such Bond, substantially in the form set forth in Section 3.09,
45 shall have been manually executed by the Bond Registrar. Any
46 such executed Certificate of Authentication and Registration
47 upon any such Bond shall be conclusive evidence that such Bond
48 has been authenticated, registered, and delivered under this
49 Ordinance. The Certificate of Authentication and Registration
50 on any Bond shall be deemed to have been executed by the Bond
51 Registrar if manually signed by an authorized officer of the
52 Bond Registrar, but it shall not be necessary that the same
53

1 officer sign the Certificate of Authentication and Registration
2 on all of the Bonds issued hereunder.
3

4 Section 3.06. Negotiability, Transfer and
5 Registration. Subject to the provisions for transfer or
6 registration set forth below, the Bonds shall be and have all
7 of the qualities and incidents of negotiable instruments under
8 the Uniform Commercial Code of the State, and each successive
9 Registered Owner, in accepting any of said Bond, shall be
10 conclusively deemed to have agreed that such Bonds shall be,
11 and have all of the qualities and incidents of negotiable
12 instruments under the Uniform Commercial Code of the State, and
13 each successive Registered Owner shall further be conclusively
14 deemed to have agreed that said Bonds shall be incontestable in
15 the hands of a bona fide holder for value.
16

17 So long as any of the Bonds remain Outstanding, the
18 Bond Registrar shall keep and maintain books for the
19 registration and transfer of the Bonds.
20

21 The Bonds shall be transferable only upon the Bond
22 Register by the Registered Owner thereof in person or by its
23 attorney or legal representative duly authorized in writing,
24 upon surrender thereto, together with a written instrument of
25 transfer satisfactory to the Bond Registrar duly executed by
26 the Registered Owner or such duly authorized attorney or legal
27 representative.
28

29 In all cases in which the privilege of exchanging
30 Bonds or transferring the Bonds is exercised, Bonds shall be
31 delivered in accordance with the provisions of this Ordinance.
32 All Bonds surrendered in any such exchanges or transfer shall
33 forthwith be cancelled by the Bond Registrar. For every such
34 exchange or transfer of Bonds, the Bond Registrar may make a
35 charge sufficient to reimburse it for any tax, fee or other
36 governmental charge required to be paid with respect to such
37 exchange or transfer and the cost of preparing each new Bond
38 upon each exchange or transfer, and any other expenses of said
39 Bond Registrar incurred in connection therewith, which charges
40 and expenses for any Bonds owned by the Original Bonds
41 Purchaser, in the event of partial redemption of any bond or
42 connection with the first transfer with any bond from the
43 Original Bonds Purchaser thereof shall be paid the City and,
44 otherwise shall be paid by the Registered Owner requesting such
45 transfer or exchange. The Bond Registrar shall not be
46 obligated to make any such change or transfer of Bonds during
47 the period beginning with the fifteenth day of the month
48 preceding an interest payment date and ending on the date or,
49 in a case of any partial redemption of Bonds during the fifteen
50 days next preceding the date of the selection of Bonds to be
51 redeemed.
52
53

1 Section 3.07. Bonds Mutilated, Destroyed, Stolen or
2 Lost. In case any Bond shall become mutilated or be destroyed,
3 stolen or lost, the City may, in the discretion of the Council,
4 issue, and the Bond Register shall authenticate and deliver a
5 new Bond or Bonds of like tenor as the Bond or Bonds so
6 mutilated, destroyed, stolen or lost, in exchange and
7 substitution for such mutilated Bond or Bonds, upon surrender
8 and cancellation of such mutilated Bond or Bonds, or in lieu of
9 and substitution for the Bond or Bonds destroyed, stolen or
10 lost, and upon the Registered Owner's furnishing the Council
11 proof of its ownership thereof and satisfactory indemnity and
12 complying with such other reasonable regulations and conditions
13 as the Council may prescribe and paying such expenses as the
14 City may incur. All Bonds so surrendered shall be cancelled by
15 the Bond Registrar and held for the account of the City. If
16 any such Bond shall have matured or be about to mature, instead
17 of issuing a substitute Bond, the City may pay the same, upon
18 being indemnified as aforesaid, and, if such Bond be lost,
19 stolen, or destroyed, without surrender therefor.
20

21 Any such duplicate Bonds issued pursuant to this
22 section shall constitute an original, additional contractual
23 obligation on the part of the City, whether or not the lost,
24 stolen or destroyed Bond be at any time found by any one, and
25 such duplicate Bond shall be entitled to equal and
26 proportionate benefits and rights as to lien and source of
27 security for payment from the revenues pledged herein with all
28 other Bonds issued hereunder.
29

30 Section 3.08. Bonds Secured by Pledge of Net
31 Revenues; Not to be Indebtedness of the City. The payment of
32 the debt service of all of the Subordinate Bonds shall be
33 secured forthwith equally and ratably with each other by a
34 second lien following the lien of the Prior Bonds on the Net
35 Revenues derived from the System. The payment of the debt
36 service of all of the Supplemental Bonds shall also be secured
37 forthwith equally and ratably with each other by a lien on the
38 Net Revenues derived from the System, but junior, subordinate
39 and inferior to the lien on the Net Revenues in favor of the
40 Subordinate Bonds and the Prior Bonds. Such Net Revenues, in
41 the amount sufficient, to pay the principal of and interest on
42 the Bonds and to make the payments required into the
43 Subordinate Sinking Fund and the Subordinate Reserve Account
44 therein, the Renewal and Replacement Fund and the Supplemental
45 Sinking Fund and the Supplemental Reserve Fund Account therein,
46 all hereinafter established, are hereby irrevocably pledged to
47 the payment of the principal of and interest on the Bonds as
48 the same become due. The Bonds shall not, in any event, be or
49 constitute an indebtedness of the City within the meaning of
50 any constitutional or statutory provision or limitation, but
51 shall be payable solely from Net Revenues and otherwise as
52 provided herein. No Registered Owner or Owners of any of the
53 Bonds shall ever have the right to compel the exercise of the

1 taxing power of the City to pay the Bonds or the interest
2 thereon.
3

4 Section 3.09. Form of Bonds. The text of the
5 Original Bonds shall be in substantially the following tenor,
6 with such omissions, insertions and variations as may be
7 necessary and desirable and authorized or permitted by this
8 Ordinance, the Supplemental Resolution or any subsequent
9 resolution or ordinance adopted or enacted prior to the
10 issuance thereof:
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[Form of Original Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF CHARLESTON
SEWER REVENUE BONDS
SERIES _____

No. R- _____

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF CHARLESTON, a municipal corporation organized and existing under the laws of the State of West Virginia (the "City"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ (\$ _____), in installments on the first day of _____ of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum as set forth on said Exhibit A.

Interest on each installment shall run from the date of this Bond and until payment of such installment, and such interest shall be payable on the 1st day of _____, and the 1st day of _____ in each year beginning _____, 19____. 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 West Virginia Municipal Bond Commission, Charleston, West Virginia, as Paying Agent (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of _____, West Virginia, as registrar (the "Registrar") 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 the registered owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and as otherwise provided by the Loan Agreement, dated as of _____, 19____, between the City and the Authority.

This Bond is issued (1) to pay costs of acquisition and construction of certain extensions, improvements and betterments to the existing public sewerage system of the City (the "Project") (said existing system, together with the

1 Project and any further extensions, improvements or betterments
2 thereto, is hereinafter referred to as the "System")[(2) to
3 pay interest on the Bonds during and for six months after
4 completion of the Project; (3) to fund the Reserve Account, as
5 hereinafter defined; and (4)] (2) to pay certain issuance and
6 related costs in connection therewith. This Bond is authorized
7 and issued under and in full compliance with the Constitution
8 and statutes of the State of West Virginia, including
9 particularly Article 13 of Chapter 16 of the Code of West
10 Virginia, 1931, as amended (the "Act"), and an ordinance duly
11 enacted by the Council of the City on the _____ day of _____,
12 1988, and supplemented thereby on the _____ day of _____,
13 19__ (collectively, the "Ordinance"), and is subject to all the
14 terms and conditions of said Ordinance. The Ordinance provides
15 for the issuance of additional bonds under certain conditions,
16 and such bonds would be entitled to be paid and secured equally
17 and ratably from and by the funds and revenues and other
18 security provided for the Bonds under the Ordinance.
19

20 This Bond is issued contemporaneously with the
21 Supplemental Sewer Revenue Bonds, Series 19__, of the City (the
22 "Supplemental Bonds"), issued in the aggregate amount of
23 \$_____, which Supplemental Bonds are junior and
24 subordinate with respect to liens and sources of and security
25 for payment of the Bonds of this issue. This Bond is junior
26 and subordinate to the Prior Bonds, as defined in the Ordinance.
27

28 This Bond is payable only from and secured by the Net
29 Revenues (as defined in the Ordinance) to be derived from the
30 operation of the System subject to the lien of the Prior Bonds,
31 moneys in the Reserve Account created under the Ordinance (the
32 "Reserve Account") and unexpended proceeds of the Bonds. Such
33 Net Revenues shall be sufficient to pay the principal of and
34 interest on all bonds and other obligations which may be issued
35 pursuant to the Act and which shall be set aside as a special
36 fund hereby pledged for such purpose. This Bond does not
37 constitute a corporate indebtedness of the City within the
38 meaning of any constitutional or statutory provisions or
39 limitations, nor shall said City be obligated to pay the same
40 or the interest hereon except from said special fund provided
41 from the Net Revenues, the moneys in the Reserve Account and
42 unexpended Bond Proceeds. Pursuant to the Ordinance, the City
43 has covenanted and agreed to establish and maintain just and
44 equitable rates or charges for the use of such System and the
45 services rendered thereby, which shall be sufficient to provide
46 for the proper and reasonable expenses of operation, repair and
47 maintenance of said System and to leave a balance each year
48 equal to at least 115% of the amount required to pay the
49 maximum amount due in any ensuing year of principal of and
50 interest on the Bonds, on the Supplemental Bonds, as
51 hereinafter defined, and on all obligations secured by or
52 payable from such revenues prior to or on a parity with the
53 Bonds and said Supplemental Bonds including the Prior Bonds;

1 provided, however, that so long as there exist in the Reserve
2 Account sufficient moneys to pay the maximum amount of
3 principal and interest which will become due on the Bonds in
4 the then current or any succeeding year, there exist in the
5 reserve account for said Supplemental Bonds sufficient moneys
6 to pay the maximum amount of principal and interest, if any,
7 which will become due on said Supplemental Bonds in the then
8 current or any succeeding year, and the reserve accounts for
9 the Prior Bonds and for any obligations prior to or on a parity
10 with the Bonds or said Supplemental Bonds, are funded at the
11 respective requirement therefor, such percentage may be reduced
12 to 110%. The City has entered into certain further covenants
13 with the Registered Owners of the Bonds for the terms of which
14 reference is made to said Ordinance. Remedies provided the
15 Registered Owners of the Bonds are exclusively as provided in
16 the Ordinance, to which reference is here made for a detailed
17 description thereof.

18
19 This Bond is transferable, as provided in the
20 Ordinance, only upon the books of the Registrar which shall be
21 kept for that purpose at the office of the Registrar, by the
22 Registered Owner or by its attorney or legal representative
23 duly authorized in writing, upon surrender of this Bond,
24 together with a written instrument of transfer satisfactory to
25 the Registrar duly executed by the Registered Owner or its duly
26 authorized attorney or legal representative duly authorized in
27 writing.

28
29 Subject to registration requirements, this Bond under
30 the provision of the Act is and has all the qualities and
31 incidents of a negotiable instrument under the Uniform
32 Commercial Code of the State of West Virginia.

33
34 All money received from the sale of this Bond, after
35 reimbursement and repayment of all amounts connected with the
36 issuance hereof, as provided by law and the Ordinance, shall be
37 applied solely to the costs of acquisition and construction of
38 the Project, and there shall be and hereby is created and
39 granted a lien upon such moneys, until so applied, in favor of
40 the Registered Owner of this Bond.

41
42 IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all
43 acts, conditions and things required to exist, happen and be
44 performed precedent to and in the issuance of this Bond have
45 existed, have happened, and have been performed in due time,
46 form and manner as required by law, and that the amount of this
47 Bond, together with all other obligations of said City, does
48 not exceed any limit prescribed by the Constitution or statutes
49 of the State of West Virginia and that a sufficient amount of
50 the revenues of the System of said City has been pledged to and
51 will be set aside into said special fund by said City for the
52 prompt payment of the principal of and interest on this Bond.
53

1 All provisions of the Ordinance, resolutions and
2 statutes under which this Bond is issued shall be deemed to be
3 a part of the contract evidenced by this City Bond to the same
4 extent as if written fully herein.
5

6 IN WITNESS WHEREOF, THE CITY OF CHARLESTON has caused
7 this Bond to be signed by its Mayor and its corporate seal to
8 be hereunto impressed and attested by its Clerk, all as of
9 the _____ day of _____, 19__.

10
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14 _____
15 Mayor

16 [SEAL]

17
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19 ATTEST:

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23 _____
24 City Clerk
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1 CERTIFICATE OF AUTHENTICATION AND REGISTRATION
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4 This Bond is one of the Sewer Revenue Bonds, Series
5 19 __, described in the within-mentioned Ordinance and has been
6 duly registered in the name of the registered owner set forth
7 above on the date set forth below.
8
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10 Date: _____
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14 _____
15 as Registrar
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18 By _____
19 Its Authorized Officer
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EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

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[Form of Assignment]

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

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

Dated: _____, ____.

In the presence of:

[FORM OF THE SUPPLEMENTAL BOND]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF CHARLESTON
SUPPLEMENTAL SEWER REVENUE BOND,
SERIES _____

No. SR-_____

\$_____

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF CHARLESTON, a municipal corporation 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 the West Virginia Water Development Authority (the "Authority"), or registered assigns, the sum of _____ (\$_____), in installments on _____ of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference.

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 West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (the "Paying Agent"). This Bond bears no interest.

This Bond may be redeemed prior to its stated date of maturity in whole or in part at any time, but only with the express written consent of the Authority and as otherwise provided by the Supplemental Loan Agreement, dated as of _____, 19__, between the City and the Authority.

This Bond is issued (1) to pay costs of acquisition and construction of certain extensions, improvements and betterments to the existing public sewerage system of the City (the "Project") (said existing system, together with the Project and any further extensions, improvements or betterments thereto, is hereinafter referred to as the "System") [; (2) to fund the Supplemental Reserve Account, as hereinafter defined, and (3)] (2) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), an Ordinance duly enacted by the City on the ____ day of _____, 1988, and supplemented thereby on the ____ day of _____, 19__, (collectively, the "Ordinance"), and is subject to all the terms and conditions thereof. The Ordinance

1 provides for the issuance of additional bonds under certain
2 conditions, and such bonds would be entitled to be paid and
3 secured equally and ratably from and by the funds and revenues
4 and other security provided for the Bonds under the Ordinance.
5

6 This Bond is junior and subordinate with respect to
7 the lien of the Prior Bonds as defined in the Ordinance. This
8 Bond is issued contemporaneously with the Sewer Revenue Bonds,
9 Series ____ of the City (the "Subordinate Bonds") issued in the
10 aggregate principal amount of \$_____, which Subordinate
11 Bonds rank prior with respect to liens and sources of and
12 security for payment to the Bonds of this issue.
13

14 This Bond is payable only from and secured by a lien,
15 subordinate to the Prior Bonds and the Subordinate Bonds, on
16 the Net Revenues (as defined in the Ordinance) to be derived
17 from the operation of the System, moneys in the Supplemental
18 Reserve Account created under the Ordinance (the "Supplemental
19 Reserve Account") and unexpended proceeds of the Bonds. Such
20 Net Revenues shall be sufficient to pay the principal of and
21 interest on all bonds which may be issued pursuant to the Act
22 and which shall be set aside as a special fund hereby pledged
23 for such purpose. This Bond does not constitute a corporate
24 indebtedness of the City within the meaning of any
25 constitutional or statutory provisions or limitations, nor
26 shall the City be obligated to pay the same except from said
27 special fund provided from the Net Revenues, the moneys in the
28 Supplemental Reserve Account and unexpended Bond proceeds.
29 Pursuant to the Ordinance, the City has covenanted and agreed
30 to establish and maintain just and equitable rates and charges
31 for the use of the System and the services rendered thereby,
32 which shall be sufficient to provide for the reasonable
33 expenses of operation, repair and maintenance of the System,
34 and to leave a balance each year equal to at least 115% of the
35 amount required to pay the maximum amount due in any year of
36 principal of and interest on the Bonds, the Prior Bonds, the
37 Subordinate Bonds and all other obligations secured by or
38 payable from the revenues of the System prior to or on a parity
39 with the Bonds and the Subordinate Bonds, provided however,
40 that so long as there exists in the Supplemental Reserve
41 Account and in the reserve accounts for the Prior Bonds and the
42 Subordinate Bonds amounts at least equal to the maximum amount
43 of principal and interest, if any, which will become due on the
44 Bonds and on the Subordinate Bonds, respectively, in any year,
45 and the reserve accounts for any such obligations prior to or
46 on a parity with the Bonds or the Subordinate Bonds, are funded
47 at the respective requirement therefor, such percentage may be
48 reduced to 110%. The City has entered into certain further
49 covenants with the registered owners of the Bonds for the terms
50 of which reference is made to the Ordinance. Remedies provided
51 the Registered Owners of the Bonds are exclusively as provided
52 in the Ordinance, to which reference is here made for a
53 detailed description thereof.

1 This Bond is transferable, as provided in the
2 Ordinance, only upon the books of
3 West Virginia, as registrar (the "Registrar"), kept for that
4 purpose at the office of the Registrar by the Registered Owner,
5 or by its attorney duly authorized in writing, upon the
6 surrender of this Bond together with a written instrument of
7 transfer satisfactory to the Registrar duly executed by the
8 Registered Owner or its attorney or legal representative duly
9 authorized in writing.

10
11 Subject to the registration requirements, this Bond,
12 under the provision of the Act is, and has all the qualities
13 and incidents of, a negotiable instrument under the Uniform
14 Commercial Code of the State of West Virginia.

15
16 All money received from the sale of this Bond, after
17 reimbursement and repayment of all amounts advanced for
18 preliminary expenses as provided by law, shall be applied
19 solely to the payment of the Costs of Project described in the
20 Ordinance, and there shall be and hereby is created and granted
21 a lien upon such moneys, until so applied, in favor of the
22 registered owner of this Bond; provided that such lien on
23 moneys deposited in the Bond Construction Trust Fund created by
24 the Ordinance shall be subordinate to that of the Subordinate
25 Bonds.

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

38
39 All provisions of the Ordinance, resolutions and
40 statutes under which this Bond is issued shall be deemed to be
41 a part of the contract evidenced by this Bond to the same extent
42 as if written fully herein.

43
44 IN WITNESS WHEREOF, THE CITY OF CHARLESTON has caused
45 this Bond to be signed by its Mayor and its corporate seal to
46 be hereunto affixed and attested by its City Clerk, and has
47 caused this Bond to be dated _____, 19__.

48
49
50 [SEAL]

51 _____
52 Mayor
53

1 ATTEST:

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5 City Clerk

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1 CERTIFICATE OF AUTHENTICATION AND REGISTRATION
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4 This Bond is one of the Supplemental Sewer Revenue
5 Bonds, Series _____ described in the within-mentioned Ordinance
6 and has been duly registered in the name of the Registered
7 Owner set forth above.
8

9 Date: _____
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13 _____
14 as Registrar
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16 By _____
17 Its Authorized Officer
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EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

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[Form of Assignment]

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

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

Dated: _____, ____.

In the presence of:

1 Section 3.10. Sale of the Original Bonds. The
2 Original Bonds shall be sold to the Original Bond Purchaser
3 pursuant to the terms and conditions of the Authority Loan
4 Agreements; provided, that the City shall satisfy certain legal
5 and other requirements of the Program; and provided further,
6 that the form and execution of the Authority Loan Agreements
7 shall be approved by the Supplemental Resolution. The
8 provisions of the Authority Loan Agreements are specifically
9 incorporated in this Ordinance.

10
11 Section 3.11. Amended Schedule A Filing; Tender of
12 Supplemental Bonds. Upon completion of acquisition and
13 construction of the Project, the City shall file with the
14 Authority a schedule in substantially the form of the "Amended
15 Schedule A" to the Authority Loan Agreement, setting forth the
16 actual costs of the Project and sources of funds therefor. In
17 the event such schedule reflects an excess of funding for the
18 Project, or if the Authority is otherwise advised of an excess,
19 the Authority may tender the Supplemental Bonds to the City for
20 payment in an amount equal to such excess.
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ARTICLE IV

SYSTEM REVENUES AND APPLICATION THEREOF

Section 4.01. Construction of Funds and Accounts. The following special funds or accounts created and established under the Original Ordinance shall be continued and maintained as provided in said Original Ordinance as long as any bonds issued hereunder are Outstanding:

(1) Sewer Revenue Fund; and

(2) Renewal and Replacement Fund.

Section 4.02. Establishment of Bond Construction Trust Fund. The following special account is established with and shall be held by, the Depository Bank:

(1) Bond Construction Trust Fund.

Section 4.03. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby established with the Commission:

(1) Subordinate Sinking Fund; and

(a) Within the Subordinate Sinking Fund, the Subordinate Reserve Account;

(2) Supplemental Sinking Fund; and

(a) Within the Supplemental Sinking Fund, the Supplemental Reserve Account.

Section 4.04. System Revenues; Flow of Funds. A. As long as the Prior Bonds are outstanding, the entire Gross Revenues derived from the operation of the System shall be deposited upon receipt pursuant to the terms of the Prior Ordinance. When the Prior Bonds are no longer outstanding, the entire Gross Revenue shall be deposited in the Sewer Revenue Fund. The Sewer Revenue Fund shall constitute a trust fund for the purposes provided in this Ordinance and shall be kept separate and distinct from all other funds of the City and the Depository Bank and used only for the purposes and in the manner herein provided.

(1) So long as the Prior Bonds are outstanding, the City shall first make all transfers and deposits as required by the Prior Ordinance.

1 (2) When the Prior Bonds are no longer outstanding,
2 the City shall first each month pay the current Operating
3 Expenses of the System from the Sewer Revenue Fund.
4

5 (3) Thereafter, from the moneys remaining in the
6 Sewer Revenue Fund, the City shall next, on the first day of
7 each month, commencing seven (7) months prior to the first day
8 of payment of interest on the Subordinate Bonds for which
9 interest has not been capitalized, apportion and set apart out
10 of the Sewer Revenue Fund and remit to the Commission, for
11 deposit in the Sinking Fund, a sum equal to one-sixth (1/6) of
12 the amount of interest which will become due on said
13 Subordinate Bonds on the next ensuing semiannual interest
14 payment date.
15

16 (4) The City shall also, on the first day of each
17 month, commencing thirteen (13) months prior to the first date
18 of payment of principal on the Subordinate Bonds, apportion and
19 set apart out of the Sewer Revenue Fund and remit to the
20 Commission for deposit in the Sinking Fund, a sum equal to
21 one-twelfth (1/12) of the amount of principal which will mature
22 and become due on said Bonds on the next ensuing principal
23 payment date.
24

25 (5) If the Reserve Account was not funded with
26 proceeds of the Subordinate Bonds, the City shall next from the
27 Sewer Revenue Fund on the first day of each month commencing
28 thirteen (13) months prior to the first date of payment of the
29 Subordinate Bonds, apportion and set apart out of the Sewer
30 Revenue Fund and remit to the Commission for deposit in the
31 Reserve Account, an amount equal to 1/120th of the Reserve
32 Account Requirement; provided, that no further payment shall be
33 made into the Reserve Account when there shall have been
34 deposited therein, and as long as there shall remain on
35 deposit, an amount equal to the Reserve Account Requirement.
36 Once the Reserve Account has been funded with an amount equal
37 to the Reserve Account Requirement the City shall next remit to
38 the Commission for deposit in the Reserve Account an amount
39 equal to any deficiency of the Reserve Account Requirement.
40 Any withdrawals from the Reserve Account which result in a
41 reduction in the balance of the Reserve Account to below the
42 Reserve Account Requirement shall be subsequently restored from
43 the first Net Revenues available after all required payments
44 prescribed above have been made in full.
45

46 Moneys in the Sinking Fund shall be used only for
47 the purposes of paying principal of and interest on the
48 Subordinate Bonds as the same shall become due. Moneys in the
49 Reserve Account in the Subordinate Sinking Fund shall be used
50 only for the purpose of paying principal of or interest on the
51 Subordinate Bonds, as the same shall come due, when other
52 moneys in the Subordinate Sinking Fund are insufficient
53 therefor, and for no other purpose. All investment earnings on

1 moneys in the Subordinate Sinking Fund and the Subordinate
2 Reserve Account shall be transferred, not less than once each
3 year to the Bond Construction Trust Fund prior to completion of
4 the Project and thereafter to the Sewer Revenue Fund.
5

6 (6) The City shall not be required to make any
7 further payments into the Subordinate Sinking Fund or into the
8 Subordinate Reserve Account therein when the aggregate amount
9 of funds in said Subordinate Sinking Fund and said Subordinate
10 Reserve Account is at least equal to the aggregate principal
11 amount of and interest to come due on the Subordinate Bonds
12 issued pursuant to this Ordinance then Outstanding.
13

14 (7) When the Prior Bonds are no longer outstanding,
15 from the moneys remaining in the Sewer Revenue Fund, the City
16 shall next, on the first day of each month, commencing with the
17 month succeeding the first full calendar month after completion
18 of the Project deposit in the Renewal and Replacement Fund a
19 sum equal to two and one-half percent (2 1/2%) of the Gross
20 Revenues each month, exclusive of payments for account of the
21 Reserve Account in the Sinking Fund. All funds in the Renewal
22 and Replacement Fund shall be kept apart from all other funds
23 of the City or of the Depository Bank and shall be invested and
24 reinvested in accordance with Article VIII hereof. Withdrawals
25 and disbursements may be made from the Renewal and Replacement
26 Fund for replacements, enlargements, emergency repairs,
27 improvements and extensions to the System; provided, that any
28 deficiency occurring in the Reserve Account shall be promptly
29 eliminated with moneys from the Renewal and Replacement Fund.
30

31 B. (1) The City shall next, on the first day of
32 each month, commencing thirteen months prior to the first date
33 of payment of principal on the Supplemental Bonds, apportion
34 and set apart out of the Sewer Revenue Fund and remit to the
35 Commission for the deposit in the Supplemental Sinking Fund,
36 the sum equal to 1/12 of the amount of principal which will
37 mature and become due on said Supplemental Bonds on the ensuing
38 principal payment date.
39

40 (2) If the Supplemental Reserve Account was not
41 funded with the proceeds of the Supplemental Bonds, the City
42 shall next from the Sewer Revenue Fund, on the first day of
43 each month commencing thirteen months prior to the first date
44 of payment of Supplemental Bonds, remit to the Commission for
45 deposit in the Supplemental Reserve Account an amount equal to
46 1/120th of the Supplemental Reserve Requirement; provided, that
47 no further payment shall be made into the Supplemental Reserve
48 Account when there shall have been deposited therein, and as
49 long as there shall remain on deposit therein, an amount equal
50 to the Supplemental Reserve Requirement. Once the Supplemental
51 Reserve Account has been funded at the Supplemental Reserve
52 Requirement, the City shall next remit to the Commission for
53 deposit in the Supplemental Reserve Account an amount equal to

1 any deficiency in the Supplemental Reserve Requirement. Any
2 withdraws from Supplemental Reserve Account which result in the
3 reduction of the balance of the Supplemental Reserve Account to
4 below the Supplemental Reserve Requirement shall be
5 subsequently restored from the Net Revenues available after all
6 required payments prescribed above have been made in full.
7

8 (3) Moneys in the Supplemental Sinking Fund
9 shall be used only for the purposes of paying principal of and
10 interest, if any, on the Supplemental Bonds as the same shall
11 become due. Moneys in the Supplemental Reserve Account and the
12 Supplemental Sinking Fund shall be used only for the purpose of
13 paying principal of or interest, if any, on the Supplemental
14 Bonds, as the same shall become due, when other moneys in the
15 Supplemental Sinking Fund are insufficient therefor, and for no
16 other purpose. All investment earnings on moneys in the
17 Supplemental Sinking Fund and the Supplemental Reserve Account
18 shall be transferred, not less than once each year, to the Bond
19 Construction Trust Fund prior to completion of the Project and
20 thereafter to the Sewer Revenue Fund.
21

22 C. (1) As and when additional Bonds ranking on a
23 parity with the Bonds are issued, provision shall be made for
24 additional payments in said Subordinate Sinking Fund or
25 Supplemental Sinking Fund sufficient to pay the interest on
26 such additional parity Bonds and accomplish retirement thereof
27 at maturity and to accumulate a balance in the Subordinate
28 Reserve Account or Supplemental Reserve Account in an amount
29 equal to the respective Reserve Requirement.
30

31 (2) The Commission is hereby designated as the
32 fiscal agent for the administration of the Subordinate Sinking
33 Fund and the Supplemental Sinking Fund created hereunder, and
34 all amounts required for said Sinking Fund and the Supplemental
35 Sinking Fund shall be remitted to the Commission from the Sewer
36 Revenue Fund by the City at the times provided herein.
37

38 (3) The payments into the Subordinate Sinking Fund and
39 the Supplemental Sinking Fund shall be made on the first day of
40 each month, except that when the first day of any month shall
41 be a Sunday or legal holiday then such payments shall be made
42 on the next succeeding business day, and all such payments
43 shall be remitted to the Commission with appropriate
44 instructions as to the custody, use and application thereof
45 consistent with the provisions of this Ordinance.
46

47 D. Whenever all of the required and provided
48 transfers and payments from the Sewer Revenue Fund into the
49 several special funds, as hereinbefore provided, are current
50 and there remains in said Sewer Revenue Fund a balance in
51 excess of the estimated amount required to be so transferred
52 and retained and paid into the Subordinate Sinking Fund,
53 including the Subordinate Reserve Account therein, the

1 Supplemental Sinking Fund, including the Supplemental Reserve
2 Account therein, and the Renewal and Replacement Fund during
3 the following month or such longer period shall be required by
4 the Act, such excess shall be considered as surplus revenues
5 and may be used for any lawful purpose of the System.
6

7
8 E. The City shall remit from the Sewer Revenue Fund
9 to the Commission, the applicable registrars, depository banks
10 or paying agents, on such dates as the Commission, the
11 applicable registrars, depository banks or the paying agents,
12 as the case may be, shall require, such additional sums as
13 shall be necessary to pay the depository banks' charges, the
14 registrars' fees and the paying agents' fees then due.

15
16 F. The moneys in excess of the sum insured by the
17 maximum amounts insured by FDIC in the Sewer Revenue Fund shall
18 at all times be secured, to the full extent thereof in excess
19 of such insured sum, by Qualified Investments as shall be
20 eligible as security for deposits of state and municipal funds
21 under the law of the State for the Sewer Revenue Fund.

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

29
30 H. All remittances made by the City to the
31 Commission shall clearly identify the fund or account into
32 which each amount is to be deposited.

33
34 I. The Gross Revenues of the System shall only be
35 used for purposes of the System.
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ARTICLE V

APPLICATION OF BOND PROCEEDS

Section 5.01. Application of Original Bond Proceeds.

From the moneys received from time to time from the sale of any or all of the Original Bonds, the following amounts shall be deposited as set forth below:

A. If required by the Supplemental Resolution the amount of the proceeds which shall be at least sufficient to pay interest on the Original Subordinate Bonds for the period specified in the Supplemental Resolution shall be deposited in the Subordinate Sinking Fund with the Commission; provided, that such period may not extend beyond the date which is (6) six months after the estimated date of completion of construction of the Project.

B. If required by the Supplemental Resolution, the amount of the proceeds which shall be at least sufficient to fund the Subordinate Reserve Account Requirement or the Supplemental Reserve Requirement shall be deposited in the Subordinate Reserve Account and the Supplemental Reserve Account, respectively, with the Commission; provided, that such amounts shall not exceed in aggregate ten percent (10%) of the proceeds of the Original Bonds.

C. The remaining monies derived from the sale of the Original Bonds shall be deposited by the City in the Bond Construction Trust Fund and applied to the Costs of the Project, including but not limited to payment of the cost of issuance.

Section 5.02. Bond Construction Trust Fund.

The Bond Construction Trust Fund shall be kept separate and apart from all other funds of the City and used and applied by the City solely for the payment of the Costs of Project which include but are not limited to the cost of the issuance of the Original Bonds as well as construction of the Project, as more fully set forth in Section 1.03(F), and for no other purposes whatsoever. Unless invested in Qualified Investments, the moneys in said fund shall be secured at all times by the deposit in such bank, as security, of direct obligations of the United States of America having a fair market value at least equal to the balance in said fund in excess of the amount insured by the FDIC. Any moneys not needed immediately for said purposes shall be invested in Qualified Investments having maturities so as to enable the moneys to be available as deemed necessary by the Consulting Engineers and otherwise in accordance Article VIII hereof. Subject to the provisions of Section 3.11 hereof, if for any

1 reason such proceeds, or any part thereof, are not necessary
2 for, or are not applied to, such purposes, then such unapplied
3 proceeds, unless otherwise provided for in the Authority Loan
4 Agreements, (i) may be used for other capital construction or
5 acquisition needs of the System during the period of three
6 years of the issuance of the Bonds; (ii) thereafter, shall be
7 used to make up any deficiency in the Subordinate Reserve
8 Account or the Supplemental Reserve Account or to fund Reserve
9 Accounts at the respective requirements therefor; and (iii) if
10 the Reserve Accounts are fully funded and no deficiencies
11 exist, shall be deposited by the City in escrow with an escrow
12 trustee and used to redeem Original Bonds at the first
13 redemption date and, prior to, to pay a proportion amount of
14 the principal of the Original Bonds by depositing into Sinking
15 Fund and the Supplemental Sinking Fund, respectively, an amount
16 which bears the same ratio to the principal coming due in that
17 year as the excess proceeds bore to the initial aggregate
18 principal amount of the Original Subordinate Bonds and the
19 Original Supplemental Bonds, as the case may be. All such
20 proceeds shall constitute a trust fund for such purposes, and
21 there is hereby created a lien upon such moneys until so
22 applied in favor of the Owners of the Original Bonds; provided,
23 that the lien in favor of the registered owners of the Original
24 Subordinate Bonds shall be prior to the lien in favor of the
25 registered owners of the Original Supplemental Bonds.
26

27 Expenditures or disbursements by the Depository Bank
28 from said Bond Construction Trust Fund, except for legal,
29 fiscal and engineering expenses and expenses in connection with
30 the issuance and sale of the Bonds and repayment to the
31 Authority of any Step I or Step II loans, shall be made only
32 after such expenditures or disbursements shall have been
33 approved in writing by the Sanitary Board and the Consulting
34 Engineers.
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ARTICLE VI

ADDITIONAL COVENANTS OF THE CITY

Section 6.01. General Covenants of the City. All the covenants, agreements and provisions of this Ordinance shall be and constitute valid and legally binding covenants of the City and shall be enforceable in any court of competent jurisdiction by any Registered Owner or Registered Owners of the Original Bonds. In addition to the other covenants, agreements and provisions of this Ordinance, the City hereby covenants and agrees with the Registered Owners of the Bonds as hereinafter provided in this Article VI. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Bonds or the interest thereon is Outstanding and unpaid.

Section 6.02. Bonds Secured by Prior Ordinance. Covenants made in the Prior Ordinance are be deemed to have been made for the benefit of the registered owners of the Original Bonds (except as to details inconsistent with this Ordinance), and shall be deemed to part of this Ordinance to the same extent as if incorporated verbatim in this Ordinance and shall be fully enforceable in the manner provided in said Prior Ordinance by the registered owners of the Original Bonds; provided, that any such rights and remedies of the Subordinate Bonds shall be junior, subordinate and inferior to the holders of the Prior Bonds and that any such rights and remedies of the Supplemental Bonds shall be junior, subordinate and inferior to the holders of the Subordinate Bonds and the Prior Bonds.

Section 6.03. Rates. Prior to the issuance of the Original Bonds, equitable rates or charges for the use of and service rendered by the System will be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file in the office of the City Clerk, each of which copies will be open to inspection by all interested parties. The rates and charges shall be effective as prescribed by the rules and regulations of the PSC. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay the Operating Expenses of the System and to make the prescribed payments into the funds and accounts created hereunder and under the Prior Ordinance. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the City hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient (i) to provide for all reasonable Operating

1 Expenses of the System, and (ii) to leave a balance each year
2 equal to at least 115% of the maximum amount required in any
3 year to pay the principal of and interest on the Original Bonds
4 and all other obligations secured by or payable from the
5 revenues of the System prior to or on a parity with the
6 Original Bonds; provided, however, in the event that an amount
7 at least equal to or in excess of the Reserve Account
8 Requirement is on deposit in the Subordinate Reserve Account,
9 an amount at least equal to the Supplemental Reserve
10 Requirement is on deposit in the Supplemental Reserve Account
11 and any reserve account for the Prior Bonds is funded at least
12 at the requirement therefor, such balance each year need only
13 equal at least 110% of the maximum amount required in any year
14 for payment of principal of and interest on the Original Bonds
15 and any such prior or parity obligations including the Prior
16 Bonds.

17
18 Section 6.04. Completion, Operation and Maintenance.
19 The City will expeditiously complete the Project in accordance
20 with the plans and specifications prepared by the Consulting
21 Engineers and will maintain the System in good condition and
22 will operate the same as a revenue-producing enterprise in an
23 efficient and economical manner, making such expenditures for
24 equipment and for renewal, repair and replacement as may be
25 proper for the economical operation and maintenance thereof
26 from the revenues of the System in the manner provided in this
27 Ordinance.

28
29 Section 6.05. Sale of the System. The System may be
30 sold, mortgaged, leased, or otherwise disposed of only as a
31 whole, or substantially as a whole, and only if the net
32 proceeds to be realized shall be sufficient fully to pay or
33 redeem at or prior to maturity all the Prior Bonds and the
34 Bonds Outstanding. The proceeds from such sale, mortgage,
35 lease or other disposition of the System shall immediately be
36 remitted to the Commission for deposit in the appropriate
37 Sinking Funds, and the City shall direct the Commission to
38 apply such proceeds to the payment of principal and any
39 interest at maturity of the Prior Bonds and the Bonds about to
40 mature and to the redemption prior to maturity, at the earliest
41 date permitted hereby and at the redemption price, of all other
42 outstanding Prior Bonds. Any balance remaining after the
43 redemption or payment of all the Prior Bonds and the Bonds and
44 interest thereon shall be remitted to the City by the
45 Commission unless necessary for the payment of other
46 obligations of the City payable out of the revenues of the
47 System.

48
49 The foregoing provision notwithstanding, and subject
50 to any requirements of the Prior Ordinance the City shall have
51 and hereby reserves the right to sell, lease or otherwise
52 dispose of any of the property comprising a part of the System
53 hereinafter determined in the manner provided herein to be no

1 longer necessary, useful or profitable in the operation
2 thereof. Prior to any such sale, lease or other disposition of
3 such property, if the amount to be received therefor is not in
4 excess of \$10,000, the City shall first, in writing, determine
5 that such property comprising a part of the System is longer
6 necessary, useful or profitable in the operation thereof and
7 the Council may then provide for the sale of such property.
8 The proceeds of any such sale shall be deposited in the Renewal
9 and Replacement Fund. If the amount to be received from such
10 sale, lease or other disposition of said property shall be in
11 excess of \$10,000 but not in excess of \$50,000, the Council
12 shall first, in writing, determine with the written approval of
13 the Consulting Engineers that such property comprising a part
14 of the System is no longer necessary, useful or profitable in
15 the operation thereof, and the Council may then, if it be
16 advised, by resolution duly adopted, approve and concur in such
17 finding and authorize such sale, lease or other disposition of
18 such property upon public bidding. The proceeds derived from
19 any such sale, lease or other disposition of such property, in
20 excess of \$10,000 and not in excess of \$50,000, shall be
21 remitted by the City to the Commission for deposit in the
22 appropriate Sinking Fund and shall be applied only to the
23 redemption or purchase, at prices not greater than the
24 applicable redemption price or, if not redeemable, par, of
25 Bonds of the last maturities then Outstanding (upon receipt of
26 approval of the Original Bonds Purchaser, if needed) or,
27 otherwise to the Renewal and Replacement Fund. Such payments
28 of such proceeds in the Subordinate Sinking Fund and the
29 Supplemental Sinking Fund or the Renewal and Replacement Fund
30 shall not reduce the amount required to be paid into said funds
31 by other provisions of this Ordinance.
32

33 No sale, lease, or other disposition of the properties
34 of the System shall be made by the City if the proceeds to be
35 derived therefrom shall be in excess of \$50,000 and
36 insufficient to pay or redeem prior to maturity all the Prior
37 Bonds and Bonds then Outstanding; provided, the prior approval
38 and consent in writing of the Registered Owners, or their duly
39 authorized representatives, of sixty-six and two-thirds percent
40 (66-2/3%) in amount of the Bonds then Outstanding may be
41 obtained for such purpose. The City shall prepare the form of
42 such approval and consent for execution by the then Owners of
43 the Prior Bonds and Bonds for the disposition of the proceeds
44 of the sale, lease or other disposition of such properties of
45 the System.
46

47 Section 6.06. Issuance of Other Obligations Payable
48 out of Revenues and General Covenant Against Encumbrances. The
49 City shall not issue any other obligations whatsoever, except
50 Parity Bonds provided for in Section 6.07 hereof, payable from
51 the revenue of the System which rank prior to, or equally, as
52 to lien on and source of and security for payment from such
53 revenues with the Bonds; provided, however that Parity Bonds

1 may be issued as provided for Section 6.07. All obligations
2 hereafter issued by the City payable from the revenues of the
3 System, except such Parity Bonds, shall contain an express
4 statement that such obligations are junior and subordinate, as
5 to lien on and source of and security for payment from such
6 revenues and in all other respects, to the Prior Bonds and the
7 Bonds to the extent such are Outstanding; provided, that no
8 such subordinate obligations shall be issued unless all
9 payments required to be made into the Subordinate Reserve
10 Account, the Supplemental Reserve Account and the Renewal and
11 Replacement Fund at the time of the issuance of such
12 subordinate obligations have been made and are current.
13

14 Except as provided above, the City shall not create,
15 or cause or permit to be created any debt, lien, pledge,
16 assignment, encumbrance or any other charge having priority
17 over or, except with respect to Parity Bonds, being on a parity
18 with the respective liens of the Bonds, and the interest
19 thereon, upon any of the income revenues of the System pledged
20 for payment of the Bonds and the interest thereon in this
21 Ordinance or upon the System or a new part thereof.
22

23 Section 6.07. Parity Bonds. No Parity Bonds payable
24 out of the revenues of the System shall be issued after the
25 issuance of any Bonds pursuant hereto, except under the
26 conditions and in the manner herein provided. Except as
27 expressly provided herein, no Parity Subordinate Bonds shall be
28 issued so long as any Supplemental Bond remains Outstanding.
29

30 No such Parity Bonds shall be issued except for the
31 purpose of financing the costs of the construction or
32 acquisition of extensions, improvements and betterments and to
33 the System or refunding one or more series of Bonds issued
34 hereunder or both such purposes.
35

36 No Parity Bonds shall be issued at any time, however,
37 unless there has been procured and filed with the City Clerk a
38 written statement by the Independent Certified Public
39 Accountants, based upon the necessary investigation and
40 certification by the Consulting Engineers, reciting the
41 conclusion that the Net Revenues actually derived, subject to
42 the adjustments hereinafter provided, from the System during
43 any twelve (12) consecutive months within the eighteen (18)
44 months immediately preceding the date of the actual issuance of
45 such Parity Bonds, plus the estimated average increased annual
46 Net Revenues to be received in each of the three (3) succeeding
47 years after the completion of the improvements to be financed
48 by such Parity Bonds, shall not be less than one hundred and
49 fifteen percent (115%) of the maximum debt service in any
50 succeeding year on the following:
51

52 (A) The Prior Bonds;
53

1 (B) The Bonds then Outstanding;
2

3 (C) Any Parity Bonds theretofore issued pursuant to
4 the provisions contained in this Ordinance then Outstanding; and
5

6 (D) The Parity Bonds then proposed to be issued.
7

8 The "estimated average increased annual Net Revenues
9 to be received in each of the three (3) succeeding years," as
10 that term is used in the computation provided in the above
11 paragraph, shall refer only to the increased Net Revenues
12 estimated to be derived from any increase in rates enacted by
13 the City, the time for appeal of which shall have expired prior
14 to the date of delivery of such Parity Bonds, and shall not
15 exceed the amount to be stated in a certificate of the
16 Consulting Engineers, which shall be filed in the office of the
17 Clerk prior to the issuance of such Parity Bonds.
18

19 The Net Revenues actually derived from the System
20 during the twelve (12) consecutive month period hereinabove
21 referred to may be adjusted by adding to such Net Revenues such
22 additional Net Revenues which would have been received, in the
23 opinion of the Consulting Engineers and the said Independent
24 Certified Public Accountants, as stated in a certificate
25 jointly made and signed by the Consulting Engineers and said
26 Independent Certified Public Accountants, on account of
27 increased rates, rentals, fees and charges for the System
28 enacted by the City, the time for appeal of which shall have
29 expired prior to issuance of such Parity Bonds.
30

31 Not later than simultaneously with the delivery of
32 such Parity Bonds, the City shall have entered into written
33 contracts for the immediate acquisition or construction of such
34 extensions, improvements and betterments to the System which
35 are to be financed by such Parity Bonds.
36

37 All the covenants and other provisions of this
38 Ordinance (except as to details of such Parity Bonds
39 inconsistent herewith) shall be for the equal benefit,
40 protection and security of the Owners of the Subordinate Bonds
41 and the Owners of any Parity Bonds and the Owners of the
42 Supplemental Bonds and the Parity Supplemental Bonds
43 subsequently issued from time to time within the limitations of
44 and in compliance with this Section. All the Subordinate
45 Bonds, regardless of the time or times of their issuance, shall
46 rank equally with respect to their respective liens on the
47 revenues of the System, and their respective source of and
48 security for payment from said revenues, without preference of
49 any Subordinate Bond over any other. All the Supplemental
50 Bonds, regardless of the time or times of their issuance, shall
51 rank equally with respect to their lien on the revenues of the
52 System, and their source of and security for payment from said
53 revenues, without preference of any Supplemental Bond over any

1 others. The City shall comply fully with all the increased
2 payments into the various funds created in this Ordinance
3 required for and on account of such Parity Bonds, in addition
4 to the payments required for Bonds theretofore issued pursuant
5 to this Ordinance.

6
7 Parity Bonds shall not be deemed to include bonds,
8 notes, certificates or other obligations subsequently issued
9 the lien of which on the revenues of the System is subject to
10 the prior and superior lien of the outstanding Prior Bonds,
11 Subordinate Bonds and Supplemental Bonds on such revenues. The
12 City shall not issue any obligations whatsoever payable from
13 the revenues of the System, or any part thereof, which rank
14 prior to or, except in the manner and under the conditions
15 provided in this section, equally, as to lien on and source of
16 and security for payment from such revenues, with the Bonds.

17
18 Parity Bonds shall not be issued at any time, however,
19 unless all the payments into the respective funds and accounts
20 provided for in this Ordinance and the Prior Ordinance on
21 account of the Prior Bonds and the Bonds then Outstanding, and
22 any other payments provided for in this Ordinance or the Prior
23 Ordinance, shall have been made in full as required to the date
24 of delivery of the Parity Bonds.

25
26 Notwithstanding the foregoing, the City may issue
27 Parity Bonds without compliance with any other conditions for
28 the purpose of refunding prior to maturity any issues or series
29 of the Bonds, provided that the annual debt service required on
30 account of the refunding Bonds and the Bonds which are not
31 refunded shall not be greater in any year in which the Bonds
32 not refunded and the refunding Bonds are to be Outstanding than
33 the annual debt service required in such year if the Bonds to
34 be refunded were not so refunded.

35
36 With the written consent in advance of the Original
37 Bonds Purchaser and anything to the contrary in Section 6.06
38 and in this Section 6.07 notwithstanding, Parity Bonds may be
39 authorized and issued by the City pursuant to a Supplemental
40 Resolution solely to complete the Project as described in the
41 City's Program application to the Original Bonds Purchaser and
42 in accordance with the plans and specifications, in the event
43 that the Bonds should be insufficient, together with other
44 funds lawfully available therefor, to pay all costs of
45 acquisition and construction of the Project; provided, however,
46 that, prior to the issuance of such Parity Bonds and under the
47 provisions of this paragraph, the Consulting Engineers shall
48 file with the Clerk a certificate to the effect that additional
49 funds are necessary for such purpose. All such Parity Bonds
50 and Parity Supplemental Bonds authorized and issued under the
51 provisions of this paragraph shall be limited to the aggregate
52 principal amount required to make up any deficiency in funds
53 for payment of the construction costs to complete the Project,

1 and the maturities of any such Parity Bonds and Parity
2 Supplemental Bonds shall be in years and amounts suggested by
3 the Original Bonds Purchaser.
4

5 As long as any Supplemental Bonds are Outstanding, the
6 City may issue Parity Supplemental Bonds upon satisfaction of
7 the tests set forth above and taking into consideration all
8 debt service requirements on all bonds superior to or on a
9 parity with the Supplemental Bonds and including the proposed
10 Parity Supplemental Bonds.
11

12 Section 6.08. Books and Records. The City will keep
13 books and records of the System, which shall be separate and
14 apart from all other books, records and accounts of the City in
15 which complete and correct entries shall be made of all
16 transactions relating to the System, and any Registered Owner
17 of a Bond or Bonds issued and authorized pursuant to this
18 Ordinance shall have the right at all reasonable times to
19 inspect the System and all parts thereof, and all records,
20 accounts and data of the City relating thereto.
21

22 The accounting system for the System shall follow
23 generally accepted accounting practices to the extent allowed
24 by the uniform system of accounts promulgated by the PSC.
25 Separate control accounting records shall be maintained by the
26 City. Subsidiary records as may be required shall be kept in
27 the manner, on the forms, books, and other bookkeeping records
28 as prescribed by the City. The City shall prescribe and
29 institute the manner by which subsidiary records of the
30 accounting system which may be installed remote from the direct
31 supervision of the City shall be reported to such agent of the
32 City as the Council of the City shall direct.
33

34 The City shall file with the Consulting Engineers and
35 the Original Bonds Purchaser, and shall mail in each year to
36 any Registered Owner of Bonds requesting the same, an annual
37 report containing the following:
38

39 A. A statement of Gross Revenues, Operating Expenses,
40 Net Revenues and Surplus Revenues derived from and relating to
41 the System.
42

43 B. A balance sheet statement showing all deposits in
44 all the funds and accounts provided for in this Ordinance with
45 respect to said Bonds and the status of all said funds and
46 accounts.
47

48 C. A statement of all new debt issued by the City
49 which is secured by a lien on the Net Revenues or Surplus
50 Revenues of the System.
51

52 The City shall also, at least once a year, cause the
53 books, records and accounts of the System to be audited by

1 Independent Certified Public Accountants and shall mail the
2 report of said Independent Certified Public Accountant upon
3 request, to any Registered Owner or Registered Owners of the
4 Bonds. The report of said audit shall include a statement that
5 the City is in compliance with the terms and provisions of the
6 Authority Loan Agreements and this Ordinance.
7

8 Section 6.09. Operating Budget. The City shall
9 annually, at least forty-five (45) days preceding the beginning
10 of each Fiscal Year, prepare and adopt by resolution a detailed
11 budget of the estimated expenditures for operation and
12 maintenance of the System during the succeeding Fiscal Year.
13 No expenditures for the operation and maintenance of the System
14 shall be made in any Fiscal Year in excess of the amounts
15 provided therefor in such budget without a written finding and
16 recommendation by the Consulting Engineers, which finding and
17 recommendation shall state in detail the purpose of and
18 necessity for such increased expenditures for the operation and
19 maintenance of the System, and no such increased expenditures
20 shall be made until the Council shall have approved such
21 finding and recommendation by a resolution duly adopted. No
22 increased expenditures in excess of ten percent (10%) of the
23 amount of such budget shall be made except upon further
24 certificate of the Consulting Engineers that such increased
25 expenditures are necessary for the continued operation of the
26 System. The City shall mail copies of such annual budget and
27 all resolutions authorizing increased expenditures for
28 operation and maintenance to the Original Bonds Purchaser and
29 to any Registered Owner of any Bond who requests in writing
30 that copies of all such budgets and resolutions be furnished
31 him or her, and shall make available such budgets and all
32 resolutions authorizing increased expenditures for operation
33 and maintenance of the System at all reasonable times to any
34 Registered Owner of any Bond or anyone acting for and in behalf
35 of such Registered Owner.
36

37 Section 6.10. Services Rendered to the City. The
38 City will not render or cause to be rendered any free services
39 of any nature by its System; and, in the event the City or any
40 department, agency, instrumentality, officer or employee of the
41 City shall avail itself or themselves of the facilities or
42 services provided by the System or any part thereof, the same
43 rates, fees or charges applicable to other customers receiving
44 like services under similar circumstances shall be charged the
45 City and any such department, agency, instrumentality, officer
46 or employee. Such charges shall be paid as they accrue, and
47 the City shall transfer from its general funds sufficient sums
48 to pay such charges for service to any of its departments or
49 properties. The revenues so received shall be deemed to be
50 revenues derived from the operation of the System, and shall be
51 deposited and accounted for in the same manner as other
52 revenues derived from such operation of the System.
53

1 Section 6.11. Enforcement of Collections. The City
2 will diligently enforce and collect all fees, rentals, or other
3 charges for the services and facilities of the System, and take
4 all steps, actions and proceedings for the enforcement and
5 collection of such fees, rentals or other charges which shall
6 become delinquent, to the full extent permitted or authorized
7 by the laws of the State, and the rules and regulations of the
8 PSC. All such rates and charges, if not paid when due, shall
9 become a lien on the premises served by the System.

10
11 Whenever any rates, rentals or charges for the
12 services and facilities of the System, shall remain unpaid for
13 a period of thirty (30) days after the same shall become due
14 and payable, the property and owner thereof, as well as the
15 user of the services and facilities, shall be delinquent until
16 such time as all such rates and charges are fully paid.

17
18 The City further covenants and agrees that it will, to
19 the full extent permitted by law, and the rules and regulations
20 promulgated by the PSC, discontinue and shut off the services
21 and facilities of the System and, in the event the City owns a
22 water facility (the "Water System"), the Water System to all
23 users of the System delinquent in payment of charges for the
24 services of the System and will not restore such services of
25 either system until all delinquent charges for the services of
26 the System have been paid in full.

27
28 Section 6.12. Insurance. The City will carry such
29 insurance and in such amounts as is customarily carried with
30 respect to works and properties similar to the System, with a
31 reputable insurance carrier or carriers, against loss or damage
32 by fire, explosion, hurricane, earthquake, cyclone, occupancy
33 or other hazards and risks. The City will require that each of
34 its contractors and all subcontractors maintain, during the
35 life of the construction contract, workers' compensation
36 coverage, public liability insurance, property damage insurance
37 and vehicle liability insurance in amounts and on terms
38 satisfactory to the Authority, so long as the Authority is the
39 Owner of the Original Bonds. The City will itself, or will
40 require each contractor and subcontractor to, obtain and
41 maintain builder's risk insurance (fire and extended coverage)
42 to protect the interests of the City, the Authority, the prime
43 contractor and all subcontractors as their interests may
44 appear, in accordance with the Authority Loan Agreements,
45 during construction of the Project in the full insurable value
46 thereof. In time of war, the City shall also carry in said
47 amount such insurance as may be available against loss or
48 damage by the risks and hazards of war. The proceeds of all
49 such insurance policies shall be disposed of as provided in
50 this Ordinance and otherwise shall be placed in the Renewal and
51 Replacement Fund and used only for the repair and restoration
52 of the damaged or destroyed properties or for the other
53 purposes provided herein for said Renewal and Replacement

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

9
10 Section 6.13. No Competing Franchise. To the extent
11 allowable by law, the City will not grant or cause, consent to
12 or allow the granting of any franchise or permit to any person,
13 firm, corporation or body, or agency or instrumentality, for
14 the providing of any services which would compete with services
15 provided by the System.

16
17 Section 6.14. Connections. To the extent authorized
18 by the laws of the State and the rules and regulations of the
19 PSC, prospective users of the System shall be required to
20 connect thereto.

21
22 Section 6.15. Public Purpose Bonds. The City shall
23 use the Bond proceeds solely for the Project and as otherwise
24 set forth herein, and the Project will be solely operated as a
25 public purpose and as local governmental activity of the City.

26
27 Section 6.16. Private Activity Bond Covenant. The
28 City shall not permit at any time or times any of the proceeds
29 of the Bonds or any other funds of the City to be used directly
30 or indirectly in a manner which would result in the exclusion
31 of the Bonds from the treatment afforded by Section 103(a) of
32 the Code by reason of the classification of the Bonds as
33 'private activity bonds' within the meaning of the Code. The
34 City will take all actions necessary to comply with the Code in
35 order to assure the tax-exempt status of the Bonds.

36
37 Section 6.17. Filing Covenant. The City will file
38 all statements, instruments and returns necessary to assure the
39 tax-exempt status of the Bonds, including, without limitation,
40 the information return required under Section 149(e) of the
41 Code.

42
43 Section 6.18. Federal Guarantee Covenant. The Bonds,
44 in whole or in part, are not, and will not be, directly or
45 indirectly, federally guaranteed within the meaning of Section
46 149(b) of the Code.

47
48 Section 6.19. Covenant to Amend Ordinance. The City
49 retains the right to make any amendments, insertions or
50 deletions by Supplemental Resolutions of this Ordinance as the
51 City deems desirable or necessary prior to the issuance of the
52 Bonds, including but not limited to amendments, insertions or
53 deletions to comply with the Code. Notwithstanding the

1 provisions of Section 10.01 hereof, the City shall without
2 consent of the Registered Owners of the Bonds amend or
3 supplement this Ordinance by resolutions supplemental hereto or
4 any amendatory ordinance to comply with the Code if such
5 amendment or supplemented is necessary to preserve the tax
6 exempt status of the Bonds. The Council of the City hereby
7 retains the specific authority to amend this Ordinance or
8 supplement it by resolution to comply with the Code. As
9 determination to amend or supplement this Ordinance, the
10 Council of the City may rely on the opinion of a nationally
11 recognized bond counsel.
12

13 The City also retains the right to make any amendments,
14 insertions or deletions by Supplemental Resolution of this
15 Ordinance as the City deems necessary prior to the issuance of
16 the Bonds to meet the requirements of the Original Bonds
17 Purchaser.
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ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.01. Events of Default. A. Each of the following events shall constitute an "Event of Default" with respect to the Bonds.

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

(B) 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 the 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 Depository Bank holding any fund or account hereunder or a Registered Owner of a Bond; or

(C) 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.

Section 7.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and in particular (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the City to perform its duties under the Act and this Ordinance relating thereto, including but not limited to the making and collection of sufficient rates of 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 ordinance with respect to the Bonds, or the rights of such Registered Owners.

Section 7.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the City under this Ordinance and the Act, including the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof and performing any construction necessary for the System. If there be any default in the payment of interest on any Bonds when the same shall become due, or in the payment of

1 the principal of any Bond or Bonds either at the specified date
2 of maturity thereof or at a date set for redemption thereof, or
3 otherwise in the performance of any covenant contained in this
4 Ordinance other than as to such payment and such default shall
5 continue for a period of thirty (30) days after written notice
6 of the City of such default, any Registered Owner shall, in
7 addition to all other remedies or rights, have the right by
8 appropriate legal proceedings to obtain the appointment of a
9 receiver to administer the System on behalf of the City with
10 power to charge rates, rentals, fees and other charges
11 sufficient to provide for the payment of the Bonds and any
12 interest thereon, the deposits into the funds and accounts
13 herein provided and the payment of operating expenses of the
14 System and to apply such rates, rentals, fees, charges or other
15 revenues in conformity with the provisions of this Ordinance
16 and the Act.
17

18 The receiver so appointed shall forthwith, directly or
19 by his or her or its agents and attorneys, enter into and upon
20 and take possession of all facilities of said System and shall
21 hold, operate and maintain, manage and control such facilities,
22 and each and every part thereof, and in the name of the City
23 exercise all the rights and powers of the City with respect to
24 said facilities as the City itself might do.
25

26 Whenever all that is due upon the Bonds issued and
27 authorized pursuant to this Ordinance and interest thereof and
28 under any covenants of this Ordinance for reserve, sinking or
29 other funds and upon any other obligations and interest thereon
30 having a charge, lien or encumbrance upon the revenues of the
31 System, shall have been paid and made good, and all defaults
32 under the provisions of this Ordinance shall have been cured
33 and made good, possession of the System shall be surrendered to
34 the City upon the entry of an order of the court to that
35 effect. Upon any subsequent default, any Registered Owner of
36 Bonds issued pursuant to this Ordinance shall have the same
37 right to secure the further appointment of a receiver upon any
38 such subsequent default.
39

40 Such receiver, in the performance of the powers
41 hereinabove conferred upon him or her or it, shall be under the
42 direction and supervision of the court making such appointment,
43 shall at all times be subject to the orders and decrees of such
44 court and may be removed thereby, and a successor receiver may
45 be appointed in the discretion of such court. Nothing herein
46 contained shall limit or restrict the jurisdiction of such
47 court to enter such other and further orders and decrees as
48 such court may deem necessary or appropriate for the exercise
49 by the receiver of any function not specifically set forth
50 herein.
51

52 Any receiver appointed as provided herein shall hold
53 and operate the System in the name of the City and for the

1 joint protection and benefit of the City and Registered Owners
2 of Bonds issued pursuant to this Ordinance. Such receiver
3 shall have no power to sell, assign, mortgage or otherwise
4 dispose of any assets of any kind or character belonging or
5 pertaining to the System, but the authority of such receiver
6 shall be limited to the possession, operation and maintenance
7 of the System, for the sole purpose of the protection of both
8 the City and Registered Owners, and the curing and making good
9 of any default under the provisions of this Ordinance, and the
10 title to and ownership of said System shall remain in the City,
11 and no court shall have any jurisdiction to enter any order or
12 decree permitting or requiring such receiver to sell, mortgage,
13 or otherwise dispose of any assets of the Systems.
14

15 The receiver shall recognize that the provisions of
16 the section shall subject to the Prior Ordinance and that the
17 lien of the Subordinate Bonds is prior and superior to that of
18 the Supplemental Bonds and shall act accordingly.
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ARTICLE VIII

INVESTMENT OF FUNDS; NON-ARBITRAGE

Section 8.01. Investments. Any moneys held as a part of the funds and accounts created by this Ordinance, other than the Sewer Revenue Fund, shall be invested and reinvested by the Commission or the Depository Bank, as the case may be, at the direction of the City in any Qualified Investments to the fullest extent possible under applicable laws, this Ordinance, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this Section.

Except as otherwise provided, any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, including but not limited to those in the Bond Construction Trust Fund, and used for the purpose of such fund or account. The interest accruing thereof and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the owner, including the value of accrued interest and giving effect to the amortization of discount and investments in the "consolidated fund" of the West Virginia State Board of Investments shall be valued at par. The Commission or the Depository Bank, as the case may be, shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any account is insufficient to make the payments required from such fund or account, regardless of the loss of such liquidation. Such Depository Bank may make any and all investments permitted by this Section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

Section 8.02. Arbitrage. The City covenants that (i) it will restrict the use of the proceeds of the Subordinate Bonds in such manner and to such extent as may be necessary, in view of the City's reasonable expectations at the time of issuance of the Subordinate Bonds, so that the Subordinate Bonds will not constitute "arbitrage bonds" under Section 148 of the Code and the Regulations, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Subordinate Bonds) so that the interest on

1 the Subordinate Bonds will be and remain excluded from gross
2 income for federal income tax purposes, and will not take any
3 actions which would adversely affect such exclusion.
4

5 Section 8.03. Rebate of Excess Investment Earnings to
6 the United States. A. CREATION OF FUNDS. There are hereby
7 created, to be held by the Depository Bank as separate funds
8 distinct from all other funds and accounts held by the
9 Depository Bank under this Ordinance, the Earnings Fund and the
10 Rebate Fund. All interest earnings and profits on amounts in
11 all funds and accounts established under this Resolution on
12 account of the Subordinate Bonds, other than (i) interest
13 earnings and profits on any funds referenced in Subsection C(5)
14 of this Section if such earnings in any Bond Year are less than
15 \$100,000, (ii) interest earnings and profits on amounts in
16 funds and accounts which do not constitute Gross Proceeds, and
17 (iii) interest earnings and profits on the Rebate Fund shall,
18 upon receipt by the Depository Bank, be deposited in the
19 Earnings Fund. In addition, all interest earnings and profits
20 on Gross Proceeds in funds held by the Issuer shall, upon
21 receipt, be paid to the Depository Bank for deposit in the
22 Earnings Fund. Annually, on or before the 30th day following
23 the end of each Bond Year or on the preceding business day in
24 the event that such last day is not a business day, or such
25 earlier date as may be required under the Code or the Loan
26 Agreement, the Depository Bank shall transfer from the Earnings
27 Fund to the Rebate Fund for purposes of ultimate payment to the
28 United States an amount equal to Excess Investment Earnings,
29 all as more particularly described in this Section. Following
30 the transfer referenced in the preceding sentence, the
31 Depository Bank shall transfer all amounts remaining in the
32 Earnings Fund to be used for the payment of Debt Service on the
33 next interest payment date and, for such purpose, Debt Service
34 due from the City for the payment on such date shall be
35 credited by an amount equal to the amount so transferred.
36

37 B. DUTIES OF ISSUER IN GENERAL. The City shall
38 calculate Excess Investment Earnings in accordance with
39 Subsection C and shall assure payment of an amount equal to
40 Excess Investment Earnings to the United States in accordance
41 with Subsections D and E.
42

43 C. CALCULATION OF EXCESS INVESTMENT EARNINGS.
44 Within 15 days following the last day of the first Bond Year,
45 the City shall calculate, and shall provide written notice to
46 the Authority and Depository Bank of, the Excess Investment
47 Earnings referenced in clause (A) of the definition of Excess
48 Investment Earnings. Thereafter, within 15 days following the
49 last day of each Bond Year and within 15 days following the
50 date of the retirement of the Subordinate Bonds, the City shall
51 calculate, and shall provide written notice to the Authority
52 and Depository Bank of, the amount of Excess Investment
53

1 Earnings. Said calculations shall be made or caused to be made
2 by the City in accordance with the following:
3

4 (1) Except as provided in (2), in determining
5 the amount described in clause A(i) of the definition
6 of Excess Investment Earnings, the aggregate amount
7 earned on Nonpurpose Investments shall include (i) all
8 income realized under federal income tax accounting
9 principles (whether or not the person earning such
10 income is subject to federal income tax) with respect
11 to such Nonpurpose Investments and with respect to the
12 reinvestment of investment receipts from such
13 Nonpurpose Investments (without regard to the
14 transaction costs incurred in acquiring, carrying,
15 selling or redeeming such Nonpurpose Investments),
16 including, but not limited to, gain or loss realized
17 on the disposition of such Nonpurpose Investments
18 (without regard to when such gains are taken into
19 account under Section 453 of the Code relating to
20 taxable year of inclusion of gross income), and income
21 under Section 1272 of the Code (relating to original
22 issue discount) and (ii) any unrealized gain or loss
23 as of the date of retirement of the Subordinate Bonds
24 in the event that any Nonpurpose Investment is
25 retained after such date.
26

27 (2) In determining the amount described in
28 clause (A) of the definition of Excess Investment
29 Earnings, Investment Property shall be treated as
30 acquired for its fair market value at the time it
31 becomes a Nonpurpose Investment, so that gain or loss
32 on the disposition of such Investment Property shall
33 be computed with reference to such fair market value
34 as its adjusted basis.
35

36 (3) In determining the amount described in
37 clause (A)(ii) of the definition of Excess Investment
38 Earnings, the Yield on the Subordinate Bonds shall be
39 determined based on the actual Yield of the
40 Subordinate Bonds during the period between the
41 Closing Date of the Subordinate Bonds and the date the
42 computation is made (with adjustments for original
43 issue discount or premium).
44

45 (4) In determining the amount described in
46 clause (B) of the definition of Excess Investment
47 Earnings, all income attributable to the excess
48 described in clause (A) of said definition must be
49 taken into account, whether or not that income exceeds
50 the Yield of the Subordinate Bonds, and no amount may
51 be treated as "negative arbitrage."
52
53

1 (5) In determining the amount of Excess
2 Investment Earnings, there shall be excluded any
3 amount earned on any fund or account which is used
4 primarily to achieve a proper matching of revenues and
5 Debt Service within each Bond Year and which is
6 depleted at least once a year except for a reasonable
7 carryover amount not in excess of the greater of 1
8 year's earnings on such fund or account or 1/12th of
9 annual Debt Service as well as amounts earned on said
10 earnings if the gross earnings on such fund or account
11 for the Bond Year is less than \$100,000.
12

13 D. PAYMENT TO THE UNITED STATES. The City shall
14 direct the Depository Bank to pay from the Rebate Fund an
15 amount equal to Excess Investment Earnings to the United States
16 in installments with the first payment to be made not later
17 than 30 days after the end of the 5th Bond Year and with
18 subsequent payments to be made not later than 5 years after the
19 preceding payment was due. The City shall assure that each
20 such installment is in an amount equal to at least 90% of the
21 Excess Investment Earnings with respect to the Gross Proceeds
22 as of the close of the computation period. Not later than 60
23 days after the retirement of the Subordinate Bonds, the City
24 shall direct the Depository Bank to pay from the Rebate Fund to
25 the United States 100% of the theretofore unpaid Excess
26 Investment Earnings in the Rebate Fund. In the event that
27 there are any amounts remaining in the Rebate Fund following
28 the payment required by the preceding sentence, the Depository
29 Bank shall pay said amounts to the City to be used for any
30 lawful purpose of the System. The City shall remit payments to
31 the United States at the address prescribed by the Regulations
32 as the same may be from time to time in effect with such
33 reports and statements as may be prescribed by such
34 Regulations. In the event that, for any reason, amounts in the
35 Rebate Fund are insufficient to make the payments to the United
36 States which are required by this Subsection D, the City shall
37 assure that such payments are made by the City to the United
38 States, on a timely basis, from any funds lawfully available
39 therefor.
40

41 E. FURTHER OBLIGATIONS OF CITY. The City shall
42 assure that Excess Investment Earnings are not paid or
43 disbursed except as required in this Section. To that end the
44 City shall assure that investment transactions are on an arm's
45 length basis and that Nonpurpose Investments are acquired at
46 their fair market value. In the event that Nonpurpose
47 Investments consist of certificates of deposit or investment
48 contracts, investment in such Nonpurpose Investments shall be
49 made in accordance with the procedures described in applicable
50 Regulations as from time to time in effect. The Depository
51 Bank shall keep the moneys in the Earnings Fund and Rebate Fund
52 invested and reinvested to the fullest extent practicable in
53 Government Obligations with maturities consonant with the

1 required use thereof and investment profits and earnings shall
2 be credited to the account of such fund on which earned.
3

4 F. MAINTENANCE OF RECORDS. The City shall keep, and
5 retain for a period of 6 years following the retirement of the
6 Subordinate Bonds, records of the determinations made pursuant
7 to this Section 8.03.
8

9 G. INDEPENDENT CONSULTANTS. In order to provide for
10 the administration of this Section 8.03, the City and the
11 Depository Bank (at the expense of the City) may provide for
12 the employment of independent attorneys, accountants or
13 consultants compensated on such reasonable basis as the City or
14 the Depository Bank may deem appropriate.
15

16 H. FURTHER AGREEMENT. Notwithstanding the
17 foregoing, the City further covenants to comply with all
18 Regulations from time to time in effect and applicable to the
19 Bonds, as may be necessary in order to fully comply with
20 Section 148(f) of the Code.
21

22 I. REPORTING TO AUTHORITY. The City shall furnish
23 to the Authority, annually, at such time as it is required to
24 perform its rebate calculations under the Code, a certificate
25 with respect to its rebate calculations and, at any time, any
26 additional information relating thereto as may be requested by
27 the Authority.
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ARTICLE IX

DEFEASANCE

Section 9.01. Defeasance of Subordinate Bonds. If the City shall pay or cause to be paid, or there shall otherwise be paid, to the owners of all Subordinate Bonds the principal thereof, and redemption premium, if applicable, and any interest due or to become due thereon, at the times and in the manner stipulated therein and in this Ordinance, then with respect to the Subordinate Bonds only, at the option of the City expressed in an instrument in writing approved by City Council, and delivered to the Paying Agent, the pledge of Net Revenues and any other moneys and securities pledged under this Ordinance and all covenants, agreements and other obligations of the City to the Registered Owners of the Subordinate Bonds shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Paying Agent and the Commission shall, upon the request of the City, execute and deliver to the City all such instruments as may be desirable to evidence such discharge and satisfaction, and any fiduciaries shall pay over or deliver to the City all moneys, securities and funds held by them pursuant to this Ordinance which are not required for the payment of redemption.

Subordinate Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay, as and when due, the principal of and interest on the Subordinate Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Subordinate Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if in case any of said Bonds are to be redeemed on any date prior to their maturity, the City shall have given to the Commission in form satisfactory to its irrevocable instructions to publish notice of redemption on said date of such Bonds and if there shall have been deposited with the Commission or its agents, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due (whether by maturity or redemption) the principal installments and interest due and to become due on said Subordinate Bonds on and prior to the maturity or redemption dates, as applicable thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be

1 withdrawn or used for any purposes other than, and shall be
2 held in trust for, the payment of the principal of and
3 redemption premium, if applicable, on and interest on said
4 Bonds; provided, that any cash received from such principal or
5 interest payments on such securities deposited with the
6 Commission, if not then needed for such purpose, shall, to the
7 extent practicable, be reinvested in securities maturing at
8 times and in amounts sufficient to pay when due the principal
9 of and redemption premium, if applicable, on and interest to
10 become due on said Subordinate Bonds on and prior to such
11 redemption date or maturity date thereof, as the case may be,
12 and interest earned from such reinvestments shall be paid over
13 to the City, as received by the Commission, free and clear of
14 any trust, lien or pledge. For the purpose of this Section,
15 securities shall mean and include only Government Obligations
16 and Advance-Refunded Municipal Bonds. Also for the purposes of
17 this section, the Commission may act as agent.
18

19 Anything in this Ordinance to the contrary
20 notwithstanding, any moneys held by the Commission or any of
21 its agents in trust for the payment and discharge of any of the
22 Bonds which have become due and payable, either at their stated
23 maturity dates or by call for earlier redemption, if such
24 moneys were held by Commission at such date, or for six years
25 after the date of deposit of such moneys if deposited with the
26 Commission after the said date when such Bonds became due and
27 payable, shall, at the written request of the City, be repaid
28 by the Commission to the City, as its absolute property and
29 free from trust, and the Commission shall thereupon be released
30 and discharged with respect thereto and the Bondholders shall
31 look only to the City for the payment of such Bonds; provided,
32 however, that before being required to make any such payment to
33 the City, the Commission shall, at the expense of the City,
34 cause to be published at least twice, at an interval of not
35 less than seven days between publications, in an Authorized
36 Newspaper, a notice that said moneys remain unclaimed and that,
37 after 30 days after the date of the first publication of such
38 notice, the balance of such moneys then unclaimed will be
39 returned to the City.
40

41 Section 9.02. Defeasance of Supplemental Bonds. If
42 the City shall pay or cause to be paid, or there shall
43 otherwise be paid, to the respective Owners of all Supplemental
44 Bonds, the principal and interest, if any, thereof, at the
45 times and in the manner stipulated therein and in this
46 Ordinance, then with respect to the Supplemental Bonds only, at
47 the option of the City, expressed in an instrument in writing
48 approved by City Council and delivered to the Paying Agent, the
49 pledge of Net Revenues and any other moneys and securities
50 pledged under this Ordinance and all covenants, agreements and
51 other obligations of the City to the Registered Owners of the
52 Supplemental Bonds shall thereupon cease, terminate and become
53 void and be discharged and satisfied. In such event, the

1 Paying Agent and the Commission shall, upon the request of the
2 City, execute and deliver to the City all such instruments as
3 may be desirable to evidence such discharge and satisfaction,
4 and any fiduciaries shall pay over or deliver to the City all
5 moneys, securities and funds held by them pursuant to this
6 Ordinance which are not required for the payment or redemption
7 of Bonds not theretofore surrendered for such payment or
8 redemption.
9

10 Supplemental Bonds for the payment of which either
11 moneys in an amount which shall be sufficient, or securities
12 the principal of and interest on which, when due, will provide
13 moneys which, together with the moneys, if any, deposited with
14 the Paying Agent at the same or earlier time, shall be
15 sufficient, to pay as and when due the principal installments
16 of such Supplemental Bonds shall be deemed to have been paid
17 within the meaning and with the effect expressed in the first
18 paragraph of this section. All Supplemental Bonds shall, prior
19 to the maturity thereof, be deemed to have been paid within the
20 meaning and with the effect expressed in the first paragraph of
21 this section, if in case any of said Bonds are to be redeemed
22 on any date prior to their maturity, the City shall have given
23 to the Commission in form satisfactory to it irrevocable
24 instructions to publish notice of redemption on said date of
25 such Bonds and if there shall have been deposited with the
26 Commission or its agent, either moneys in an amount which shall
27 be sufficient, or securities the principal of and the interest
28 on which, when due, will provide moneys which, together with
29 other moneys, if any, deposited with the Commission at the same
30 time, shall be sufficient to pay when due (whether by maturity
31 or redemption) the principal installments of said Supplemental
32 Bonds on and prior to the maturity or redemption dates, as
33 applicable, thereof. Neither securities nor moneys deposited
34 with the Commission pursuant to this section nor principal or
35 interest payments on any such securities shall be withdrawn or
36 used for any purpose other than, and shall be held in trust
37 for, the payment of the principal installments of said
38 Supplemental Bonds; provided, that any cash received from such
39 principal or interest payments on such securities deposited
40 with the Commission or its agent, if not then needed for such
41 purpose, shall, to the extent practicable, be reinvested in
42 securities maturing at times and in amounts sufficient to pay
43 when due the principal installments of said Supplemental Bonds
44 on and prior to the maturity dates thereof, and interest earned
45 from such reinvestments shall be paid over to the City as
46 received by the Commission or its agent, free and clear of any
47 trust, lien or pledge. For the purpose of this section,
48 securities shall mean and include only Government Obligations
49 and Advance-Refunded Municipal Bonds. For the purposes of this
50 section, the Commission may act as agent.
51

52 Anything in this Ordinance to the contrary
53 notwithstanding, any moneys held by the Commission or any of

1 its agents in trust for the payment and discharge of any of the
2 Bonds which remain unclaimed for six years after the date when
3 such Bonds have become due and payable, either at their stated
4 maturity dates or by call for earlier redemption, if such
5 moneys were held by the Commission at such date, or for six
6 years after the date of deposit of such moneys if deposited
7 with the Commission after the said date when such Bonds became
8 due and payable, shall, at the written request of the City, be
9 repaid by the Commission to the City, as its absolute property
10 and free from trust, and the Commission shall thereupon be
11 released and free from trust, and the Commission shall
12 thereupon be released and discharged with respect thereto, and
13 the Bondholders shall look only to the City for the payment of
14 such Bonds; provided, however, that before being required to
15 make any such payment to the City, the Commission shall, at the
16 expense of the City, cause to be published at least twice, at
17 an interval of not less than seven days between publications,
18 in an Authorized Newspaper, a notice that said moneys remain
19 unclaimed and that, after a date named in the said notice,
20 which date shall be not less than 30 days after the date of the
21 first publication of such notice, the balance of such moneys
22 then unclaimed will be returned to the City.
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ARTICLE X

MISCELLANEOUS

Section 10.01. Modification or Amendment. No material modification or amendment of this Ordinance, or of any ordinance or resolution amendatory or supplemental hereto that would materially and adversely affect the respective rights of Owners of the Bonds shall be made without the consent in writing of the Owners of two-thirds percent (2/3%) or more in principal amount of the Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the City to pay such principal and interest out of the revenues of the System without the consent of the respective Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds required for consent to the above-permitted amendments or modifications.

Section 10.02. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Ordinance.

Section 10.03. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 10.04. Repeal of Conflicting Ordinances. All ordinances, resolutions and orders, or parts thereof, in conflict with this Ordinance are, to the extent of such conflict, repealed.

Section 10.05. Covenant of Due Procedure. The City covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the final enactment and passage of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, the City Clerk and members of Council of the City were at all times when any actions in connection with this Ordinance occurred, and are, duly in office and duly qualified for such office.

Section 10.06. Effective Date. This Ordinance shall take effect after notice and public hearing hereon in accordance with the Act.

EXHIBIT A

SANITARY BOARD OF THE CITY OF CHARLESTON

DESCRIPTION OF THE PROPOSED WASTEWATER FACILITIES IMPROVEMENTS

The Sanitary Board of the City of Charleston proposes to extend sewer service to an area outside of the current corporate limits to provide the much needed sewer service to the new Capital High School, near Meadowbrook, and the residents along Elk Two Mile Creek. Future branch extensions can be made into the Coonskin Drive and Bakers Fork areas, allowing such additional customers as the Air National Guard, Army Guard, Coonskin Park, and Yeager Airport to tie on.

The project is divided into four construction contracts for convenience and to expedite construction. The project goal is to have construction completed by July 1, 1989.

Contract 1 is the sewage pumping station that will be located at the mouth of Elk Two Mile Creek. The station will be a triplex pumping station with one 350 gpm pump and two 640 gpm pumps. The station will be equipped with a radio telemetry system to alert the operator of station failures, and a portable emergency generator is being supplied for electric service back-up.

Contract 2 is the sewage force main to carry the pumped wastewater to Cora Street on the north side of Elk River. Approximately 2,500 feet of 8-inch sewage force main and a 325 foot river crossing will be constructed. The force main will be constructed in the drainage ditch along Barlow Drive.

Contract 3 consists of approximately 7,400 feet of 18-inch ductile iron sewer pipe laid in the stream bed of Elk Two Mile Creek. The pipe will be constructed from the sewage pump station to the intersection of Elk Two Mile Creek and Greenbrier Street.

Contract 4 consists of approximately 8,000 feet of 16-inch, 10-inch and 8-inch ductile iron sewer pipe connecting to Contract 3 and extending to Capital High School.

Construction time limit for all contracts is 120 days.

C E R T I F I C A T E

Certified to be a true and correct copy of that certain Committee Report and Resolution No. 707-89 , duly filed and of record in the office of the City Clerk of the City of Charleston, West Virginia, adopted by the Council of the City of Charleston at the meeting held on March 6, 1989.

Given under my hand and the official seal of the City Of Charleston, West Virginia, this 21st day of March, 1989 .



City Clerk
Richard L. Hauer

COMMITTEE REPORT

TO: Clerk of the Council of the City of Charleston, West Virginia

FROM: The Committee on FINANCE

Your Committee on Finance

has had under consideration: Resolution No. 707-89, authorizing the publication of Ordinance No. 4423, adopted by Council March 6, 1989, authorizing the issuance of not more than \$2,300,000 in aggregate principal amount of Sewer Revenue Bonds and not more than \$700,000 in aggregate principal amount of Supplemental Sewer Revenue Bonds; defining and prescribing the terms and provisions of the Bonds; providing for the rights and remedies of and security for the Registered Owners of the Bonds; re-authorizing the Line of Credit established under Ordinance No. 3987; amending and re-enacting the Line of Credit Ordinance; and adopting other provisions related thereto, to be published as a Class II legal advertisement, and calling for a public hearing on March 20, 1989

and reports the same to Council with ~~xxx~~ the recommendation that the committee report be adopted

David A. Mohr
Betty J. Ireland
William W. Ferguson
Thomas J. Lee *S. Hall*

Edward C. Arnold
Mary Jane Henderson
CHAIRMAN
Tom T. Brotherton
William P. Finkbeiner

(a)

WDA-5
(March 1988)

LOAN AGREEMENT

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

CITY OF CHARLESTON

(Name of Governmental Agency)

W I T N E S S E T H:

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

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

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

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

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

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

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

ARTICLE I

Definitions

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

1.2 "Consulting Engineers" means the consulting engineer designated in the Application and any successor thereto.

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

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

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

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

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

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

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

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

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

2.8 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority. Until the Project facilities are completed

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

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

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

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE IV

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

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

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

(b) Covenants substantially as follows:

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

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

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

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

(v) That the Governmental Agency shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, shall not be less than one hundred fifteen percent (115%)

of the maximum debt service in any succeeding year on all Local Bonds and parity bonds theretofore and then being issued and on any obligations secured by a lien on or payable from the revenues of the System prior to the Local Bonds; provided, however, that additional parity bonds may be issued to complete the Project, as described in the Application as of the date hereof, without regard to the foregoing;

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

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

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

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

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

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant and shall submit the report of said audit to the Authority, which report shall include a statement that the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Loan Agreement;

(xii) That the Governmental Agency shall annually adopt a detailed budget of the estimated expenditures for operation and maintenance of the System during the succeeding fiscal year;

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE V

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

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

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

5.3 In the event the Governmental Agency defaults in the payment of any fees due to the Authority pursuant to Section 4.6 hereof, the amount of such default shall bear interest at the interest rate of the installment of the Loan next due, from the date of the default until the date of the payment thereof.

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under Section 6a of the Act, including without limitation the right to impose, enforce and collect directly charges upon users of the System.

ARTICLE VI

Other Agreements of the Governmental Agency

6.1 The Governmental Agency hereby acknowledges to the Authority its understanding of the provisions of the Act, vesting in the Authority certain powers, rights and privileges with respect to water development projects in the event of default by governmental agencies in the terms and covenants of

loan agreements, and the Governmental Agency hereby covenants and agrees that, if the Authority should hereafter have recourse to said rights and powers, the Governmental Agency shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Authority in the due and prompt implementation of this Loan Agreement.

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

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

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

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

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

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

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

ARTICLE VII

Miscellaneous

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

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

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

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

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

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

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

7.8 This Loan Agreement shall terminate upon the earlier of:

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

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

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

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

THE CITY OF CHARLESTON

[Proper Name of Governmental Agency]

(SEAL)

By

Charles R. Gardner
Its Mayor

Date:

3/21/89

Attest:

[Signature]
Its Clerk

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

By Daniel B. Yankosky
Director

Attest:

Date: 3 - 21 - 89

Daniel B. Yankosky
Secretary-Treasurer

WDA-5X
(March 1988)

SCHEDULE X
DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds \$ 1,912,194.00
Purchase Price of Local Bonds \$ 1,912,194.00

Interest on the Local Bonds is payable on April 1 and October 1 in each year, beginning with the first semiannual interest payment date after delivery of the Local Bonds to the Authority, until the Local Bonds are paid in full, at the rate of 8.4 % per annum. Principal of the Local Bonds is payable on October 1 in each year as set forth on Exhibit 1 attached hereto and incorporated herein by reference.

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

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

City of Charleston
Debt Service Schedule
Analysis of Borrowing from Series 1989 Pool
39 Principal Payments
Closing Date: 21-Mar-89

Date	Coupon	Principal	Interest	Debt Service 8.40% Bonds
01-Oct-89			84,773.93	84,773.93
01-Oct-90			160,624.30	160,624.30
01-Oct-91	8.40%	7,223.95	160,624.30	167,848.25
01-Oct-92	8.40%	7,830.76	160,017.48	167,848.25
01-Oct-93	8.40%	8,488.55	159,359.70	167,848.25
01-Oct-94	8.40%	9,201.59	158,646.66	167,848.25
01-Oct-95	8.40%	9,974.52	157,873.73	167,848.25
01-Oct-96	8.40%	10,812.38	157,039.87	167,848.25
01-Oct-97	8.40%	11,720.62	156,127.63	167,848.25
01-Oct-98	8.40%	12,705.15	155,143.10	167,848.25
01-Oct-99	8.40%	13,772.38	154,075.87	167,848.25
01-Oct-2000	8.40%	14,929.26	152,918.99	167,848.25
01-Oct-2001	8.40%	16,183.32	151,664.93	167,848.25
01-Oct-2002	8.40%	17,542.72	150,303.53	167,848.25
01-Oct-2003	8.40%	19,016.31	148,831.94	167,848.25
01-Oct-2004	8.40%	20,613.68	147,234.57	167,848.25
01-Oct-2005	8.40%	22,343.23	145,503.02	167,848.25
01-Oct-2006	8.40%	24,222.23	143,626.02	167,848.25
01-Oct-2007	8.40%	26,256.89	141,591.36	167,848.25
01-Oct-2008	8.40%	28,462.47	139,385.78	167,848.25
01-Oct-2009	8.40%	30,853.32	136,994.93	167,848.25
01-Oct-2010	8.40%	33,445.00	134,403.25	167,848.25
01-Oct-2011	8.40%	36,254.58	131,593.87	167,848.25
01-Oct-2012	8.40%	39,299.74	128,548.50	167,848.25
01-Oct-2013	8.40%	42,600.92	125,247.32	167,848.25
01-Oct-2014	8.40%	46,179.40	121,668.85	167,848.25
01-Oct-2015	8.40%	50,058.47	117,789.78	167,848.25
01-Oct-2016	8.40%	54,263.38	113,584.87	167,848.25
01-Oct-2017	8.40%	58,821.51	109,026.74	167,848.25
01-Oct-2018	8.40%	63,762.51	104,085.73	167,848.25
01-Oct-2019	8.40%	69,118.56	98,729.68	167,848.25
01-Oct-2020	8.40%	74,924.52	92,923.72	167,848.25
01-Oct-2021	8.40%	81,218.18	86,630.06	167,848.25
01-Oct-2022	8.40%	88,040.51	79,807.74	167,848.25
01-Oct-2023	8.40%	95,435.91	72,412.53	167,848.25
01-Oct-2024	8.40%	103,452.53	64,393.72	167,848.25
01-Oct-2025	8.40%	112,142.54	55,705.70	167,848.25
01-Oct-2026	8.40%	121,562.52	46,283.73	167,848.25
01-Oct-2027	8.40%	131,773.77	36,074.48	167,848.25
01-Oct-2028	8.40%	142,842.76	25,003.46	167,848.25
01-Oct-2029	8.40%	154,841.56	13,006.69	167,848.25

1,912,194.00 4,879,285.87 6,791,479.87

SCHEDULE Y
REVENUES

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

(i) to pay Operating Expenses of the System;

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

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

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

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

SCHEDULE Z

Additional and Supplemental Definitions

1. "Local Statute" means Chapter 16, Article 13, of the Code of West Virginia, 1931, as amended.

2. "System" means a sewage collection system and/or (a) treatment plant or plants, intercepting sewers, outfall sewers, force mains, pumping stations, ejector stations and all appurtenances necessary or useful and convenient for the collection and/or a treatment, purification and disposal, in a sanitary manner, of liquid and solid waste, sewage, night soil and industrial wastes, in its entirety or any integral part thereof, owned by the Governmental Agency and under the supervision and control of a sanitary board, and any extensions, improvements or betterments thereto hereafter constructed or acquired from any sources whatsoever and includes the Project.

Additional Conditions and Covenants

1. The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with, among other State and federal standards, the water quality standards established by the West Virginia Department of Natural Resources.

2. As a condition precedent to the Authority's making the Loan, the Governmental Agency shall have obtained, among other permits required, a permit from the West Virginia Department of Natural Resources.

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

That the Governmental Agency will, to the full extent permitted by applicable law and the rules and regulations of the PSC, discontinue and shut off the services and facilities of the System and, in the event the Governmental Agency owns a water facility (the "Water System"), the Water System to all users of services of the System delinquent in payment of charges for the services of the System and will not restore the services of either system until all delinquent charges for the services of the System have been fully paid.

4. To the extent required by law, the Governmental Agency hereby covenants and agrees to secure approval of the Authority and all other State agencies having jurisdiction before applying for federal financial assistance for pollution abatement in order to maximize the amounts of such federal financial assistance received or to be received for all water development projects in the State.

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

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

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

(6)

WDA-Supp. 5
(March 1988)

SUPPLEMENTAL LOAN AGREEMENT

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

CITY OF CHARLESTON

(Name of Governmental Agency)

W I T N E S S E T H:

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

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

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

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

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

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

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

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

ARTICLE I

Definitions; Loan Agreement

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

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

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

1.4 "Supplemental Bonds" means the revenue bonds to be issued by the Governmental Agency pursuant to the provisions of the Local Statute, to evidence the Supplemental Loan, as hereinafter defined, and to be purchased by the Authority with certain available funds (other than the proceeds of its water development revenue bonds), the lien of which on the revenues

of the System is junior, subordinate and inferior to that of the Local Bonds, all in accordance with the provisions of this Supplemental Loan Agreement.

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

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

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

ARTICLE II

The Project and the System

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

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

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

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

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

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

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

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

all subcontractors, as their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Governmental Agency on or before the Date of Loan Closing and maintained so long as any of the Supplemental Bonds is outstanding. Prior to commencing operation of the Project, the Governmental Agency must also obtain, and maintain so long as any of the Supplemental Bonds is outstanding, business interruption insurance if available at a reasonable cost.

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

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

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

ARTICLE III

Conditions to Supplemental Loan; Issuance of Supplemental Bonds

3.1 The agreement of the Authority to make the Supplemental Loan is subject to the Governmental Agency's fulfillment, to the satisfaction of the Authority, of each and all of those certain conditions precedent on or before the delivery date for the Supplemental Bonds, which shall be the

date established pursuant to Section 3.4 of the Loan Agreement for delivery of the Local Bonds. Said conditions precedent are as follows:

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

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

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

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

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

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

(g) The Governmental Agency shall have obtained any and all approvals of rates and charges required by State law and shall have taken any other action required to establish and impose such rates and charges (imposition of such

rates and charges is not, however, required to be effective until completion of construction of the Project), and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

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

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

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

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

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

simultaneously with the delivery of the Local Bond to the Authority.

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

3.6 Anything in this Loan Agreement notwithstanding, if the Authority is unable to pay the proceeds of the Supplemental Bonds to the Governmental Agency on the Date of Loan Closing due to the time required for processing the purchase order or requisition for such moneys with the State, the Authority may pay such proceeds as soon as received after the Date of Loan Closing; provided, that the Supplemental Bonds shall not evidence any debt to be repaid to the Authority until the proceeds thereof are received by the Governmental Agency.

ARTICLE IV

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

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

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

(b) Covenants substantially as follows:

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

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

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

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

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

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

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

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

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

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

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

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant and shall submit the report of said audit to the Authority, which report shall include a statement that the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Supplemental Loan Agreement;

(xii) That the Governmental Agency shall annually adopt a detailed budget of the estimated expenditures for operation and maintenance of the System during the succeeding fiscal year;

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

(xiv) That the proceeds of the Supplemental Bonds, except any proceeds deposited in the Reserve Account or the Supplemental Reserve Account, must be deposited in a construction fund on which the owners of the Supplemental Bonds shall have a lien until such proceeds are applied to the construction of the Project (including the repayment of any incidental interim financing for non-construction costs); provided, that said construction fund may be the one established for the Local Bonds, which shall have a prior and senior lien thereon, but shall otherwise be kept separate and apart from all other funds of the Governmental Agency; and

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

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

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

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

4.4 The Supplemental Loan shall not bear interest.

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

4.6 The Governmental Agency agrees to pay from time to time, as required by the Authority, the Governmental Agency's allocable share of the reasonable administrative expenses of the Authority relating to the Supplemental Program, which administrative expenses shall be as determined by the Authority and shall include, but not be limited to, legal fees paid by the Authority.

4.7 If the schedule furnished to the Authority pursuant to Section 6.5 reflects an excess of funding for the Project, or if the Authority is otherwise advised of an excess of funding for the Project, the Authority may tender to the Governmental Agency its Supplemental Bonds for payment in an amount equal to such excess. Notwithstanding the foregoing, if the Governmental Agency has grant anticipation notes or some other interim financing outstanding upon completion of construction of the Project, it shall advise the Authority of such fact and submit a second schedule to the Authority upon payment of the interim financing, and the Authority shall not tender its Supplemental Bonds for payment until the outstanding interim financing has been paid.

ARTICLE V

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

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

5.2 In the event, for any reason, the schedule of rates, fees and charges initially established for the System in connection with the Local Bonds and the Supplemental Bonds shall prove to be insufficient to produce the minimum sums set

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

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

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under Section 6a of the Act, including without limitation the right to impose, enforce and collect directly charges upon users of the System.

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

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

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

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

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

ARTICLE VII

Miscellaneous

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

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

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

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

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

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

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

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

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

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

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

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

THE CITY OF CHARLESTON
[Proper Name of Governmental Agency]

(SEAL)

By Charles R. Gordon
Its Mayor

Attest:

Richard C. Brown
Its Clerk

Date: 3/21/89

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

(SEAL)

By Daniel B. Yankosky
Director

Attest:

Date: 3-21-89

Daniel B. Yankosky
Secretary-Treasurer

WDA-Supp. 5X
(March 1988)

SCHEDULE X
DESCRIPTION OF SUPPLEMENTAL BONDS

Principal Amount of Supplemental Bonds	\$ <u>283,458.00</u>
Purchase Price of Supplemental Bonds	\$ <u>283,458.00</u>

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

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

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

City of Charleston
Debt Service Schedule
Analysis of Borrowing from Series 1989 Pool
39 Principal Payments
Closing Date: 21-Mar-09

Date	Interest Free Loan
01-Oct-89	
01-Oct-90	
01-Oct-91	7,268.30
01-Oct-92	7,268.15
01-Oct-93	7,268.15
01-Oct-94	7,268.15
01-Oct-95	7,268.15
01-Oct-96	7,268.15
01-Oct-97	7,268.15
01-Oct-98	7,268.15
01-Oct-99	7,268.15
01-Oct-2000	7,268.15
01-Oct-2001	7,268.15
01-Oct-2002	7,268.15
01-Oct-2003	7,268.15
01-Oct-2004	7,268.15
01-Oct-2005	7,268.15
01-Oct-2006	7,268.15
01-Oct-2007	7,268.15
01-Oct-2008	7,268.15
01-Oct-2009	7,268.15
01-Oct-2010	7,268.15
01-Oct-2011	7,268.15
01-Oct-2012	7,268.15
01-Oct-2013	7,268.15
01-Oct-2014	7,268.15
01-Oct-2015	7,268.15
01-Oct-2016	7,268.15
01-Oct-2017	7,268.15
01-Oct-2018	7,268.15
01-Oct-2019	7,268.15
01-Oct-2020	7,268.15
01-Oct-2021	7,268.15
01-Oct-2022	7,268.15
01-Oct-2023	7,268.15
01-Oct-2024	7,268.15
01-Oct-2025	7,268.15
01-Oct-2026	7,268.15
01-Oct-2027	7,268.15
01-Oct-2028	7,268.15
01-Oct-2029	7,268.15

283,458.00

SCHEDULE Y
REVENUES

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

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

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

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

(iv) beginning thirteen (13) months prior to the first date of payment of principal of the Supplemental Bonds, to provide debt service on the Supplemental Bonds by

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

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

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

SCHEDULE Z

Additional and Supplemental Definitions

1. "Local Statute" means Chapter 16, Article 13, of the Code of West Virginia, 1931, as amended.

2. "System" means a sewage collection system and/or a treatment plant or plants, intercepting sewers, outfall sewers, force mains, pumping stations, ejector stations and all appurtenances necessary or useful and convenient for the collection and/or treatment, purification and disposal, in a sanitary manner, of liquid and solid waste, sewage, night soil and industrial wastes, in its entirety or any integral part thereof, owned by the Governmental Agency and under the supervision and control of a sanitary board, and any extensions, improvements or betterments thereto hereafter constructed or acquired from any sources whatsoever and includes the Project.

Additional Conditions and Covenants

1. The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with, among other State and federal standards, the water quality standards established by the West Virginia Department of Natural Resources.

2. As a condition precedent to the Authority's making the Supplemental Loan, the Governmental Agency shall have obtained, among other permits required, a permit from the West Virginia Department of Natural Resources.

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

That the Governmental Agency will, to the full extent permitted by applicable law and the rules and regulations of the PSC, discontinue and shut off the services and facilities of the System and, in the event the Governmental Agency owns a water facility (the "Water System"), the Water System to all users of services of the System delinquent in payment of charges for the services of the System and will not restore the services of either system until all delinquent charges for the services of the System have been fully paid.

4. To the extent required by law, the Governmental Agency hereby covenants and agrees to secure approval of the Authority and all other State agencies having jurisdiction before applying for federal financial assistance for pollution abatement in order to maximize the amounts of such federal financial assistance received or to be received for all water development projects in the State.

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



UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF CHARLESTON
SEWER REVENUE BONDS
SERIES 1989

No. R-1

\$1,912,194

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF CHARLESTON, a municipal corporation organized and existing under the laws of the State of West Virginia (the "City"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns, the sum of ONE MILLION NINE HUNDRED TWELVE THOUSAND ONE HUNDRED NINETY-FOUR DOLLARS (\$1,912,194), in installments on the first day of October of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum as set forth on said Exhibit A.

Interest on each installment shall run from the date of this Bond and until payment of such installment, and such interest shall be payable on the 1st day of April, and the 1st day of October in each year beginning October 1, 1989. 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 West Virginia Municipal Bond Commission, Charleston, West Virginia, as Paying Agent (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month preceding an interest payment date or by such other method as shall be mutually agreeable so long as the Authority is the registered owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and as otherwise provided by the Loan Agreement, dated as of March 21, 1989, between the City and the Authority.

This Bond is issued (1) to pay costs of acquisition and construction of certain extensions, improvements and betterments to the existing public sewerage system of the City (the "Project") (said existing system, together with the Project and any further extensions, improvements or betterments thereto, is hereinafter referred to as the "System"); (2) to fund the Reserve Account, as hereinafter defined; and (3) to pay certain issuance and related costs in connection

therewith. This Bond is authorized and issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Article 13 of Chapter 16 of the Code of West Virginia, 1931, as amended (the "Act"), and an ordinance duly passed by the Council of the City on the 6th day of March, 1989, effective March 20, 1989, as supplemented on the 20th day of March, 1989 (collectively, the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. 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 the Bonds under the Ordinance.

This Bond is issued contemporaneously with the Supplemental Sewer Revenue Bonds, Series 1989, of the City (the "Supplemental Bonds"), issued in the aggregate amount of \$283,458, which Supplemental Bonds are junior and subordinate with respect to liens and sources of and security for payment of the Bonds of this issue. This Bond is junior and subordinate to the Prior Bonds (the "Prior Bonds"), as defined in the Ordinance.

This Bond is payable only from and secured by the Net Revenues (as defined in the Ordinance) to be derived from the operation of the System subject to the lien of the Prior Bonds, moneys in the Reserve Account created under the Ordinance (the "Reserve Account") and unexpended proceeds of the Bonds and the Supplemental Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds and other obligations 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 said 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 Reserve Account and unexpended proceeds of the Bonds and the Supplemental Bonds. Pursuant to the Ordinance, the City has covenanted and agreed to establish and maintain just and equitable rates or charges for the use of such System and the services rendered thereby, which shall be sufficient to provide for the proper and reasonable expenses of operation, repair and maintenance of said System and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any ensuing year of principal of and interest on the Bonds, on the Supplemental Bonds, and on all obligations secured by or payable from such revenues prior to or on a parity with the Bonds and Supplemental Bonds, including the Prior Bonds; provided, however, that so long as there exist in the Reserve Account sufficient moneys to pay the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, there exists in the reserve account for the Supplemental Bonds sufficient moneys to pay the maximum amount of principal and interest, if any, which will become due on said Supplemental Bonds in the then current or any succeeding year, and the reserve accounts for the Prior Bonds and for any obligations prior to or on a parity with the Bonds or Supplemental Bonds, are funded at the respective requirements therefor, such percentage may be reduced to 110%. The City has entered into certain further covenants with the Registered Owners of the Bonds for the terms of which reference is made to said Ordinance. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

This Bond is transferable, as provided in the Ordinance, only upon the books of the Registrar which shall be

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Sewer Revenue Bonds, Series 1989, described in the within-mentioned Ordinance and has been duly registered in the name of the registered owner set forth above on the date set forth below.

Date: _____

ONE VALLEY BANK, NATIONAL
ASSOCIATION, as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

City of Charleston
 Debt Service Schedule
 Analysis of Borrowing from Series 1989 Pool
 39 Principal Payments
 Closing Date: 21-Mar-89

Date	Coupon	Principal	Interest	Debt Service 8.40% Bonds
01-Oct-89			84,773.93	84,773.93
01-Mar-90			160,624.30	160,624.30
01-Oct-91	8.40%	7,223.93	160,624.30	167,848.23
01-Oct-92	8.40%	7,830.76	160,017.48	167,848.23
01-Oct-93	8.40%	8,488.33	159,359.70	167,848.23
01-Oct-94	8.40%	9,201.59	158,646.66	167,848.23
01-Oct-95	8.40%	9,974.32	157,873.73	167,848.23
01-Oct-96	8.40%	10,812.38	157,039.87	167,848.23
01-Oct-97	8.40%	11,720.62	156,127.63	167,848.23
01-Oct-98	8.40%	12,705.19	155,163.50	167,848.23
01-Oct-99	8.40%	13,772.38	154,173.87	167,848.23
01-Oct-2000	8.40%	14,929.26	153,178.99	167,848.23
01-Oct-2001	8.40%	16,183.32	152,184.93	167,848.23
01-Oct-2002	8.40%	17,542.72	151,190.53	167,848.23
01-Oct-2003	8.40%	19,019.17	150,196.94	167,848.23
01-Oct-2004	8.40%	20,613.48	149,204.57	167,848.23
01-Oct-2005	8.40%	22,334.23	148,213.02	167,848.23
01-Oct-2006	8.40%	24,222.23	147,226.02	167,848.23
01-Oct-2007	8.40%	26,256.89	146,239.38	167,848.23
01-Oct-2008	8.40%	28,462.47	145,248.78	167,848.23
01-Oct-2009	8.40%	30,853.32	144,259.93	167,848.23
01-Oct-2010	8.40%	33,443.00	143,268.25	167,848.23
01-Oct-2011	8.40%	36,254.38	142,273.87	167,848.23
01-Oct-2012	8.40%	39,299.74	141,276.30	167,848.23
01-Oct-2013	8.40%	42,600.92	140,275.32	167,848.23
01-Oct-2014	8.40%	46,179.40	139,270.63	167,848.23
01-Oct-2015	8.40%	50,058.47	138,262.78	167,848.23
01-Oct-2016	8.40%	54,263.38	137,251.87	167,848.23
01-Oct-2017	8.40%	58,821.51	136,237.74	167,848.23
01-Oct-2018	8.40%	63,762.51	135,220.33	167,848.23
01-Oct-2019	8.40%	69,118.56	134,199.68	167,848.23
01-Oct-2020	8.40%	74,924.52	133,175.72	167,848.23
01-Oct-2021	8.40%	81,218.18	132,148.06	167,848.23
01-Oct-2022	8.40%	88,040.51	131,117.74	167,848.23
01-Oct-2023	8.40%	95,433.91	130,084.33	167,848.23
01-Oct-2024	8.40%	103,452.33	129,047.72	167,848.23
01-Oct-2025	8.40%	112,142.54	128,007.70	167,848.23
01-Oct-2026	8.40%	121,562.52	126,963.73	167,848.23
01-Oct-2027	8.40%	131,773.77	125,915.48	167,848.23
01-Oct-2028	8.40%	142,842.76	124,863.48	167,848.23
01-Oct-2029	8.40%	154,841.56	123,807.69	167,848.23

1,912,194.00 4,879,283.87 6,791,477.87

[Form of Assignment]

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

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

Dated: _____

SPECIMEN

In the presence of:

UNITED STATES OF AMERICA
 STATE OF WEST VIRGINIA
 THE CITY OF CHARLESTON
 SUPPLEMENTAL SEWER REVENUE BOND,
 SERIES 1989

No. SR-1

\$283,458

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF CHARLESTON, a municipal corporation 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 the West Virginia Water Development Authority (the "Authority"), or registered assigns, the sum of TWO HUNDRED EIGHTY-THREE THOUSAND FOUR HUNDRED FIFTY-EIGHT DOLLARS (\$283,458), in installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference.

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 West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (the "Paying Agent"). This Bond bears no interest.

This Bond may be redeemed prior to its stated date of maturity in whole or in part at any time, but only with the express written consent of the Authority and as otherwise provided by the Supplemental Loan Agreement, dated as of March 21, 1989, between the City and the Authority.

This Bond is issued (1) to pay costs of acquisition and construction of certain extensions, improvements and betterments to the existing public sewerage system of the City (the "Project") (said existing system, together with the Project and any further extensions, improvements or betterments thereto, is hereinafter referred to as the "System"); (2) to fund the Supplemental Reserve Account, as hereinafter defined, and (3) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Act"), an Ordinance duly passed by the City on the 6th day of March, 1989, effective March 20, 1989, as supplemented on the 20th day of March, 1989 (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 the Bonds under the Ordinance.

This Bond is junior and subordinate with respect to the lien of the Prior Bonds as defined in the Ordinance (the "Prior Bonds"). This Bond is issued contemporaneously with the Sewer Revenue Bonds, Series 1989 of the City (the "Subordinate Bonds") issued in the aggregate principal amount of \$1,912,194, which Subordinate Bonds rank prior with respect to liens and sources of and security for payment to the Bonds of this issue.

This Bond is payable only from and secured by a lien, subordinate to the Prior Bonds and the Subordinate Bonds, on the Net Revenues (as defined in the Ordinance) to be derived from the operation of the System, moneys in the Supplemental Reserve Account created under the Ordinance (the "Supplemental Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the City within the meaning of any constitutional or statutory provisions or limitations, nor shall the City be obligated to pay the same except from said special fund provided from the Net Revenues, the moneys in the Supplemental Reserve Account and unexpended Bond proceeds. 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 amount required to pay the maximum amount due in any year of principal of and interest on the Bonds, the Prior Bonds, the Subordinate Bonds and all other obligations secured by or payable from the revenues of the System prior to or on a parity with the Bonds, the Prior Bonds and the Subordinate Bonds, provided however, that so long as there exists in the Supplemental Reserve Account and in the reserve accounts for the Prior Bonds and the Subordinate Bonds, respectively, amounts at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds, the Prior Bonds and on the Subordinate Bonds, respectively, in any year, and the reserve accounts for any such obligations prior to or on a parity with the Bonds, the Prior Bonds or the Subordinate Bonds, are funded at the respective requirement therefor, such percentage may be reduced to 110%. The City has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Ordinance. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

This Bond is transferable, as provided in the Ordinance, only upon the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (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 or legal representative duly authorized in writing.

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of Project 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; provided that such lien on moneys deposited in the Bond Construction Trust Fund created by the Ordinance shall be subordinate to that of the Subordinate Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the City, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the City for the prompt payment of the principal 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 and attested by its City Clerk, and has caused this Bond to be dated March 21, 1989.

[SEAL]

Mayor

ATTEST:

City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Supplemental Sewer Revenue Bonds, Series 1989 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: _____

ONE VALLEY BANK, NATIONAL
ASSOCIATION, as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

City of Charleston
 Debt Service Schedule
 Analysis of Borrowing from Series 1989 Pool
 39 Principal Payments
 Closing Date: 21-Mar-89

Date	Interest Free Loan
01-Oct-89	
01-Oct-90	
01-Oct-91	7,268.30
01-Oct-92	7,268.15
01-Oct-93	7,268.15
01-Oct-94	7,268.15
01-Oct-95	7,268.15
01-Oct-96	7,268.15
01-Oct-97	7,268.15
01-Oct-98	7,268.15
01-Oct-99	7,268.15
01-Oct-2000	7,268.15
01-Oct-2001	7,268.15
01-Oct-2002	7,268.15
01-Oct-2003	7,268.15
01-Oct-2004	7,268.15
01-Oct-2005	7,268.15
01-Oct-2006	7,268.15
01-Oct-2007	7,268.15
01-Oct-2008	7,268.15
01-Oct-2009	7,268.15
01-Oct-2010	7,268.15
01-Oct-2011	7,268.15
01-Oct-2012	7,268.15
01-Oct-2013	7,268.15
01-Oct-2014	7,268.15
01-Oct-2015	7,268.15
01-Oct-2016	7,268.15
01-Oct-2017	7,268.15
01-Oct-2018	7,268.15
01-Oct-2019	7,268.15
01-Oct-2020	7,268.15
01-Oct-2021	7,268.15
01-Oct-2022	7,268.15
01-Oct-2023	7,268.15
01-Oct-2024	7,268.15
01-Oct-2025	7,268.15
01-Oct-2026	7,268.15
01-Oct-2027	7,268.15
01-Oct-2028	7,268.15
01-Oct-2029	7,268.15

283,458.00

[Form of Assignment]

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

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

Dated: _____

In the presence of:

THE CITY OF CHARLESTON, WEST VIRGINIA

CERTIFICATE AS TO NON-ARBITRAGE

I, Charles R. Gardner, Mayor of The City of Charleston, West Virginia (the "City"), being one of the officials of the City duly charged with the responsibility for the issuance of \$1,912,194 aggregate principal amount of Sewer Revenue Bonds, Series 1989, of the City, dated March 21, 1989 (the "Bonds"), hereby certify as follows:

1. This certificate is being executed and delivered pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, and applicable regulations (the "Code"). I am one of the officers of the City charge with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and am duly authorized to execute and deliver this certificate on behalf of the City.

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

3. The City has not been notified by the Internal Revenue Service of any listing or proposed listing of it as an issuer and certification of which may not be relied upon by holders of obligations of the City or that there is any disqualification of the City by the Internal Revenue Service because a certification made by the City contains a material misrepresentation.

4. This certificate is based upon facts, circumstances, estimates and expectations of the City in existence on March 21, 1989, the date on which the Bonds are to be physically delivered in exchange for the issue price thereof, and to the best of my knowledge and belief, the expectations of the City set forth herein are reasonable.

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

6. The Bonds and the Supplemental Sewer Revenue Bonds, Series 1989 (the "Supplemental Bonds"), which bear no interest, were sold on March 21, 1989, to the West Virginia Water Development Authority (the "Authority") for an aggregate purchase price of \$1,912,194 and \$283,458, respectively, (100% of par).

7. 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 additions, betterments and improvements to the existing public sewage collection and treatment system of the City (the "Project"), (ii) funding reserve accounts for the Bonds and the Supplemental Bonds, and (iii) paying costs of issuance and other costs in connection therewith.

8. The City shall, within 30 days following delivery of the Bonds, enter into agreements which require the City to expend in excess of \$100,000 on the Project constituting a substantial binding commitment or has already done so. Acquisition, construction and equipping of the Project will proceed with due diligence to completion, and, with the exception of proceeds deposited in a reserve account for the Bonds, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, with the exception of the reserve fund deposits, will be expended for payment of Costs of the Project on or before March 1, 1990. Construction of the Project is expected to be completed by August 1, 1989 (within 120 days of March 21, 1989).

9. The total cost of the Project is estimated at \$2,195,652. Sources and uses of funds for the Project are as follows:

SOURCES

Bonds	\$1,912,194
Supplemental Bonds	283,458
Total Sources	<u>\$2,195,652</u>

USES

Design, Acquisition and Construction of Project	\$2,000,000
Funded Reserve for Bonds	167,849
Funded Reserve for Supplemental Bonds	7,268
Costs of Issuance	20,535
Total Uses	<u>\$2,195,652</u>

The amount of Project costs not expected to be reimbursed or paid from Supplemental Bond proceeds is estimated to be at least equal to the gross proceeds of the Bonds. Except for the proceeds of the Bonds and the Supplemental Bonds, no other funds of the City will be available to meet costs of the Project, and no balances are available to meet such costs in any account which may, without legislative or judicial action,

be invaded to pay such expenditures without a legislative, judicial or contractual requirement that such account be reimbursed.

10. Pursuant to Article IV of the Ordinance, the following special funds or accounts have been continued or created:

- (1) Sewer Revenue Fund;
- (2) Renewal and Replacement Fund;
- (3) Bond Construction Trust Fund;
- (4) Subordinate Sinking Fund, and within the Subordinate Sinking Fund, the Subordinate Reserve Account;
- (5) Supplemental Sinking Fund, and within the Supplemental Sinking Fund, the Supplemental Reserve Account;

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

- (1) Bonds proceeds in the amount of \$0.00 will be deposited in the Sinking Fund and used to pay interest on the Bonds.
- (2) Bonds proceeds in the amount of \$167,849 will be deposited in the Subordinate Bonds Reserve Account and Supplemental Bonds proceeds in the amount of \$7,268 will be deposited in the Supplemental Reserve Account.
- (3) The balance of the proceeds of the Bonds will be deposited in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project including costs of issuance of the Bonds and related costs.

12. Moneys held in the Subordinate Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to meet costs of construction of the Project. All investment earnings on moneys in the Subordinate Sinking Fund and Subordinate Reserve Account will be annually withdrawn therefrom and deposited into the Bond Construction Trust Fund until completion of the Project, and thereafter will be deposited, not less than once each year, in the Sewer Revenue Fund, and such amounts will be applied in full, first to the next ensuing interest payment, if any, due on the Bonds, and then to the next ensuing principal payment due thereon.

13. Except for the Subordinate Sinking Fund and the Subordinate Reserve Account, there are no other funds or accounts established or held by the City which are reasonable

expected to be used to pay debt service on the Bonds, or which are pledged as collateral for Bonds, and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Bonds, if the City encounters financial difficulties. The City does not expect that moneys in the Renewal and Replacement Fund will be used or needed for payments upon the Bonds. Except as provided herein, no funds which have been or will be used to acquire directly or indirectly securities, obligations, annuity contracts or other investment-type property producing a yield in excess of the yield on the Bonds, have been or will be pledged to payment of the Bonds. Less than 10% of the proceeds of the Bonds will be deposited in the Reserve Account or any other reserve or replacement fund. The amounts deposited in the Reserve Account from time to time by the City will not exceed the maximum annual principal and interest on the Bonds and will not exceed 125% of average annual principal and interest on the Bonds. Amounts in the Reserve Account, not to exceed 10% of the proceeds of the Bonds, if invested, will be invested without yield limitation. The establishment of the Reserve Account is required by the Authority, is vital to its purchase of the Bonds and is reasonably required to assure payments of debt service on the Bonds.

14. The City expects to enter into a contract within 6 months of the date hereof or has already entered into such a contract for the construction of the Project, and the amount to be expended pursuant to such contract exceeds the lesser of 2 1/2% of the estimated total Project cost financed with proceeds from the sale of the Bonds or \$100,000.

15. Work with respect to the construction of the Project will proceed with due diligence to completion. Construction is expected to be completed within 5 months.

16. The City will comply with the provisions of the Code, for which the effective date precedes the date of delivery of its Bonds to the Authority.

17. With the exception of the amounts deposited in the Subordinate Reserve Account, all of the proceeds of the Bonds will be expended on the Project within 12 months from the date of issuance thereof.

18. Any money deposited in the Subordinate Sinking Fund for payment of the principal and interest on the Bonds (other than the Subordinate Reserve Account therein) will be spent within a 13-month period beginning on the date of receipt and any moneys received from the investment of amounts held in the Subordinate Sinking Fund (other than in the Subordinate Reserve Account therein) will be spent within a 1-year period beginning the date of receipt.

19. All the proceeds of the Bonds which were used for the payment of costs of the Project will be expended for such purposes within 3 years of March 16, 1989.

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

21. All property financed with the proceeds of the Bonds will be held for Federal income tax purposes by (or on behalf of) a qualified governmental unit.

22. The City shall file Form 8038-G in a timely fashion with the Internal Revenue Service Center, Philadelphia, Pennsylvania 19255.

23. No more than 10% of the proceeds of the Bonds will be used (directly or indirectly) in any trade or business carried on by, and less than 5% of the proceeds of the Bonds have been or will be used to make or finance loans to, any person who is not a governmental unit.

24. The original proceeds of the Bonds will not exceed the amount necessary for the purposes of the issue.

25. The City shall use the proceeds of the Bonds solely for the Project, and the Project will be operated solely for a public purpose as a local governmental activity of the City.

26. The City shall not permit at any time or times any of the proceeds of the Bonds, or any other funds of the City, to be used directly or indirectly in a manner which would result in the exclusion of Bonds from treatment afforded by Section 103(a) of the Code by reason of classification of the Bonds as "private activity bonds" within the meaning of the Code. The City will take all actions and refrain from taking such actions as shall be necessary to comply with the Code in order to ensure the interest on the Bonds are excludable from gross income for federal income tax purposes.

27. The Bonds, in whole or in part, and will not be, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

28. The City will rebate to the United States the amount, if any, required by the Code and to take all steps necessary to make such rebates. In the event the City fails to make such rebates as required, the City shall pay any and all penalties and obtain a waiver from the Internal Revenue Service in order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

29. The City has retained the right to amend or supplement its authorizing documents if such amendment or supplement is necessary to preserve the exclusion from gross income for federal income tax purposes of the Bonds.

30. The City shall comply with the yield restriction on the proceeds of the Bonds as set forth in the Code.

31. The City has either (a) funded the Reserve Account at the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year with the proceeds of the Bonds, or (b) created the Reserve Account which will be funded with equal payments on a monthly basis over a 10 year period until such Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year. Moneys in the Reserve Account and the Sinking Fund (established for the annual payment of principal and interest) will be used solely to pay principal of and interest on the Bonds and will not be available to pay costs of the Project.

32. The City shall submit to the Authority within 15 days following the end of the City's bond year a certified copy of its rebate calculation or if the City qualifies for the small governmental issuer exception to rebate, then the City shall submit to the Authority a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge during the bond year which would make the Bonds subject to rebate.

33. The City expects that no part of the Project financed by the Bonds will be sold or otherwise disposed of prior to the last maturity date of the Bonds.

34. The City covenants and agrees to comply with the rebate requirements of the Code if not exempted therefrom, and with all other requirements of the Code necessary, proper or desirable to maintain the tax-exempt status of the Bonds.

35. Jackson & Kelly is entitled to rely upon the representations, expectations, covenants, certifications and statements contained herein in rendering its opinions regarding the tax-exempt status of interest on the Bonds.

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

IN WITNESS WHEREOF, I have set my hand this 21st day
of March, 1989.

THE CITY OF CHARLESTON

By



Mayor

1393M

THE CITY OF CHARLESTON, WEST VIRGINIA

\$1,912,194 Sewer Revenue Bonds, Series 1989

\$283,458 Supplemental Sewer
Revenue Bonds, Series 1989

CERTIFICATE OF CONSULTING ENGINEER

I, E. Michael Pyles, Registered Professional Engineer, West Virginia License No. 7663, of Kelley, Gidley, Blair & Wolfe, Inc., Consulting Engineers, Charleston, West Virginia, hereby certify that my firm is engineer for the construction and acquisition of certain additions, betterments and improvements to the existing public sewerage collection and treatment system (herein called the "Project") of The City of Charleston (the "City") to be constructed primarily in Kanawha County, West Virginia, which construction and acquisition are being permanently financed in part by the above-captioned bonds (the "Bonds") of the City. Capitalized words not defined herein shall have the meaning set forth in the Ordinance passed by the Council of the City on March 6, 1989, effective March 20, 1989, and the Loan Agreement and Supplemental Loan Agreement by and between the City and the West Virginia Water Development Authority (the "Authority") dated March 21, 1989.

1. The Project is estimated to cost \$2,195,652 and is being funded by the Bonds in the aggregate principal amount of \$2,195,652.

2. The undersigned hereby certifies that (i) the Project will be constructed in accordance with the approved plans, specifications and designs prepared by my firm and as described in the application submitted to the Authority requesting the Authority to purchase the Bonds (the "Application") and approved by all necessary governmental bodies, (ii) the Project is adequate for the purpose for which it was designed and has an estimated useful life of at least forty years, (iii) the City has received bids for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application and my firm has ascertained that all contractors have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified by my firm for accuracy, (iv) the City has obtained all permits required by the laws of the State and the federal government necessary for the construction of the Project, (v) the rates and charges for the System as adopted by the Council of the City are sufficient to comply with the provisions of Subsection 4.1(b)(ii) of the Loan Agreements, (vi) that the net proceeds of the Bonds,

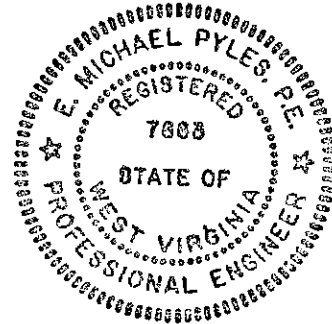
together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, are sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and (vii) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project and Sources of Funds" for the Project.

WITNESS my signature on this 21st day of March, 1989.

KELLEY, GIDLEY, BLAIR & WOLFE,
INC.

By E. Michael Pyles
E. Michael Pyles
License No. 7663

1394M



DATE: March 21, 1939

AMENDED SCHEDULE A

NAME OF GOVERNMENTAL AGENCY: Sanitary Board of City of Charleston, WV
TOTAL COST OF PROJECT AND SOURCES OF FUNDS

A. Cost of Project

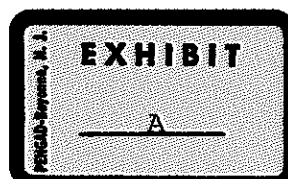
1. Construction	\$ <u>1,763,000</u>	
2. Technical Services	\$ <u>71,560</u>	
3. Legal and Fiscal	\$ <u>5,000</u>	
4. Administrative	\$ <u>-0-</u>	
5. Site and Other Lands	\$ <u>20,000</u>	
6. Step I and/or Step II Design or Other Loan Repayment (Specify Type: _____)	\$ <u>-0-</u>	
7. Interim Financing Costs	\$ <u>-0-</u>	
8. Contingency	\$ <u>140,440</u>	
9. Total of Lines 1 through 8		\$ <u>2,000,000</u>

B. Sources of Funds

10. Federal Grants: ¹ (Specify Source) _____	\$ <u>-0-</u>	
11. State Grants: ¹ (Specify Source) _____	\$ <u>-0-</u>	
_____	\$ <u>-0-</u>	
_____	\$ <u>-0-</u>	
_____	\$ <u>-0-</u>	
12. Other Grants: ¹ (Specify Source) _____	\$ <u>-0-</u>	
13. Any Other Source ² (Specify) _____	\$ <u>-0-</u>	
14. Total of Lines 10 through 13		\$ <u>-0-</u>
15. Proceeds Required from Bond Issue (Line 9 less Line 14)		\$ <u>2,000,000</u>

C. Cost of Financing

16. Capitalized Interest (construction period plus six months)	\$ <u>-0-</u>	
17. Funded Reserve Account ³	\$ <u>175,117</u>	
18. Other Costs ⁴	\$ <u>20,535</u>	
19. Total Cost of Financing		\$ <u>195,652</u>
20. Size of Bond Issue (Line 15 plus Total from Line 19)		\$ <u>2,195,652</u>



THE CITY OF CHARLESTON, WEST VIRGINIA

\$1,912,194 Sewer Revenue Bonds, Series 1989

\$283,458 Supplemental Sewer
Revenue Bonds, Series 1989

CERTIFICATE OF ACCOUNTANT AS TO COVERAGE

HOWELL AND PATERNO, Certified Public Accountant, has reviewed the sewer service rates which were enacted by The City of Charleston (the "City"). It is my opinion that those rates are adequate to pay operation and maintenance expenses, and to meet the debt service coverage requirements of the Prior Bonds, and the Ordinance adopted by the Council on March 6, 1989, effective March 20 1989, and a Supplemental Resolution subsequently adopted by the Council on March 20, 1989, and are sufficient to comply with the provisions of Subsection 4.1(b)(ii) of the Loan Agreement and the Supplemental Loan Agreement entered into between the City and the West Virginia Water Development Authority on March 21, 1989.

WITNESS my signature as of this 21st day of March, 1989.

HOWELL AND PATERNO

By:



Certified Public Accountant

Charleston, West Virginia

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 21st day of March, 1989, by and between THE CITY OF CHARLESTON, WEST VIRGINIA, a municipal corporation (the "Governmental Agency"), and ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association (the "Registrar").

WHEREAS, the Governmental Agency has, contemporaneously with the execution hereof, issued and sold its \$1,912,194 Sewer Revenue Bonds, Series 1989 (the "Primary Bonds"), in the form of one bond numbered R-1 and its \$283,458 Supplemental Sewer Revenue Bonds, Series 1989 (the "Supplemental Bonds"), in the form of one bond numbered SR-1, both in fully registered form (collectively the "Bonds"), pursuant to an Ordinance duly passed March 6, 1989, effective March 20, 1989, and a Supplemental Resolution adopted March 20, 1989 (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 Governmental Agency of a Registrar for the Bonds; and

WHEREAS, the Governmental Agency 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 Governmental Agency 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 on the Primary 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 Governmental Agency advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Governmental Agency with appropriate records of all transactions carried out by it as Registrar and to furnish the Governmental Agency 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 Governmental Agency 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 Governmental Agency.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Governmental Agency hereby agrees to pay to the Registrar, from time to time, the compensation for services rendered as provided in the annexed schedule and reimbursement for reasonable expenses incurred in connection with this Registrar's Agreement.

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 Governmental Agency 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:

GOVERNMENTAL AGENCY

The City of Charleston
City Building
501 Virginia Street, East
Charleston, West Virginia 25301
Attention: Mayor

REGISTRAR:

One Valley Bank, National Association
One Valley Square
P. O. Box 1793
Charleston, West Virginia 25326
Attention: Corporate Trust

The Governmental Agency 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 CITY OF CHARLESTON and ONE VALLEY BANK, NATIONAL ASSOCIATION, have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

THE CITY OF CHARLESTON

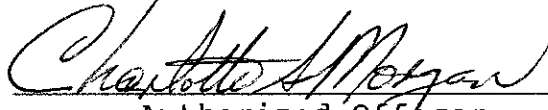
By:



Mayor, The City of Charleston

ONE VALLEY BANK, NATIONAL ASSOCIATION

By:



Authorized Officer

1396M

EXHIBIT A

See Index No. 5 -- Ordinance

THE CITY OF CHARLESTON, WEST VIRGINIA

\$1,912,194 Sewer Revenue Bonds, Series 1989

\$283,458 Supplemental Sewer
Revenue Bonds, Series 1989

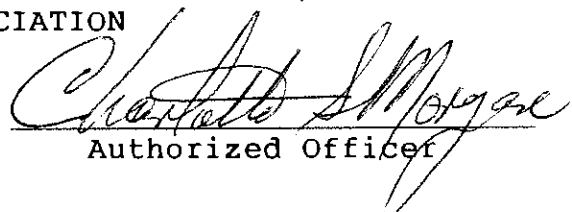
ACCEPTANCE OF DUTIES OF DEPOSITORY BANK

One Valley Bank, National Association, a national banking association, with its principal office in Charleston, West Virginia, hereby accepts appointment as Depository Bank in connection with an Ordinance of The City of Charleston duly passed on March 6, 1989, effective March 20, 1989, and the Supplemental Resolution adopted March 20, 1989 (collectively, the "Ordinance") authorizing issuance of The City of Charleston Sewer Revenue Bonds, Series 1989, dated March 21, 1989, in the aggregate principal amount of \$1,912,194 and The City of Charleston Supplemental Sewer Revenue Bonds, Series 1989, dated March 21, 1989, in the aggregate principal amount of \$283,458 (the "Bonds") and agrees to perform all duties of Depository Bank in connection with the Bond Construction Trust Fund, all as set forth in said Ordinance.

Witness my signature as of the 21st day of March, 1989.

ONE VALLEY BANK, NATIONAL
ASSOCIATION

By:


Authorized Officer

REQUEST AND AUTHORIZATION AS TO AUTHENTICATION
AND DELIVERY OF THE BONDS

March 21, 1989

One Valley Bank, National Association
P. O. Box 1793
Charleston, West Virginia 25326

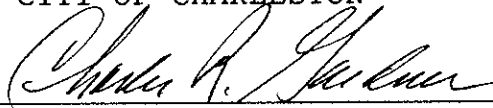
Ladies and Gentlemen:

We herewith hand to you, duly executed, \$1,912,194 Sewer Revenue Bonds, Series 1989, in the form of one bond numbered R-1 and \$283,458 Supplemental Sewer Revenue Bonds, Series 1989, in the form of one bond numbered SR-1 (the "Bonds") of The City of Charleston (the "City"), authorized to be issued under and pursuant to the Ordinance, duly passed by the Council of the City on March 6, 1989, effective March 20, 1989, and a Supplemental Resolution adopted by the Council on March 20, 1989 (collectively, the "Ordinance").

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

THE CITY OF CHARLESTON

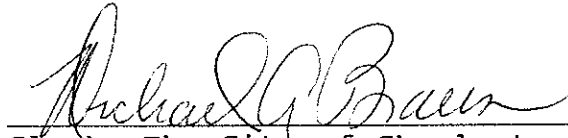
By



Mayor, The City of Charleston

(SEAL)

Attest:



Clerk, The City of Charleston

THE CITY OF CHARLESTON, WEST VIRGINIA

\$1,912,194 Sewer Revenue Bonds, Series 1989

\$283,458 Supplemental Sewer
Revenue Bonds, Series 1989

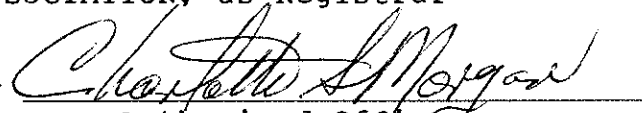
CERTIFICATE OF REGISTRATION OF BONDS

I, Charlotte Morgan, Corporate Trust Administrative Officer of One Valley Bank, National Association, as Registrar (the "Registrar"), under a Registrar's Agreement between Registrar and The City of Charleston (the "City") dated as of the date hereof, hereby certify that on the 21st day of March, 1989, the bonds of the City in the principal amount of \$1,912,194 designated "The City of Charleston Sewer Revenue Bonds, Series 1989", and numbered R-1, and the bonds in the principal amount of \$283,458 designated "The City of Charleston Supplemental Sewer Revenue Bonds, Series 1989", and numbered SR-1, both dated as of the date hereof, were registered as to principal and the Sewer Revenue Bonds, Series 1989 were registered as to interest in the name of "West Virginia Water Development Authority" in the books of the City kept for that purpose at our office, by a duly authorized officer on behalf of One Valley Bank, National Association, as Registrar.

WITNESS my signature as of the 21st day of March, 1989.

ONE VALLEY BANK, NATIONAL
ASSOCIATION, as Registrar

By


Authorized Officer

THE CITY OF CHARLESTON, WEST VIRGINIA

\$1,912,194 Sewer Revenue Bonds, Series 1989

\$283,458 Supplemental Sewer
Revenue Bonds, Series 1989

RECEIPT FOR BONDS

The undersigned, Daniel B. Yonkosky, Secretary-Treasurer of the West Virginia Water Development Authority, for and on behalf of the West Virginia Water Development Authority (the "Authority"), hereby certifies as follows:

1. On the 21st day of March, 1989, in Dunbar, West Virginia, the Authority received the entire original issue of \$1,912,194 in aggregate principal amount of The City of Charleston Sewer Revenue Bonds, Series 1989 (the "Primary Bonds") and the entire original issue of \$283,458 in aggregate principal amount of The City of Charleston Supplemental Sewer Revenue Bonds, Series 1989 (the "Supplemental Bonds") (collectively, the "Bonds"), said Bonds being dated the 21st day of March, 1989; and issued in the form of one bond per issue, fully registered to the Authority, and numbered R-1 and SR-1, respectively.

2. At the time of receipt of such Bonds, they had been executed by Charles R. Gardner, as Mayor of the City of Charleston, by manual signature, and attested by Michael A. Braun as Clerk of the City of Charleston, by manual signature, and the official seal of said City had been impressed upon each Bond.

IN WITNESS WHEREOF, Daniel B. Yonkosky duly signed and delivered this receipt on behalf of the West Virginia Water Development Authority on the 21st day of March, 1989.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

By: 
Secretary-Treasurer

THE CITY OF CHARLESTON, WEST VIRGINIA

\$1,912,194 Sewer Revenue Bonds, Series 1989

\$283,458 Supplemental Sewer
Revenue Bonds, Series 1989

RECEIPT FOR BOND PROCEEDS

The undersigned Charles R. Gardner, Mayor of the City of Charleston (the "City"), hereby certifies as follows:

1. The City has received and hereby acknowledges receipt from the West Virginia Water Development Authority (the "Authority"), as original purchaser of the City's \$1,912,194 Sewer Revenue Bonds, Series 1989, of the proceeds of said bonds in the amount of \$1,912,194 (100% of par value) and with no interest having been accrued thereon.

2. The City has received and hereby acknowledges receipt from the Authority, as original purchaser of the City's \$283,458 Supplemental Sewer Revenue Bonds, Series 1989, of the proceeds of said bonds in the amount of \$283,458 (100% of par value) and said bonds bearing no interest.

IN WITNESS WHEREOF, The City of Charleston has caused this receipt to be executed by the Mayor of The City of Charleston on this 21st day of March, 1989.

THE CITY OF CHARLESTON

By



MAYOR, THE CITY OF CHARLESTON

WV MUNICIPAL BOND COMMISSION
Suite 337 Building 3
1800 Washington St. E
State Capitol Complex
Charleston, WV 25305
(304) 348-3971

NEW ISSUE REPORT FORM

Date of Report: March 21, 1989

(See Reverse for Instructions)

ISSUE: \$1,912,194 The City of Charleston, West Virginia, Sewer Revenue Bonds, Series 1989

ADDRESS: City Building, 501 Virginia St., Chas., WV 25301 COUNTY: Kanawha

PURPOSE: New Money X

OF ISSUE: Refunding Refunds issue(s) dated: _____

ISSUE DATE: March 21, 1989

CLOSING DATE: March 21, 1989

ISSUE AMOUNT: \$1,912,194

RATE: 8.40%

1st DEBT SERVICE DUE: October 1, 1989

1st PRINCIPAL DUE: October 1, 1991

1st DEBT SERVICE AMOUNT: \$42,386.96

PAYING AGENT: WV Municipal Bond Commission

ISSUERS

BOND COUNSEL: Jackson & Kelly

Contact Person: Samme L. Gee

Phone: (304) 340-1318

UNDERWRITERS

BOND COUNSEL: N/A

Contact Person: _____

Phone: _____

DEPOSITORY

~~XXXXXX~~ BANK: One Valley Bank, National Association

Contact Person: Charlotte S. Morgan

Phone: (304) 348-7239

REGISTRAR:

~~XXXXXX~~ BANK: One Valley Bank, National Association

Contact Person: Charlotte S. Morgan

Phone: (304) 348-7239

KNOWLEDGEABLE ISSUER CONTACT

Contact Person: Michael Braun

Position: City Clerk

Phone: (304) 348-8179

BOND PURCHASER:

~~XXXXXX~~ WV Water Development Authority

Contact Person: Daniel B. Yonkosky

Function: Secretary-Treasurer

Phone: (304) 348-3612

DEPOSITS TO MBC AT CLOSE:

By Wire
X Check

Accrued Interest: \$ _____

Capitalized Interest: \$ _____

Reserve Account: \$ 167,849

Other: \$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE:

By Wire
Check
IGT

To Escrow Trustee: \$ _____

To Issuer: \$ _____

To Cons. Invest. Fund: \$ _____

To Other: \$ _____

NOTES:

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS

REQUIRED: _____

TRANSFERS

REQUIRED: _____

WV MUNICIPAL BOND COMMISSION
Suite 337 Building 3
1800 Washington St. E
State Capitol Complex
Charleston, WV 25305
(304) 348-3971

NEW ISSUE REPORT FORM

Date of Report: March 21, 1989

(See Reverse for Instructions)

ISSUE: \$283,458 The City of Charleston, West Virginia, Supplemental Sewer
Revenue Bonds, Series 1989

ADDRESS: City Building, 501 Virginia St., Chas., WV COUNTY: Kanawha

PURPOSE: New Money ☒ Refunding ☐ Refunds issue(s) dated: 25301

ISSUE DATE: March 21, 1989

CLOSING DATE: March 21, 1989

ISSUE AMOUNT: \$283,458

RATE: -0-

1st DEBT SERVICE DUE: October 1, 1991

1st PRINCIPAL DUE: October 1, 1991

1st DEBT SERVICE AMOUNT: \$3,634.15

PAYING AGENT: WV Municipal Bond Commission

ISSUERS

BOND COUNSEL: Jackson & Kelly

UNDERWRITERS

BOND COUNSEL: N/A

Contact Person: Samme L. Gee
Phone: (304) 340-1318

Contact Person: _____
Phone: _____

DEPOSITORY

~~CLOSING BANK~~ One Valley Bank, National Association ~~REGISTRAR~~ One Valley Bank, National Association

Contact Person: Charlotte S. Morgan
Phone: (304) 348-7239

Contact Person: Charlotte S. Morgan
Phone: (304) 348-7239

KNOWLEDGEABLE ISSUER CONTACT

Contact Person: Michael Braun
Position: City Clerk
Phone: (304) 348-8179

BOND PURCHASER: OTHER: WV Water Development Authority
Contact Person: Daniel B. Vonkosky
Function: Secretary-Treasurer
Phone: (304) 348-3612

DEPOSITS TO MBC AT CLOSE:

By Wire
X Check

Accrued Interest: \$ _____
Capitalized Interest: \$ _____
Reserve Account: \$ 7,268
Other: \$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE:

By Wire
Check
IGT

To Escrow Trustee: \$ _____
To Issuer: \$ _____
To Cons. Invest. Fund: \$ _____
To Other: \$ _____

NOTES:

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS

REQUIRED: _____

TRANSFERS

REQUIRED: _____

LOAN PROGRAM II
REQUISITION AS TO LOAN TO GOVERNMENTAL AGENCY

TO: ONE VALLEY BANK, NATIONAL ASSOCIATION, Trustee

- A. Name of Governmental Agency to which payment is to be made: The City of Charleston, West Virginia
- B. Total Amount to be paid: \$1,912,194
- C. Certification by Water Development Authority:

I hereby certify that under the terms and provisions of the Loan Agreement providing for the Loan to the above-captioned Governmental Agency, dated as of March 21, 1989, said Governmental Agency has sold its Local Bonds to the Authority in the principal amount equal to the amount of the Loan set forth in B above, that such Governmental Agency is obligated to make Local Bonds Payments and to pay Fees and Charges in accordance with Section 9.09 of the General Resolution and that such Governmental Agency is not in default under any of the terms or provisions of said Loan Agreement.

I further certify that the Local Bonds Payments, the Supplemental Bonds Payments, and other moneys available therefor, will be sufficient to pay interest on and Principal Installments of the Bonds, the proceeds of which were used to fund the Loan Obligation, as such interest and Principal Installments come due.

The above certifications comply with Subsections 6.06(2)(a)(ii) and (v) of the General Resolution.


Authorized Representative
West Virginia Water Development
Authority

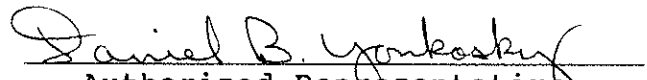
DATE: March 21, 1989

ASSIGNMENT SEPARATE FROM BOND

FOR VALUE RECEIVED, the West Virginia Water Development Authority hereby sells, assigns and transfers unto One Valley Bank, National Association, Charleston, West Virginia, the \$1,912,194 The City of Charleston Sewer Revenue Bonds, Series 1989 and standing in the name of the West Virginia Water Development Authority on the books of said Governmental Agency.

Dated: March 21, 1989

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY


Authorized Representative

1404M

JACKSON & KELLY

ATTORNEYS AT LAW

1600 LAIDLEY TOWER

P. O. BOX 553

CHARLESTON, WEST VIRGINIA 25322

TELEPHONE 304-340-1000

TELECOPIER 304-340-1130

WRITER'S DIRECT DIAL NO.

618 MONONGAHELA BUILDING
P. O. BOX 619
MORGANTOWN, WEST VIRGINIA 26507
TELEPHONE 304-292-7311

13 SOUTH HIGH STREET
P. O. BOX 619
MORGANTOWN, WEST VIRGINIA 26507
TELEPHONE 304-296-1006

175 EAST MAIN STREET
P. O. BOX 2150
LEXINGTON, KENTUCKY 40595
TELEPHONE 606-255-9500

SUITE 101
202 WEST MAIN STREET
FRANKFORT, KENTUCKY 40601
TELEPHONE 502-227-4000

March 21, 1989

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

Ladies and Gentlemen:

We are bond counsel to The City of Charleston (the "Governmental Agency"), a duly organized and presently existing municipal corporation under the laws of the State of West Virginia.

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement, dated March 21, 1989 (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated March 21, 1989 (the "Governmental Agency Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Governmental Agency Bonds are in the principal amount of \$1,912,194, issued in the form of one bond registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, beginning October 1, 1989, at the respective rate and with principal payable in installments on October 1 in each of the years 1991 through 2029, inclusive, all as set forth in Exhibit A incorporated in and made a part of the Governmental Agency Bonds.

The Governmental Agency Bonds are issued for the purpose of acquiring and constructing certain additions, betterments and improvements to the existing public sewerage collection and treatment system for the Governmental Agency, funding a reserve fund for the Governmental Agency Bonds, and paying certain issuance and other costs in connection therewith.

JACKSON & KELLY

W.Va. Water Development Authority
March 21, 1989
Page 2

We have also examined the applicable provisions of Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Local Statute"), under which the Governmental Agency Bonds are issued, and the Loan Agreement that has been undertaken, including all schedules and exhibits to the Loan Agreement. The Governmental Agency Bonds have been authorized by an Ordinance duly passed by the Governmental Agency on March 6, 1989, effective March 20, 1989, and a Supplemental Resolution adopted on March 20, 1989 (the "Local Act"), which contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement. The Governmental Agency Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

Based upon the foregoing and upon our examination of such other documents as we have deemed necessary, we are of the opinion as follows:

1. The Loan Agreement has been duly authorized by and executed on behalf of the Governmental Agency and is a valid and binding special obligation of the Governmental Agency enforceable in accordance with the terms thereof.

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

3. The Governmental Agency is a duly organized and presently existing municipal corporation with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Governmental Agency Bonds, all under the Local Statute and other applicable provisions of law.

4. The Governmental Agency has legally and effectively adopted the Local Act and all other necessary resolutions and orders in connection with the issuance and sale of the Governmental Agency Bonds.

JACKSON & KELLY

W.Va. Water Development Authority
March 21, 1989
Page 3

5. The Governmental Agency Bonds are valid and legally enforceable special obligations of the Governmental Agency, payable from the net revenues of the System referred to in the Local Act and secured by a second lien on and pledge of the net revenues of said System, junior and inferior only to the Prior Bonds, as such are defined in the Local Act, all in accordance with the terms of the Governmental Agency Bonds and the Local Act, and have been duly issued and delivered to the Authority.

6. The Governmental Agency has reserved the right to issue additional bonds ranking on a parity with the Governmental Agency Bonds, as provided in the Local Act.

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

8. The Governmental Agency Bonds are, by statute, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof and the interest on the Governmental Agency Bonds is exempt from personal and corporate income taxes imposed directly thereon by the State of West Virginia.

JACKSON & KELLY

W.Va. Water Development Authority
March 21, 1989
Page 4

It is to be understood that the rights of the holders of the Governmental Agency Bonds and the enforceability of the Governmental Agency Bonds, and the Local Act may be subject to bankruptcy, insolvency, reorganization, moratorium and other similiar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that there enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We have examined executed Governmental Agency 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,

A handwritten signature in cursive script, appearing to read "Jackson D. Kelly".

JACKSON & KELLY
ATTORNEYS AT LAW

1600 LAIDLEY TOWER
P. O. BOX 553

CHARLESTON, WEST VIRGINIA 25322

TELEPHONE 304-340-1000

TELECOPIER 304-340-1130

WRITER'S DIRECT DIAL NO.

618 MONONGAHELA BUILDING
P. O. BOX 619
MORGANTOWN, WEST VIRGINIA 26507
TELEPHONE 304-292-7311

13 SOUTH HIGH STREET
P. O. BOX 619
MORGANTOWN, WEST VIRGINIA 26507
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175 EAST MAIN STREET
P. O. BOX 2160
LEXINGTON, KENTUCKY 40595
TELEPHONE 606-255-9500

SUITE 101
202 WEST MAIN STREET
FRANKFORT, KENTUCKY 40601
TELEPHONE 502-227-4000

March 21, 1989

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

Ladies and Gentlemen:

We are bond counsel to The City of Charleston (the "Governmental Agency"), a duly organized and presently existing municipal corporation under the laws of the State of West Virginia.

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a supplemental loan agreement, dated March 21, 1989 (the "Supplemental Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority"), and (ii) the issue of a series of supplemental sewer revenue bonds of the Governmental Agency, dated March 21, 1989 (the "Supplemental Bonds"), to be purchased by the Authority in accordance with the provisions of the Supplemental Loan Agreement. The Supplemental Bonds are in the principal amount of \$283,458, issued in the form of one bond registered as to principal to the Authority, without interest thereon, with principal payable in installments on October 1 in each of the years 1991 through 2029, inclusive, all as set forth in Exhibit A incorporated in and made a part of the Supplemental Bonds.

The Supplemental Loan Agreement is supplemental to a loan agreement dated March 21, 1989, also between the Governmental Agency and the Authority (the "Loan Agreement"). The Supplemental Bonds are junior, subordinate and inferior as to lien and source of and security for payment to the bonds issued pursuant to the Loan Agreement (the "Local Bonds"), which Local Bonds are issued simultaneously herewith, and the Governmental Agency's Prior Bonds as such are defined in the Local Act, as hereinafter defined.

JACKSON & KELLY

W.Va. Water Development Authority
March 21, 1989
Page 2

The Supplemental Bonds are issued, together with the Local Bonds, for the purpose of acquiring and constructing certain additions, betterments and improvements to the existing public sewerage collection and treatment system for the Governmental Agency, funding a reserve account for the Supplemental Bonds, and paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Local Statute"), under which the Supplemental Bonds are issued, and the Supplemental Loan Agreement that has been undertaken, including all schedules and exhibits to the Supplemental Loan Agreement. The Supplemental Bonds have been authorized by an ordinance duly passed by the Governmental Agency on March 6, 1989, effective March 20, 1989 and a Supplemental Resolution adopted on March 20, 1989 (the "Local Act"), which contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Supplemental Loan Agreement. The Supplemental Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Supplemental Loan Agreement.

Based upon the foregoing and upon our examination of such other documents as we have deemed necessary, we are of the opinion as follows:

1. The Supplemental Loan Agreement has been duly authorized by and executed on behalf of the Governmental Agency and is a valid and binding special obligation of the Governmental Agency enforceable in accordance with the terms thereof.

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

3. The Governmental Agency is a duly organized and presently existing municipal corporation with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Supplemental Loan Agreement and to issue and sell the Supplemental Bonds, all under the Local Statute and other applicable provisions of law.

JACKSON & KELLY

W.Va. Water Development Authority
March 21, 1989
Page 3

4. The Governmental Agency has legally and effectively enacted the Local Act and all other necessary resolutions and orders in connection with the issuance and sale of the Supplemental Bonds.

5. The Supplemental Bonds are valid and legally enforceable special obligations of the Governmental Agency, payable from the net revenues of the System referred to in the Local Act and secured by a third lien on and pledge of the net revenues of said System, all in accordance with the terms of the Supplemental Bonds and the Local Act, and have been duly issued and delivered to the Authority. Said lien and pledge are junior, subordinate and inferior to that created for the Local Bonds and the Prior Bonds.

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

7. The Supplemental Bonds are, by statute, exempt from taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

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

We have examined executed Supplemental Bond numbered SR-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 cursive script, appearing to read "John Kelly".

JACKSON & KELLY

ATTORNEYS AT LAW

1600 LAIDLEY TOWER

P. O. BOX 553

CHARLESTON, WEST VIRGINIA 25322

TELEPHONE 304-340-1000

TELECOPIER 304-340-1130

WRITER'S DIRECT DIAL NO.

618 MONONGAHELA BUILDING
P. O. BOX 619
MORGANTOWN, WEST VIRGINIA 26507
TELEPHONE 304-292-7311

13 SOUTH HIGH STREET
P. O. BOX 619
MORGANTOWN, WEST VIRGINIA 26507
TELEPHONE 304-296-1006

175 EAST MAIN STREET
P. O. BOX 2150
LEXINGTON, KENTUCKY 40595
TELEPHONE 606-255-9500

SUITE 101
202 WEST MAIN STREET
FRANKFORT, KENTUCKY 40601
TELEPHONE 502-227-4000

March 21, 1989

The City of Charleston
City Building
501 Virginia Street, East
Charleston, West Virginia 25301

Re: The City of Charleston, West Virginia
\$1,912,194 Sewer Revenue Bonds,
Series 1989

Gentlemen:

We have examined a record of proceedings relating to the issuance of the \$1,912,194 in aggregate principal amount of The City of Charleston, West Virginia, Sewer Revenue Bonds, Series 1989 (the "Bonds"), issued by The City of Charleston (the "City"), a municipal corporation and a Certificate as to Non-Arbitrage executed by Charles R. Gardner, Mayor of The City of Charleston on this date.

We are of the opinion that the facts, estimates and circumstances set forth in the Certificate as to Non-Arbitrage are sufficient to satisfy the requirements of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code") to support the conclusion that the Bonds are not "arbitrage bonds" as therein defined.

No matters have come to our attention which in our opinion make unreasonable or incorrect the representations made in such certification.

JACKSON & KELLY

Please be advised that this opinion is subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that the Bonds not be "arbitrage bonds." Failure to comply with certain of such requirements may cause the interest on the Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The City has covenanted to comply with all such requirements.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Jackson & Kelly", written in dark ink.

LAW OFFICES
KAUFFELT & KAUFFELT
803 KANAWHA VALLEY BUILDING
POST OFFICE BOX 3082
CHARLESTON, WEST VIRGINIA 25331

T. D. KAUFFELT
JAMES D. KAUFFELT
MARK E. KAUFFELT

AREA CODE 304
345-1272

March 21, 1989

The City of Charleston
City Building
501 Virginia Street, East
Charleston, WV 25301

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

Jackson & Kelly
1600 Laidley Tower
P. O. Box 553
Charleston, WV 25322

Re: The City of Charleston, West Virginia
\$1,912,194 Sewer Revenue Bonds, Series 1989

The City of Charleston, West Virginia
\$283,458 Supplemental Sewer Revenue Bonds,
Series 1989

Gentlemen:

I have served as counsel to The City of Charleston (the "City") in regard to certain matters concerning the Public Service Commission of West Virginia. I was active in obtaining the City's Certificate of Convenience and Necessity granted by order dated March 3, 1989. I am also familiar with the Rate Ordinance adopted by the Council of the City on December 19, 1988. Pursuant to the above-noted documents, I am of the opinion as follows:

1. The City has received a Certificate of Convenience and Necessity from the Public Service Commission of West Virginia and said Certificate is in full force and effect and the only other party to the proceeding, the Staff of the Public Service Commission, has certified that it agreed with the entry of the order granting the Certificate and will take no further action to reopen or appeal from said order.

KAUFFELT & KAUFFELT

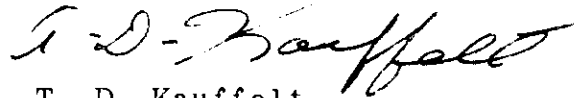
The City of Charleston
Water Development Authority
Jackson & Kelly
March 21, 1989
Page 2

2. The Rate Ordinance adopted on December 19, 1988, was duly passed by the Council of the City and is in full force and effect.

3. The revenues from said rates may be used to pay the debt service on the above-noted bonds and the operation and maintenance cost of the system.

This opinion may be relied upon as if addressed to all counsel.

Very truly yours,


T. D. Kauffelt

TDK/ram

WV MUNICIPAL BOND COMMISSION
Suite 337 Building 3
1800 Washington St. E
State Capitol Complex
Charleston, WV 25305
(304) 348-3971

NEW ISSUE REPORT FORM

Date of Report: March 21, 1989

(See Reverse for Instructions)

ISSUE: <u>\$1,912,194 The City of Charleston, West Virginia, Sewer Revenue Bonds, Series 1989</u>	
ADDRESS: <u>City Building, 501 Virginia St., Chas., WV 25301</u>	COUNTY: <u>Kanawha</u>
PURPOSE: <u>New Money</u> ☒ <u>Refunding</u> ☐	Refunds issue(s) dated: _____
ISSUE DATE: <u>March 21, 1989</u>	CLOSING DATE: <u>March 21, 1989</u>
ISSUE AMOUNT: <u>\$1,912,194</u>	RATE: <u>8.40%</u>
1st DEBT SERVICE DUE: <u>October 1, 1989</u>	1st PRINCIPAL DUE: <u>October 1, 1991</u>
1st DEBT SERVICE AMOUNT: <u>\$42,386.96</u>	PAYING AGENT: <u>WV Municipal Bond Commission</u>
ISSUERS	
BOND COUNSEL: <u>Jackson & Kelly</u>	UNDERWRITERS
Contact Person: <u>Samme L. Gee</u>	BOND COUNSEL: <u>N/A</u>
Phone: <u>(304) 340-1318</u>	Contact Person: _____
Phone: _____	Phone: _____
DEPOSITORS	
~~CLOSING BANK~~ <u>One Valley Bank, National Association</u>	~~REGISTRAR~~ <u>One Valley Bank, National Association</u>
Contact Person: <u>Charlotte S. Morgan</u>	Contact Person: <u>Charlotte S. Morgan</u>
Phone: <u>(304) 348-7239</u>	Phone: <u>(304) 348-7239</u>
KNOWLEDGEABLE ISSUER CONTACT	
Contact Person: <u>Michael Braun</u>	BOND PURCHASER: <u>WV Water Development Authority</u>
Position: <u>City Clerk</u>	Contact Person: <u>Daniel B. Vonkosky</u>
Phone: <u>(304) 348-8179</u>	Function: <u>Secretary-Treasurer</u>
Phone: <u>(304) 348-3612</u>	
DEPOSITS TO MBC AT CLOSE:	
By <u>Wire</u> ☐ <u>Check</u> ☒	Accrued Interest: \$ _____
	Capitalized Interest: \$ _____
	Reserve Account: \$ <u>167,849</u>
	Other: \$ _____
REFUNDS & TRANSFERS BY MBC AT CLOSE:	
By <u>Wire</u> ☐ <u>Check</u> ☐ <u>IGT</u> ☐	To Escrow Trustee: \$ _____
	To Issuer: \$ _____
	To Cons. Invest. Fund: \$ _____
	To Other: \$ _____
NOTES: _____	

FOR MUNICIPAL BOND COMMISSION USE ONLY:	
DOCUMENTS	
REQUIRED: _____	
TRANSFERS	
REQUIRED: _____	

The purpose of the **NEW ISSUE REPORT FORM** is to provide the WV Municipal Bond Commission with an early warning of three basis facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The Commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the WV Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all suppliments, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes".

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at close are required, please submit this form before closing. If no significant facts change by closing, no resubmission at close is required. If, however, there are changes, please submit an updated form, with changes noted, at close.

If you should have any questions concerning this form, please call the Commission.

WV MUNICIPAL BOND COMMISSION
Suite 337 Building 3
1800 Washington St. E
State Capitol Complex
Charleston, WV 25305
(304) 348-3971

NEW ISSUE REPORT FORM

Date of Report: March 21, 1989

(See Reverse for Instructions)

ISSUE: <u>\$283,458 The City of Charleston, West Virginia, Supplemental Sewer Revenue Bonds, Series 1989</u>	
ADDRESS: <u>City Building, 501 Virginia St., Chas., WV</u>	COUNTY: <u>Kanawha</u>
PURPOSE: <u>New Money</u> ☒ <u>Refunding</u> ☐	Refunds issue(s) dated: <u>25301</u>
ISSUE DATE: <u>March 21, 1989</u>	CLOSING DATE: <u>March 21, 1989</u>
ISSUE AMOUNT: <u>\$283,458</u>	RATE: <u>-0-</u>
1st DEBT SERVICE DUE: <u>October 1, 1991</u>	1st PRINCIPAL DUE: <u>October 1, 1991</u>
1st DEBT SERVICE AMOUNT: <u>\$3,634.15</u>	PAYING AGENT: <u>WV Municipal Bond Commission</u>
ISSUERS	
BOND COUNSEL: <u>Jackson & Kelly</u>	UNDERWRITERS
Contact Person: <u>Samme L. Gee</u>	BOND COUNSEL: <u>N/A</u>
Phone: <u>(304) 340-1318</u>	Contact Person: _____
Phone: _____	Phone: _____
DEPOSITARY	
CLOSING BANK: <u>One Valley Bank, National Association</u>	REGISTRAR: <u>One Valley Bank, National Association</u>
Contact Person: <u>Charlotte S. Morgan</u>	Contact Person: <u>Charlotte S. Morgan</u>
Phone: <u>(304) 348-7239</u>	Phone: <u>(304) 348-7239</u>
KNOWLEDGEABLE ISSUER CONTACT	
Contact Person: <u>Michael Braun</u>	BOND PURCHASER: <u>WV Water Development Authority</u>
Position: <u>City Clerk</u>	Contact Person: <u>Daniel B. Yonkosky</u>
Phone: <u>(304) 348-8179</u>	Function: <u>Secretary-Treasurer</u>
Phone: <u>(304) 348-3612</u>	
DEPOSITS TO MBC AT CLOSE:	
By <u>Wire</u> ☐ <u>Check</u> ☒	Accrued Interest: \$ _____
	Capitalized Interest: \$ _____
	Reserve Account: \$ <u>7,268</u>
	Other: \$ _____
REFUNDS & TRANSFERS BY MBC AT CLOSE:	
By <u>Wire</u> ☐ <u>Check</u> ☐ <u>IGT</u> ☐	To Escrow Trustee: \$ _____
	To Issuer: \$ _____
	To Cons. Invest. Fund: \$ _____
	To Other: \$ _____
NOTES: _____	

FOR MUNICIPAL BOND COMMISSION USE ONLY:	
DOCUMENTS	
REQUIRED: _____	
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