

THE CITY OF CHARLESTON, WEST VIRGINIA

\$829,856 SEWER REVENUE BONDS, SERIES 1989 B

\$123,015 SUPPLEMENTAL SEWER
REVENUE BONDS, SERIES 1989 B

CLOSING: NOVEMBER 21, 1989

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THE CITY OF CHARLESTON, WEST VIRGINIA

SUPPLEMENTAL BOND ORDINANCE

TABLE OF CONTENTS

PAGE

ARTICLE I

Definitions, Statutory Authority and Findings

Section 1.01.	Definitions.....	1
Section 1.02.	Authority of This Ordinance.....	11
Section 1.03.	Findings.....	11
Section 1.04.	Ordinance Constituting Contract.	14

ARTICLE II

Authorization of Extensions, Additions, Betterments,
and Improvements to the System

Section 2.01	Authorization of Construction and Acquisition.....	16
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ARTICLE III

Authorization, Terms, Execution and Registration
of Bonds

Section 3.01.	Authorization of the Original Bonds.....	17
Section 3.02.	Terms of Original Bonds.....	17
Section 3.03.	Additional Terms of Bonds.....	18
Section 3.04.	Execution of the Bonds.....	18
Section 3.05.	Authentication and Registration.	18
Section 3.06.	Negotiability, Transfer and Registration.....	19
Section 3.07.	Bonds Mutilated, Destroyed, Stolen or Lost.....	20
Section 3.08.	Bonds Secured by Pledge of Net Revenues; Not to be Indebtedness of the City.....	20
Section 3.09.	Form of Bonds.....	21
Section 3.10.	Sale of the Original Bonds.....	36
Section 3.11.	Amended Schedule A Filing; Tender of Supplemental Bonds....	36

ARTICLE IV

System Revenues and Application Thereof

Section 4.01.	Construction of Funds and Accounts.....	37
---------------	--	----

Section 4.02.	Establishment of Bond Construction Trust Fund.....	37
Section 4.03.	Establishment of Funds and Accounts with Commission.....	37
Section 4.04.	System Revenues; Flow of Funds...	37

ARTICLE V

Application of Bond Proceeds

Section 5.01.	Application of Original Bond Proceeds.....	42
Section 5.02.	Bond Construction Trust Fund....	42

ARTICLE VI

Additional Covenants of the City

Section 6.01.	General Covenants of the City...	44
Section 6.02.	Bonds Secured by Prior Ordinance.....	44
Section 6.03.	Rates.....	44
Section 6.04.	Completion, Operation and Maintenance.....	45
Section 6.05.	Sale of the System.....	45
Section 6.06.	Issuance of Other Obligations Payable out of Revenues and General Covenant Against Encumbrances.....	46
Section 6.07.	Parity Bonds.....	47
Section 6.08.	Books and Records.....	50
Section 6.09.	Operating Budget.....	51
Section 6.10.	Services Rendered to the City..	51
Section 6.11.	Enforcement of Collections.....	52
Section 6.12.	Insurance.....	52
Section 6.13.	No Competing Franchise.....	53
Section 6.14.	Connections.....	53
Section 6.15.	Public Purpose Bonds.....	53
Section 6.16.	Private Activity Bond Covenant.	53
Section 6.17.	Filing Covenant.....	53
Section 6.18.	Federal Guarantee Covenant.....	53
Section 6.19.	Covenant to Amend Ordinance....	53

ARTICLE VII

Defaults and Remedies

Section 7.01.	Events of Default.....	55
Section 7.02.	Remedies.....	55
Section 7.03.	Appointment of Receiver.....	55

ARTICLE VIII

Investments; Non-Arbitrage

Section 8.01.	Investments.....	58
Section 8.02.	Arbitrage.....	58
Section 8.03.	Rebate	59

ARTICLE IX

Defeasance

Section 9.01.	Defeasance of Subordinate Bonds.	62
Section 9.02.	Defeasance of Supplemental Bonds	63

ARTICLE X

Miscellaneous

Section 10.01.	Modification or Amendment.....	66
Section 10.02.	Severability of Invalid Provisions.....	66
Section 10.03.	Table of Contents and Headings..	66
Section 10.04.	Repeal of Conflicting Ordinances.....	66
Section 10.05.	Covenant of Due Procedure.....	66
Section 10.06.	Effective Date.....	66

EXHIBIT A

ORDINANCE No. 4506

Introduced in Council

OCTOBER 16, 1989

Introduced by

Mary Jane Vanderwillt *ps*

Referred to

COUNCIL COMMITTEE ON FINANCE

Passed by Council

November 6, 1989

1 Ordinance No. 4506 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 \$1,000,000 in aggregate principal amount of one or more series
23 of Sewer Revenue Bonds and Supplemental Sewer Revenue Bonds;
24 defining and prescribing the terms and provisions of the Bonds;
25 providing for the rights and remedies of and security for the
26 Registered Owners of the Bonds; and enacting other provisions
27 related thereto.

28
29 Be It Ordained By the Council Of The City Of Charleston, West
30 Virginia:

31
32
33 ARTICLE I

34
35 DEFINITIONS, STATUTORY AUTHORITY AND FINDINGS

36
37
38 Section 1.01. Definitions. In addition to the
39 definitions set forth below, all the definitions in Section 1
40 of the Original Ordinance, as hereinafter defined, and Section
41 1.01 of the 1982 Ordinance, as hereinafter defined, shall apply
42 fully herein unless otherwise indicated. The following terms

1 shall have the following meanings in this Ordinance unless the
2 context expressly requires otherwise:
3

4 A. "Advance-Refunded Municipal Bonds" shall mean
5 obligations, the interest on which is excludable from gross
6 income for Federal income tax purposes, which have been
7 advance-refunded prior to their maturity and are fully and
8 irrevocably secured as to principal and interest by Government
9 Obligations held in trust for the payment thereof, and which
10 obligations are serial bonds or term bonds not callable prior
11 to maturity except at the option of the holder or owner thereof.
12

13 B. "Authority Loan Agreements" means, collectively,
14 Loan Agreement and the Supplemental Loan Agreement as both are
15 hereinafter defined.
16

17 C. "Authorized Officer" means the Mayor of the City
18 or any acting Mayor duly appointed or any other officer duly so
19 authorized by the Council as hereinafter defined.
20

21 D. "Bond" or "Bonds" means the Original Bonds of
22 each series, as hereinafter defined, and any additional parity
23 bonds hereafter issued within the terms, restrictions and
24 conditions contained in this Ordinance.
25

26 E. "Bond Construction Trust Fund" means the Bond
27 Construction Trust Fund for each series of Bonds established by
28 Section 4.02 hereof.
29

30 F. "Bond Register" means the books of the City main-
31 tained by the Bond Registrar, as hereinafter defined, for the
32 registration and transfer of each series of Bonds.
33

34 G. "Bond Registrar" means the Registrar for each
35 series of Bonds, which shall be appointed by a resolution
36 supplemental hereto.
37

38 H. "Bond Year" means the 12-month period beginning
39 on the anniversary of the Closing Date for each series of Bonds
40 in each year and ending on the day prior to the anniversary
41 date of the Closing Date in the following year except that the
42 first Bond Year shall begin on the Closing Date.
43

44 H. "Bondholder," "Registered Owner" or "Owner of the
45 Bonds" or any similar term means any person who shall be the
46 registered owner, as shown by the Bond Register, of any
47 outstanding Bond.
48

49 I. "Certificate of Authentication and Registration"
50 means the Certificate of Authentication and Registration on the
51 Bonds in substantially the form set forth in the Bond form
52 contained herein.
53

1 J. "City Clerk" means the Clerk of the City.

2
3 K. "Closing Date" means the date upon which there is
4 an exchange of a series of Bonds for the proceeds representing
5 the purchase of each series of Bonds by the Authority.

6
7 L. "Code" means the Internal Revenue Code of 1986,
8 as amended, including the rules and regulations promulgated
9 pursuant thereto or to any predecessors or successors thereto.

10
11 M. "Commission" means the West Virginia Municipal
12 Bond Commission or any other agency of the State of West
13 Virginia that succeeds to the functions of the Commission.

14
15 N. "Consulting Engineers" means any engineer or firm
16 of engineers of reputation for skill and experience with
17 respect to the design and construction of sewer systems that
18 shall at any time be retained by the City as consulting
19 engineers for the System, as hereinafter defined and as set
20 forth in a resolution supplemented hereto.

21
22 O. "Costs" or "Costs of Project" or any similar
23 phrase means those costs described in Section 1.03(H) hereof to
24 be a part of the cost of the acquisition and construction of
25 the Project, as hereinafter defined.

26
27 P. "Debt Service" means the scheduled amount of
28 interest and amortization of principal payable on the Bonds
29 during the period of computation, excluding amounts scheduled
30 during such period which relate to principal which has been
31 retired before the beginning of such period.

32
33 Q. "Depository Bank" means, with respect to each
34 series of Bonds, the bank eligible under the laws of the State
35 of West Virginia to receive deposits of state and municipal
36 funds and insured by the FDIC, as hereinafter defined,
37 designated as such by a resolution supplemental hereto, and any
38 successor thereto.

39
40 R. "Event of Default" means any event or occurrence
41 specified in Section 7.01.

42
43 T. "FDIC" means the Federal Deposit Insurance
44 Corporation or any successor to the functions of the FDIC.

45
46 U. "Fiscal Year" means each twelve month period
47 beginning on July 1 and ending on the succeeding June 30.

48
49 V. "Government Obligations" means direct obligations
50 of, or obligations the timely payment of the principal of and
51 interest on which is guaranteed by, the United States of
52 America, including (i) such obligations which have been
53 stripped from their unmatured interest coupons, interest

1 coupons stripped from such obligations and receipts or
2 certificates evidencing payments from such obligations or
3 interest coupons stripped from such obligations, (ii) evidences
4 of ownership of a proportionate interest in specified direct
5 obligations of, or specified obligations which are
6 unconditionally and fully guaranteed by, the United States of
7 America, which obligations are held by a bank or trust company
8 organized and existing under the laws of the United States of
9 America or any state thereof in the capacity of custodian and
10 (iii) obligations, the sole source of the payment of the
11 principal of and interest on which are obligations of the
12 nature of those described in clause (i), which are irrevocably
13 pledged for such purposes.

14
15 W. "Gross Revenues" means the aggregate gross
16 operating and non-operating revenues of the System, as
17 hereinafter defined, determined in accordance with generally
18 accepted accounting principles, after deduction of prompt
19 payment discounts, if any, and reasonable provisions for
20 uncollectible accounts; provided, that "Gross Revenues" does
21 not include any gains from the sale or other disposition of, or
22 from any increase in the value of, capital assets (including
23 Qualified Investments, as hereinafter defined) or Tap Fees, as
24 hereinafter defined.

25
26 X. "Independent Certified Public Accountants" means
27 any certified public accountant or firm of certified public
28 accountants that shall be retained by the City to prepare an
29 independent annual or special audit of the accounts of the
30 System, as hereinafter defined, or for any other purpose except
31 keeping the accounts of such System in the usual operations of
32 its business and affairs.

33
34 Y. "Investment Property" means any security [as said
35 term is defined in Section 165(g)(2)(A) or (B) of the Code],
36 obligation, annuity contract or investment-type property,
37 excluding, however, obligations the interest on which is
38 excluded from gross income under Section 103 of the Code for
39 federal income tax purposes.

40
41 AA. "Loan Agreement" means the loan agreement or
42 agreements to be entered into between the City and the Original
43 Bonds Purchaser; pursuant to which the Original Bonds Purchaser
44 shall agree, subject to the City's satisfying certain legal and
45 other requirements, to purchase each series of Original
46 Subordinate Bonds originally authorized hereby with a portion
47 of the proceeds of the Original Bonds Purchaser's bonds issued
48 with respect to the Program as hereinafter defined and which
49 shall be approved by a resolution supplemental hereto.

50
51 BB. "Net Proceeds" means the face amount each series
52 of the Subordinate Bonds, plus accrued interest and premium, if
53 any, less original issue discount, if any, and less proceeds

1 deposited in the Subordinate Reserve Account. For purposes of
2 the Private Business Use limitations set forth herein, the term
3 Net Proceeds shall include any amounts resulting from the
4 investment of proceeds of the Subordinate Bonds, without regard
5 to whether or not such investment is made in tax-exempt
6 obligations.

7
8 CC. "Net Revenues" means the balance of the Gross
9 Revenues remaining after deduction of Operating Expenses, as
10 hereinafter defined.

11
12 DD. "Nonpurpose Investment" means any Investment
13 Property which is acquired with the Gross Proceeds of the
14 Subordinate Bonds and is not acquired in order to carry out the
15 governmental purpose of the Subordinate Bonds.

16
17 EE. "1982 Ordinance" means Ordinance No. 2815, passed
18 by Council on May 18, 1981, as amended by Ordinance No. 3031,
19 passed by Council on November 23, 1982, supplementing the
20 Original Ordinance, as hereinafter defined and any amendments
21 and supplements thereto.

22
23 FF. "1989 Ordinance" means Ordinance No. 4423, passed
24 by Council on March 6, 1989, supplementing the Original
25 Ordinance, as hereinafter defined, and the 1982 Ordinance, and
26 any amendments and supplements thereto.

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

47
48 HH. "Ordinance," regardless of whether preceded by
49 the article "the" or "this," means this Ordinance as it may
50 hereafter from time to time be amended or supplemented.

51
52 II. "Original Bonds" means, collectively each series
53 of Original Subordinate Bonds and Original Supplemental Bonds,

1 both as hereinafter defined.

2
3 JJ. "Original Bonds Purchaser" or "Authority" or
4 "WDA" means the West Virginia Water Development Authority as
5 the purchaser of each series of Original Bonds or any other
6 agency of the State of West Virginia that succeeds to the
7 functions of the Authority.

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

29
30 LL. "Original Subordinate Bonds" means the Sewer
31 Revenue Bonds, originally authorized hereby to pay a portion of
32 the Costs of the Project.

33
34 MM. "Original Supplemental Bonds" means the
35 Supplemental Sewer Revenue Bonds, originally authorized hereby
36 to pay a portion of the Costs of the Project.

37
38 NN. "Outstanding," when used with reference to Bonds,
39 as of any particular date, describes all Bonds theretofore and
40 thereupon being issued and delivered except (a) any Bond
41 cancelled by the registrar at or prior to said date; (b) any
42 Bond for the payment of which monies equal to its principal
43 amount, with interest to the date of maturity, shall be held in
44 trust under this Ordinance and set aside for such payment
45 (whether upon or prior to maturity); (c) any Bond deemed to
46 have been paid as provided in Section 13.01 hereof; and (d)
47 with respect to determining a specified percentage of
48 Registered Owners for the purpose of consents, notices and the
49 like, any Bond registered to the City.

50
51 OO. "Parity Bonds" means, collectively, Parity
52 Subordinate Bonds and Parity Supplemental Bonds.
53

1 PP. "Parity Subordinate Bonds" means any additional
2 bonds issued under the provisions and within the limitations
3 prescribed by Section 6.09 hereof, payable from net revenues on
4 a parity with the Original Subordinate Bonds.

5
6 QQ. "Parity Supplemental Bonds" means any additional
7 bonds issued under the provisions and within the limitations
8 prescribed by Section 6.09 hereof, payable from net revenues on
9 a parity with the Original Supplemental Bonds.

10
11 RR. "Paying Agent" means with respect to the Original
12 Bonds the Commission.

13
14 SS. "Prior Bonds" means the Bonds described in
15 Subsection 1.03(A) outstanding on the date hereof.

16
17 TT. "Prior Ordinance" means collectively the Original
18 Ordinance, and the 1982 Ordinance and the 1989 Ordinance, as
19 supplemented and amended.

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

34
35 VV. "Program" means the Original Bonds Purchaser's
36 loan program, under which the Original Bonds Purchaser
37 purchases the revenue bonds of local government entities
38 satisfying certain legal and other requirements with the
39 proceeds of sewer development revenue bonds of the Original
40 Bonds Purchaser or any successor to said Program as currently
41 constituted.

42
43 WW. "Project" means the extensions, improvements and
44 betterments to the existing sewer system of the City described
45 generally in Exhibit A attached hereto and incorporated herein
46 by reference and to be more specifically described in a
47 resolution supplemental hereto.

48
49 XX. "Purchase Price," for the purpose of computation
50 of the Yield of the Subordinate Bonds, has the same meaning as
51 the term "Issue Price" in Section 1273(b) and 1274 of the Code
52 and, in general, means the initial offering price of the
53 Subordinate Bonds to the public (not including bond houses and

1 brokers, or similar persons or organizations acting in the
2 capacity of underwriters or wholesalers) at which price a
3 substantial amount of the Subordinate Bonds of each maturity is
4 sold or, if the Subordinate Bonds are privately placed, the
5 price paid by the first buyer of the Series 1989 A Bonds or the
6 acquisition costs of the first buyer. Purchase Price for
7 purposes of computing Yield of Nonpurpose Investments means the
8 fair market value of the Nonpurpose Investments on the date of
9 use of Gross Proceeds of the Subordinate Bonds for acquisition
10 thereof or, if later, on the date that Investment Property
11 constituting a Nonpurpose Investment becomes a Nonpurpose
12 Investment of the Subordinate Bonds.

13
14 YY. "PSC" means the Public Service Commission of West
15 Virginia or any other agency of the State that succeeds to the
16 functions of the PSC.

17
18 AAA. "Qualified Investments" means and includes any of
19 the following:

20
21 (a) Government Obligations;

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

30
31 (c) Any bond, debenture, note, participation
32 certificate or other similar obligation issued by the Federal
33 National Mortgage Association to the extent such obligation is
34 guaranteed by the Government National Mortgage Association or
35 issued by any other federal agency and backed by the full faith
36 and credit of the United States of America;

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

48
49 (e) Money market funds or similar funds, the
50 only assets of which are investments of the type described in
51 paragraphs (a) through (d) above;

52
53 (f) Repurchase agreements, fully secured by

1 investments of the types described in paragraphs (a) through
2 (d) above, with banks or national banking associations which
3 are members of FDIC or with government bond dealers recognized
4 as primary dealers by the Federal Reserve Bank of New York,
5 provided, that said investments securing said repurchase
6 agreements either must mature as nearly as practicable
7 coincident with the maturity of said repurchase agreements or
8 must be replaced or increased so that the market value thereof
9 is always at least equal to the principal amount of paid
10 repurchase agreements, and provided further that the owner of
11 such repurchase agreement shall have a prior perfected security
12 interest in the collateral therefor; must have (or its agent
13 must have) possession of such collateral; and such collateral
14 must be free of all claims by third parties;

15
16 (g) The "consolidated fund" (or any distinct
17 portion thereof) managed by the West Virginia State Board of
18 Investments pursuant to Article 6, Chapter 12 of the Code of
19 West Virginia, 1931, as amended; and

20
21 (h) Advance-Refunded Municipal Bonds.

22
23 BBB. "Rebate Fund" means the account established by
24 Section 4.02(2) hereof.

25
26 CCC. "Regulations" means temporary and permanent
27 regulations promulgated under the Code, or any predecessor
28 thereto.

29
30 DDD. "Renewal and Replacement Fund" means the Renewal
31 and Replacement Fund established in the Prior Ordinance and
32 continued by Section 4.01(2).

33
34 EEE. "Sanitary Board" means the Board authorized to
35 operate and maintain the system pursuant to Section 18 of the
36 Act and the Original Ordinance.

37
38 FFF. "Series 1989 Bonds means the Sewer Revenue Bonds,
39 Series 1989, originally issued in the aggregate principal
40 amount of \$1,912,194 on March 21, 1989.

41
42 GGG. "Series 1989 Supplemental Bonds" means the
43 Supplemental Sewer Revenue Bonds, Series 1989, originally
44 issued in the aggregate principal amount of \$283,458 on
45 March 21, 1989.

46
47 HHH. Sewer Revenue Fund" means the revenue fund
48 created in the Prior Ordinance and continued by Section 4.01(1).

49
50 III. "State" means the State of West Virginia.

51
52 JJJ. "Subordinate Bonds" means, collectively the
53 Original Subordinate Bonds and any Parity Subordinate Bonds

1 hereafter issued.

2
3 KKK. "Subordinate Reserve Account" means the account
4 in the Sinking Fund, as hereinafter defined, created by Section
5 4.02(1)(a).
6

7 LLL. "Subordinate Reserve Account Requirement" means,
8 as of any date of calculation, the maximum amount of principal
9 and interest which will become due on any series of Subordinate
10 Bonds in the then current and any succeeding year.
11

12 MMM. "Subordinate Sinking Fund" means the Subordinate
13 Sinking Fund established for the Subordinate Bonds by Section
14 4.03(1).
15

16 NNN. "Supplemental Bonds" means, collectively the
17 Original Supplemental Bonds and any Parity Supplemental Bonds
18 hereafter issued.
19

20 OOO. "Supplemental Loan Agreement" means the loan
21 agreement for each series of Bonds to be entered into between
22 the City and the Original Bonds Purchaser; pursuant to which
23 the Original Bonds Purchaser shall agree, subject to the City's
24 satisfying certain legal and other requirements, to purchase
25 the Original Supplemental Bonds originally authorized hereby
26 and by a resolution supplemental hereto.
27

28 PPP. "Supplemental Reserve Account" means the account
29 established in the Supplemental Sinking Fund, as hereinafter
30 defined, pursuant to Section 4.03(2)(a).
31

32 QQQ. "Supplemental Reserve Requirement" means the
33 maximum amount of principal and interest, if any, which will
34 become due on any series of Supplemental Bonds in the then
35 current and any succeeding year.
36

37 RRR. "Supplemental Resolution" means any ordinance or
38 resolution amendatory hereof or supplemental hereto and, when
39 preceded by the article the, refers specifically to the Supple-
40 mental Resolutions authorizing the sale of each series of
41 Original Bonds; provided, that any provision intended to be
42 included in the Supplemental Resolution with respect to each
43 series of Original Bonds and not so included may be contained
44 in any other Supplemental Resolution.
45

46 SSS. "Supplemental Sinking Fund" means the
47 Supplemental Sinking Fund established for the Supplemental
48 Bonds by Section 4.03(2).
49

50 TTT. "Surplus Revenues" means the Net Revenues not
51 required by this Ordinance to be set aside and held in,
52 including but not limited to, sinking funds, the reserve
53 accounts and the renewal and replacement funds for the payment

1 of or security for the Bonds or any other obligations of the
2 City, the proceeds of which Bonds or other obligations are to
3 be used to pay Costs of the Project.
4

5 UUU. "System" means the works for the collection
6 and/or treatment, purification and disposal of sewage, in its
7 entirety or any intricate part thereof, owned by the City and
8 under the supervision control of the Sanitary Board, and any
9 extensions, improvements or betterments thereto hereafter
10 constructed or acquired from any source what so ever and
11 includes each Project.
12

13 VVV. "Tap Fees" means the fees, if any, paid by
14 prospective customers of the System in order to connect thereto.
15

16 WWW. "Yield" means that yield which, when used in
17 computing the present worth of all payments of principal and
18 interest (or other payments in the case of Nonpurpose
19 Investments which require payments in a form not characterized
20 as principal and interest) on a Nonpurpose Investment or on the
21 Subordinate Bonds, produces an amount equal to the Purchase
22 Price of such Nonpurpose Investment or the Bonds, all computed
23 as prescribed in applicable Regulations.
24

25 XXX. Words importing singular number shall include the
26 plural number in each case and vice versa; words importing
27 persons shall include firms and corporations; and words
28 importing the masculine or neuter gender shall include all
29 other genders.
30

31 YYY. Additional terms and phrases are defined in this
32 Ordinance as they are used. Accounting terms not specifically
33 defined herein shall be given meaning in accordance with general
34 accepted accounting principles.
35

36 ZZZ. The terms "herein," "hereunder," "hereby,"
37 "hereto," "hereof" and any similar terms refer to this
38 Ordinance; and the term "hereafter" means after the date of the
39 enactment of this Ordinance.
40

41 AAAA. Articles, sections and subsections mentioned by
42 number only are the respective articles, sections and subsec-
43 tions of this Ordinance so numbered.
44

45 Section 1.02. Authority of This Ordinance. This
46 Ordinance is enacted pursuant to the provisions of the Act and
47 other applicable provisions of law.
48

49 Section 1.03. Findings. It is hereby found, deter-
50 mined and declared that:
51

52 A. The City now owns works for the collection,
53 treatment, purification and disposal of sewage. The custody,

1 operation and maintenance of such System, both within and
2 without the corporate limits of the City, is under the
3 supervision and control of the Sanitary Board, which was
4 created by an ordinance enacted by the Council on March 17,
5 1952, and given such supervision and control by the Original
6 Ordinance. The construction and acquisition of certain
7 extensions, improvements and betterments to the then existing
8 System were financed by the proceeds derived from \$1,500,000 in
9 aggregate principal amount of Sewer Revenue Bonds dated July 1,
10 1952, issued pursuant to the Original Ordinance; and the
11 construction and acquisition of further extensions,
12 improvements and betterments to said System have been financed
13 by the proceeds derived from \$2,000,000 in aggregate principal
14 amount of Sewer Revenue Bonds dated January 1, 1954, issued
15 pursuant to an ordinance enacted by the Council on January 18,
16 1954; by the proceeds derived from \$2,000,000 in aggregate
17 principal amount of Sewer Revenue Bonds dated January 1, 1957,
18 issued pursuant to an ordinance enacted by the Council on March
19 4, 1957; by the proceeds derived from \$4,000,000 in aggregate
20 principal amount of Sewer Revenue Bonds dated July 1, 1961,
21 issued pursuant to an ordinance enacted by the Council on June
22 19, 1961; by the proceeds derived from \$4,000,000 in aggregate
23 principal amount of Sewer Revenue Bonds dated July 1, 1962,
24 issued pursuant to an ordinance enacted by the Council on May
25 21, 1962; by the proceeds derived from \$980,000 in aggregate
26 principal amount of Sewer Revenue Bonds dated July 1, 1974,
27 issued pursuant to Ordinance No. 842, enacted by the Council on
28 May 16, 1966, as amended and supplemented by Ordinance No.
29 1583, enacted by the Council on August 19, 1974, all
30 supplementing the Original Ordinance; and, permanently, by the
31 proceeds derived from \$3,000,000 in aggregate principal amount
32 of Sewer Revenue Bonds, Series 1982, issued pursuant to the
33 1982 Ordinance; and by the proceeds derive from \$1,912,194 in
34 aggregate principal amount of Sewer Revenue Bonds, Series 1989
35 and \$283,458 in aggregate principal amount of Supplemental
36 Sewer Revenue Bonds, Series 1989, both dated March 21, 1989,
37 issued pursuant to an Ordinance enacted by the Council on March
38 6, 1989.

39
40 B. In accordance with Section 18 of the Act, the
41 System is under the supervision and control of the Sanitary
42 Board.

43
44 C. The Sanitary Board has presented a petition to
45 the City for the financing of the design, acquisition and
46 construction of certain extensions, improvements and
47 betterments to the System, enactment of this Ordinance and the
48 issuance of the Bonds.

49
50 D. It is further deemed necessary and desirable for
51 the health, welfare and safety of the inhabitants of the City
52 that the Projects be acquired and constructed in accordance
53 with the plans and specifications to be prepared by the

1 Consulting Engineers, following the issuance of a certificate
2 of convenience and necessity by the PSC, if required, and
3 specific authorization by a Supplemental Resolution.

4
5 E. The estimated maximum cost of the construction of
6 the Project is approximately \$1,000,000, which will be
7 permanently obtained from the proceeds of one or more series of
8 Original Bonds herein authorized. The City may obtain such
9 grants as may be necessary to pay Costs of Project.

10
11 F. It is deemed necessary for the City to issue one
12 or more series of Original Subordinate Bonds and its Original
13 Supplemental Bonds in the aggregate principal amount not to
14 exceed more than \$1,000,000, to permanently finance the costs
15 of acquisition and construction of the Project. Said costs
16 shall be deemed to include the cost of all property rights,
17 easements, and franchises deemed necessary therefor; the cost
18 of the construction of said extensions, additions, betterments
19 and improvements to the System and any other expenses
20 necessary, incidental, desirable or appurtenant to the
21 acquisition and construction of the Project and the placing of
22 the same in operation, and the performance of the things
23 therein required or permitted, in connection with any thereof;
24 the cost of designing the Project; the cost of interim
25 financing for such Project; interest on the Original Bonds
26 prior to, during and for six months after the estimated date of
27 completion of construction of the Project; engineering and
28 legal expenses; expenses for estimates of costs and revenues;
29 expenses for plans, specifications and surveys; expenses for
30 the service of the Original Bonds Purchaser, registrars, paying
31 agents, depositories or other agents in connection with the
32 issuance of the Original Bonds and such other expenses as may
33 be necessary or desirable to said acquisition and construction
34 of the Project and placing the same in operation and the
35 financing authorized by this Ordinance; provided that
36 reimbursement to the City for any amounts expended by it for
37 allowable costs of the Project prior to the issuance of the
38 Original Bonds or the repayment of indebtedness incurred by the
39 City for such purposes shall be deemed costs of the Project.

40
41 G. The period of usefulness of the System after
42 completion of the Project will not be less than forty years.

43
44 H. The estimated Gross Revenues to be derived in
45 each year after the enactment of this Ordinance from the
46 operation of the System will be sufficient to pay all the costs
47 of the operation and maintenance of said System, provide
48 adequate reserve funds and adequate renewal and replacement
49 funds and pay the principal of and interest on the Original
50 Bonds authorized to be issued pursuant to this Ordinance.

51
52 I. The City is unable to meet the parity requirements
53 set forth in the Prior Ordinance. The Original Bonds Purchaser

1 has agreed to purchase the Original Bonds issued hereunder on a
2 subordinate basis. The Subordinate Bonds will be junior and
3 subordinate to the Prior Bonds and on a parity with the Series
4 1989 Bonds but senior to the Supplemental Bonds and the Series
5 1989 Supplemental Bonds with respect to the lien on the Net
6 Revenues. The Supplemental Bonds will be junior and
7 subordinate to the Prior Bonds, the Subordinate Bonds and the
8 Series 1989 Bonds but on a parity with respect to the lien on
9 the Net Revenues.

10
11 J. The City has complied with all requirements of
12 West Virginia law relating to the authorization of the
13 construction, acquisition and operation of the Project and
14 issuance of the Original Bonds, or will have so complied prior
15 to issuance of any thereof, including, among other things, the
16 obtaining of a Certificate of Convenience and Necessity from
17 the PSC by final order not subject to appeal or rehearing, if
18 required.

19
20 K. The City is a governmental unit with general
21 taxing powers.

22
23 L. The Original Bonds are not private activity bonds
24 as defined in the Code.

25
26 M. Ninety-five percent (95%) or more of the net
27 proceeds (as defined with respect to the Code) of the Original
28 Bonds will be used for local governmental activities of the
29 City.

30
31 N. The City shall not permit at any time any of the
32 proceeds of the Bonds or other funds of the City to be used
33 directly or indirectly in an manner which would result in the
34 exclusion of the Bonds from the treatment afforded by Section
35 103(a) of the Code.

36
37 O. The City will file all statements, instruments
38 and returns necessary to assure the tax-exempt status of the
39 Bonds.

40
41 P. The Bonds will not be federally guaranteed within
42 the meaning of the Code.

43
44 Section 1.04. Ordinance Constituting Contract. In
45 consideration of the acceptance of the Bonds authorized to be
46 issued hereunder by those who shall respectively hold the same
47 from time to time, this Ordinance shall be deemed to be and
48 shall constitute a contract between the City and such
49 Registered Owners, and the covenants and agreements herein set
50 forth to be performed by said City shall be for the equal
51 benefit, protection and security of the Registered Owners of
52 any and all of such Bonds authorized to be issued hereunder all
53 of which shall respectively be of equal rank and without

1 preference, priority or distinction between any one Subordinate
2 Bond and any other Subordinate Bonds and between any one
3 Supplemental Bond and any other Supplemental Bonds, as the case
4 may be, by reason of priority of issuance or otherwise, except
5 as expressly provided therein and herein, all subject to the
6 lien of the Prior Bonds and to respective liens of the Series
7 1989 Bonds and the Series 1989 Supplemental Bonds.
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ARTICLE II

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

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, if required by law, and to specific authorization by the Council pursuant to a Supplemental Resolution.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION
AND REGISTRATION OF BONDS

Section 3.01. Authorization of the Original Bonds.

For the purposes of paying the costs, not otherwise provided, of acquisition and construction of the Project, of paying certain costs of issuance and related costs, and, if authorized by Supplemental Resolutions, of funding the Reserve Account and the Supplemental Reserve Account or for providing for the interest during construction or both, and for such other purposes set forth in the Supplemental Resolution, there shall be issued one or more series of Original Bonds of the City. The proceeds of the Original Bonds shall be applied as provided in Section 5.01. The maximum amount of Original Bonds authorized to be issued hereunder is \$1,000,000.

Section 3.02. Terms of Original Bonds. Each series

of Original Subordinate Bonds shall be originally issued in the form of a single bond, designated Sewer Revenue Bond, numbered R-1, fully registered to the Original Bonds Purchaser, and in the principal amount set forth in the Supplemental Resolution. The Original Subordinate Bonds shall be dated the date of delivery thereof; shall be designated as to series; shall bear interest at the rate per annum, not to exceed the maximum legal limit; shall bear interest payable semiannually on such date; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the City shall prescribe in a Supplemental Resolution.

Each series of Original Supplemental Bonds shall be originally issued in the form of a single bond, designated Supplemental Sewer Revenue Bond, numbered SR-1, fully registered to the Original Bonds Purchaser, and in the principal amount set forth in the Supplemental Resolution. The Original Supplemental Bonds shall be dated the date of delivery thereof; shall be designated as to series; shall bear interest, if any, at the rate per annum, not to exceed the maximum legal limit; shall bear interest, if any, payable semiannually on such date; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the City shall prescribe in a Supplemental Resolution.

The Bonds shall payable as to both principal and interest, if any, at the office of the Paying Agent in any coin or currency which on the respective date of payment of principal and interest, is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Bonds shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address that appears on the books of the Bond Registrar, or

1 by such other lawful method as is acceptable to the Original
2 Bonds Purchaser.

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

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

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

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

42
43 Section 3.05. Authentication and Registration. No
44 Bond shall be valid or obligatory for any purpose or entitled
45 to any security or benefit under this Ordinance unless and
46 until the Certificate of Authentication and Registration on
47 such Bond, substantially in the form set forth in Section 3.09,
48 shall have been manually executed by the Bond Registrar. Any
49 such executed Certificate of Authentication and Registration
50 upon any such Bond shall be conclusive evidence that such Bond
51 has been authenticated, registered, and delivered under this
52 Ordinance. The Certificate of Authentication and Registration
53 on any Bond shall be deemed to have been executed by the Bond

1 Registrar if manually signed by an authorized officer of the
2 Bond Registrar, but it shall not be necessary that the same
3 officer sign the Certificate of Authentication and Registration
4 on all of the Bonds issued hereunder.

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

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

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

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

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 and on a parity with the lien
36 on the Net Revenues of the Series 1989 Bonds. The payment of
37 the debt service of all of the Supplemental Bonds shall also be
38 secured forthwith equally and ratably with each other by a lien
39 on the Net Revenues derived from the System on a parity with
40 the lien of the Series 1989 Supplemental Bonds, but junior,
41 subordinate and inferior to the lien on the Net Revenues in
42 favor of the Subordinate Bonds, the Prior Bonds and the Series
43 1989 Bonds. Such Net Revenues, in the amount sufficient, to
44 pay the principal of and interest on the Bonds and to make the
45 payments required into the Subordinate Sinking Fund and the
46 Subordinate Reserve Account therein, the Renewal and
47 Replacement Fund and the Supplemental Sinking Fund and the
48 Supplemental Reserve Fund Account therein, all hereinafter
49 established, are hereby irrevocably pledged to the payment of
50 the principal of and interest on the Bonds as the same become
51 due. The Bonds shall not, in any event, be or constitute an
52 indebtedness of the City within the meaning of any
53 constitutional or statutory provision or limitation, but shall

1 be payable solely from Net Revenues and otherwise as provided
2 herein. No Registered Owner or Owners of any of the Bonds
3 shall ever have the right to compel the exercise of the taxing
4 power of the City to pay the Bonds or the interest thereon.
5

6 Section 3.09. Form of Bonds. The text of each series
7 of Original Bonds shall be in substantially the following
8 tenor, with such omissions, insertions and variations as may be
9 necessary and desirable and authorized or permitted by this
10 Ordinance, the Supplemental Resolution or any subsequent
11 resolution or ordinance adopted or enacted prior to the
12 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 and on a parity with the
27 Series 1989 Bonds, as both are defined in the Ordinance.

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

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

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

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

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

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

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
11
12
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14 _____
15 Mayor

16 [SEAL]

17
18
19 ATTEST:
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23 _____
24 City Clerk
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CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Sewer Revenue Bonds, Series 19 __, 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: _____

as Registrar

By _____
Its Authorized Officer

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 _____ 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 _____, 198__, 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 and the Series 1989 Bonds as both
8 are defined in the Ordinance. This Bond is issued
9 contemporaneously with the Sewer Revenue Bonds, Series ____ of
10 the City (the "Subordinate Bonds") issued in the aggregate
11 principal amount of \$_____, which Subordinate Bonds rank
12 prior with respect to liens and sources of and security for
13 payment to the Bonds of this issue. The Bond is secured on a
14 parity with the Series 1989 Subordinate Bond, as defined in the
15 Ordinance.

16
17 This Bond is payable only from and secured by a lien,
18 subordinate to the Prior Bonds, the Subordinate Bonds and the
19 Series 1989 Bonds, on the Net Revenues (as defined in the
20 Ordinance) to be derived from the operation of the System,
21 moneys in the Supplemental Reserve Account created under the
22 Ordinance (the "Supplemental Reserve Account") and unexpended
23 proceeds of the Bonds. Such Net Revenues shall be sufficient
24 to pay the principal of and interest on all bonds which may be
25 issued pursuant to the Act and which shall be set aside as a
26 special fund hereby pledged for such purpose. This Bond does
27 not constitute a corporate indebtedness of the City within the
28 meaning of any constitutional or statutory provisions or
29 limitations, nor shall the City be obligated to pay the same
30 except from said special fund provided from the Net Revenues,
31 the moneys in the Supplemental Reserve Account and unexpended
32 Bond proceeds. Pursuant to the Ordinance, the City has
33 covenanted and agreed to establish and maintain just and
34 equitable rates and charges for the use of the System and the
35 services rendered thereby, which shall be sufficient to provide
36 for the reasonable expenses of operation, repair and
37 maintenance of the System, and to leave a balance each year
38 equal to at least 115% of the amount required to pay the
39 maximum amount due in any year of principal of and interest on
40 the Bonds, the Prior Bonds, the Subordinate Bonds and all other
41 obligations secured by or payable from the revenues of the
42 System prior to or on a parity with the Bonds and the
43 Subordinate Bonds, provided however, that so long as there
44 exists in the Supplemental Reserve Account and in the reserve
45 accounts for the Prior Bonds and the Subordinate Bonds amounts
46 at least equal to the maximum amount of principal and interest,
47 if any, which will become due on the Bonds and on the
48 Subordinate Bonds, respectively, in any year, and the reserve
49 accounts for any such obligations prior to or on a parity with
50 the Bonds or the Subordinate Bonds, are funded at the
51 respective requirement therefor, such percentage may be reduced
52 to 110%. The City has entered into certain further covenants
53 with the registered owners of the Bonds for the terms of which

1 reference is made to the Ordinance. Remedies provided the
2 Registered Owners of the Bonds are exclusively as provided in
3 the Ordinance, to which reference is here made for a detailed
4 description thereof.

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

15
16 Subject to the registration requirements, this Bond,
17 under the provision of the Act is, and has all the qualities
18 and incidents of, a negotiable instrument under the Uniform
19 Commercial Code of the State of West Virginia.

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

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

43
44 All provisions of the Ordinance, resolutions and
45 statutes under which this Bond is issued shall be deemed to be
46 a part of the contract evidenced by this Bond to the same extent
47 as if written fully herein.

48
49 IN WITNESS WHEREOF, THE CITY OF CHARLESTON has caused
50 this Bond to be signed by its Mayor and its corporate seal to
51 be hereunto affixed and attested by its City Clerk, and has
52 caused this Bond to be dated _____, 19__.

1 [SEAL]

2 _____ Mayor

3
4 ATTEST:

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8 _____
9 City Clerk

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CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Supplemental Sewer Revenue Bonds, Series _____ described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner set forth above.

Date: _____

as Registrar

By _____
Its Authorized Officer

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 any series of Supplemental Bonds to
20 the City for payment in an amount equal to such excess.

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. For each series of Original Bonds issued hereunder, the City will establish special accounts with and held by, the Depository Bank:

- (1) Bond Construction Trust Fund; and
- (2) Rebate Fund.

Section 4.03. Establishment of Funds and Accounts with Commission. The following special funds or accounts, for each series of Original Bonds, 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

1 the Prior Ordinance.

2
3 (2) When the Prior Bonds are no longer outstanding,
4 the City shall first each month pay the current Operating
5 Expenses of the System from the Sewer Revenue Fund.
6

7 (3) Thereafter, from the moneys remaining in the
8 Sewer Revenue Fund, the City shall next, on the first day of
9 each month, commencing seven (7) months prior to the first day
10 of payment of interest on the Subordinate Bonds for which
11 interest has not been capitalized, apportion and set apart out
12 of the Sewer Revenue Fund and remit to the Commission, for
13 deposit in the Sinking Fund, a sum equal to one-sixth (1/6) of
14 the amount of interest which will become due on said
15 Subordinate Bonds on the next ensuing semiannual interest
16 payment date, provided that such payment will be made
17 simultaneously with the respective payment for the Series 1989
18 Bonds.
19

20 (4) The City shall also, on the first day of each
21 month, commencing thirteen (13) months prior to the first date
22 of payment of principal on the Subordinate Bonds, apportion and
23 set apart out of the Sewer Revenue Fund and remit to the
24 Commission for deposit in the Sinking Fund, a sum equal to
25 one-twelfth (1/12) of the amount of principal which will mature
26 and become due on said Bonds on the next ensuing principal
27 payment date, provided that such payment will be made
28 simultaneously with the respective payment for the Series 1989
29 Bonds.
30

31 (5) If the Reserve Account was not funded with
32 proceeds of the Subordinate Bonds, the City shall next from the
33 Sewer Revenue Fund on the first day of each month commencing
34 thirteen (13) months prior to the first date of payment of the
35 Subordinate Bonds, apportion and set apart out of the Sewer
36 Revenue Fund and remit to the Commission for deposit in the
37 Reserve Account, an amount equal to 1/120th of the Reserve
38 Account Requirement; provided, that no further payment shall be
39 made into the Reserve Account when there shall have been
40 deposited therein, and as long as there shall remain on
41 deposit, an amount equal to the Reserve Account Requirement,
42 provided that such payment will be made simultaneously with the
43 respective payment for the Series 1989 Bonds. Once the Reserve
44 Account has been funded with an amount equal to the Reserve
45 Account Requirement the City shall next remit to the Commission
46 for deposit in the Reserve Account an amount equal to any
47 deficiency of the Reserve Account Requirement. Any withdrawals
48 from the Reserve Account which result in a reduction in the
49 balance of the Reserve Account to below the Reserve Account
50 Requirement shall be subsequently restored from the first Net
51 Revenues available after all required payments prescribed above
52 have been made in full.
53

1 Moneys in the Sinking Fund shall be used only for
2 the purposes of paying principal of and interest on the
3 Subordinate Bonds as the same shall become due. Moneys in the
4 Reserve Account in the Subordinate Sinking Fund shall be used
5 only for the purpose of paying principal of or interest on the
6 Subordinate Bonds, as the same shall come due, when other
7 moneys in the Subordinate Sinking Fund are insufficient
8 therefor, and for no other purpose. All investment earnings on
9 moneys in the Subordinate Sinking Fund and the Subordinate
10 Reserve Account shall be transferred, not less than once each
11 year to the Bond Construction Trust Fund prior to completion of
12 the Project and thereafter to the Sewer Revenue Fund.

13
14 (6) The City shall not be required to make any
15 further payments into the Subordinate Sinking Fund or into the
16 Subordinate Reserve Account therein when the aggregate amount
17 of funds in said Subordinate Sinking Fund and said Subordinate
18 Reserve Account is at least equal to the aggregate principal
19 amount of and interest to come due on the Subordinate Bonds
20 issued pursuant to this Ordinance then Outstanding.

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

38
39 B. (1) The City shall next, on the first day of
40 each month, commencing thirteen months prior to the first date
41 of payment of principal on the Supplemental Bonds, apportion
42 and set apart out of the Sewer Revenue Fund and remit to the
43 Commission for the deposit in the Supplemental Sinking Fund,
44 the sum equal to 1/12 of the amount of principal which will
45 mature and become due on said Supplemental Bonds on the ensuing
46 principal payment date, provided that such payment shall be
47 made simultaneously with the respective payment for the Series
48 1989 Supplemental Bonds.

49
50 (2) If the Supplemental Reserve Account was not
51 funded with the proceeds of the Supplemental Bonds, the City
52 shall next from the Sewer Revenue Fund, on the first day of
53 each month commencing thirteen months prior to the first date

1 of payment of Supplemental Bonds, remit to the Commission for
2 deposit in the Supplemental Reserve Account an amount equal to
3 1/120th of the Supplemental Reserve Requirement; provided, that
4 no further payment shall be made into the Supplemental Reserve
5 Account when there shall have been deposited therein, and as
6 long as there shall remain on deposit therein, an amount equal
7 to the Supplemental Reserve Requirement, provided that such
8 payment shall be made simultaneously with the respective
9 payment for the Series 1989 Supplemental Bonds. Once the
10 Supplemental Reserve Account has been funded at the
11 Supplemental Reserve Requirement, the City shall next remit to
12 the Commission for deposit in the Supplemental Reserve Account
13 an amount equal to any deficiency in the Supplemental Reserve
14 Requirement. Any withdraws from Supplemental Reserve Account
15 which result in the reduction of the balance of the
16 Supplemental Reserve Account to below the Supplemental Reserve
17 Requirement shall be subsequently restored from the Net
18 Revenues available after all required payments prescribed above
19 have been made in full.

20
21 (3) Moneys in the Supplemental Sinking Fund
22 shall be used only for the purposes of paying principal of and
23 interest, if any, on the Supplemental Bonds as the same shall
24 become due. Moneys in the Supplemental Reserve Account and the
25 Supplemental Sinking Fund shall be used only for the purpose of
26 paying principal of or interest, if any, on the Supplemental
27 Bonds, as the same shall become due, when other moneys in the
28 Supplemental Sinking Fund are insufficient therefor, and for no
29 other purpose. All investment earnings on moneys in the
30 Supplemental Sinking Fund and the Supplemental Reserve Account
31 shall be transferred, not less than once each year, to the Bond
32 Construction Trust Fund prior to completion of the Project and
33 thereafter to the Sewer Revenue Fund.

34
35 C. (1) As and when additional Bonds ranking on a
36 parity with the Bonds are issued, provision shall be made for
37 additional payments in said Subordinate Sinking Fund or
38 Supplemental Sinking Fund sufficient to pay the interest on
39 such additional parity Bonds and accomplish retirement thereof
40 at maturity and to accumulate a balance in the Subordinate
41 Reserve Account or Supplemental Reserve Account in an amount
42 equal to the respective Reserve Requirement.

43
44 (2) The Commission is hereby designated as the
45 fiscal agent for the administration of the Subordinate Sinking
46 Fund and the Supplemental Sinking Fund created hereunder, and
47 all amounts required for said Sinking Fund and the Supplemental
48 Sinking Fund shall be remitted to the Commission from the Sewer
49 Revenue Fund by the City at the times provided herein.

50
51 (3) The payments into the Subordinate Sinking Fund and
52 the Supplemental Sinking Fund shall be made on the first day of
53 each month, except that when the first day of any month shall

1 be a Sunday or legal holiday then such payments shall be made
2 on the next succeeding business day, and all such payments
3 shall be remitted to the Commission with appropriate
4 instructions as to the custody, use and application thereof
5 consistent with the provisions of this Ordinance.
6

7 D. Whenever all of the required and provided
8 transfers and payments from the Sewer Revenue Fund into the
9 several special funds, as hereinbefore provided, are current
10 and there remains in said Sewer Revenue Fund a balance in
11 excess of the estimated amount required to be so transferred
12 and retained and paid into the Subordinate Sinking Fund,
13 including the Subordinate Reserve Account therein, the
14 Supplemental Sinking Fund, including the Supplemental Reserve
15 Account therein, and the Renewal and Replacement Fund during
16 the following month or such longer period shall be required by
17 the Act, such excess shall be considered as surplus revenues
18 and may be used for any lawful purpose of the System.
19

20 E. The City shall remit from the Sewer Revenue Fund
21 to the Commission, the applicable registrars, depository banks
22 or paying agents, on such dates as the Commission, the
23 applicable registrars, depository banks or the paying agents,
24 as the case may be, shall require, such additional sums as
25 shall be necessary to pay the depository banks' charges, the
26 registrars' fees and the paying agents' fees then due.
27

28 F. The moneys in excess of the sum insured by the
29 maximum amounts insured by FDIC in the Sewer Revenue Fund shall
30 at all times be secured, to the full extent thereof in excess
31 of such insured sum, by Qualified Investments as shall be
32 eligible as security for deposits of state and municipal funds
33 under the law of the State for the Sewer Revenue Fund.
34

35 G. If on any monthly payment date the revenues are
36 insufficient to place the required amount in any of the funds
37 and accounts as hereinabove provided, the deficiency shall be
38 made up in the subsequent payments in addition to the payments
39 which would otherwise be required to be made into the funds and
40 accounts on the subsequent payment dates.
41

42 H. All remittances made by the City to the
43 Commission shall clearly identify the fund or account into
44 which each amount is to be deposited.
45

46 I. The Gross Revenues of the System shall only be
47 used for purposes of the System.
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1 ARTICLE V

2 APPLICATION OF BOND PROCEEDS

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5
6 Section 5.01. Application of Original Bond Proceeds.

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

10
11 A. If required by the Supplemental Resolution the
12 amount of the proceeds which shall be at least sufficient to
13 pay interest on the Original Subordinate Bonds for the period
14 specified in the Supplemental Resolution shall be deposited in
15 the Subordinate Sinking Fund with the Commission; provided,
16 that such period may not extend beyond the date which is (6)
17 six months after the estimated date of completion of
18 construction of the Project.

19
20 B. If required by the Supplemental Resolution, the
21 amount of the proceeds which shall be at least sufficient to
22 fund the Subordinate Reserve Account Requirement or the
23 Supplemental Reserve Requirement shall be deposited in the
24 Subordinate Reserve Account and the Supplemental Reserve
25 Account, respectively, with the Commission; provided, that such
26 amounts shall not exceed in aggregate ten percent (10%) of the
27 proceeds of the Original Bonds.

28
29 C. The remaining monies derived from the sale of the
30 Original Bonds shall be deposited by the City in the Bond
31 Construction Trust Fund and applied to the Costs of the
32 Project, including but not limited to payment of the cost of
33 issuance.

34
35 Section 5.02. Bond Construction Trust Fund.

36
37 The Bond Construction Trust Fund shall be kept
38 separate and apart from all other funds of the City and used
39 and applied by the City solely for the payment of the Costs of
40 Project which include but are not limited to the cost of the
41 issuance of the Original Bonds as well as construction of the
42 Project, as more fully set forth in Section 1.03(H), and for no
43 other purposes whatsoever. Unless invested in Qualified
44 Investments, the moneys in said fund shall be secured at all
45 times by the deposit in such bank, as security, of direct
46 obligations of the United States of America having a fair
47 market value at least equal to the balance in said fund in
48 excess of the amount insured by the FDIC. Any moneys not
49 needed immediately for said purposes shall be invested in
50 Qualified Investments having maturities so as to enable the
51 moneys to be available as deemed necessary by the Consulting
52 Engineers and otherwise in accordance Article VIII hereof.
53 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 on a parity with the holder of the Series 1989 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, the Prior Bonds and the Series 1989 Bonds but on a parity with the holders of the Series 1989 Supplemental 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

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

20
21 Section 6.04. Completion, Operation and Maintenance.

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

31
32 Section 6.05. Sale of the System. The System may be

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

51
52 The foregoing provision notwithstanding, and subject
53 to any requirements of the Prior Ordinance and the 1989

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

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

50
51 Section 6.06. Issuance of Other Obligations Payable
52 out of Revenues and General Covenant Against Encumbrances. The
53 City shall not issue any other obligations whatsoever, except

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

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

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

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

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

1 succeeding year on the following:

2
3 (A) The Prior Bonds:

4
5 (B) The Bonds then Outstanding;

6
7 (C) Any Parity Bonds theretofore issued pursuant to
8 the provisions contained in this Ordinance then Outstanding; and
9

10 (D) The Parity Bonds then proposed to be issued.
11

12 The "estimated average increased annual Net Revenues
13 to be received in each of the three (3) succeeding years," as
14 that term is used in the computation provided in the above
15 paragraph, shall refer only to the increased Net Revenues
16 estimated to be derived from any increase in rates enacted by
17 the City, the time for appeal of which shall have expired prior
18 to the date of delivery of such Parity Bonds, and shall not
19 exceed the amount to be stated in a certificate of the
20 Consulting Engineers, which shall be filed in the office of the
21 Clerk prior to the issuance of such Parity Bonds.
22

23 The Net Revenues actually derived from the System
24 during the twelve (12) consecutive month period hereinabove
25 referred to may be adjusted by adding to such Net Revenues such
26 additional Net Revenues which would have been received, in the
27 opinion of the Consulting Engineers and the said Independent
28 Certified Public Accountants, as stated in a certificate
29 jointly made and signed by the Consulting Engineers and said
30 Independent Certified Public Accountants, on account of
31 increased rates, rentals, fees and charges for the System
32 enacted by the City, the time for appeal of which shall have
33 expired prior to issuance of such Parity Bonds.
34

35 Not later than simultaneously with the delivery of
36 such Parity Bonds, the City shall have entered into written
37 contracts for the immediate acquisition or construction of such
38 extensions, improvements and betterments to the System which
39 are to be financed by such Parity Bonds.
40

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

1 Bonds, regardless of the time or times of their issuance, shall
2 rank equally with respect to their lien on the revenues of the
3 System, and their source of and security for payment from said
4 revenues, without preference of any Supplemental Bond over any
5 others. The City shall comply fully with all the increased
6 payments into the various funds created in this Ordinance
7 required for and on account of such Parity Bonds, in addition
8 to the payments required for Bonds theretofore issued pursuant
9 to this Ordinance.

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

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

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

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

1 and Parity Supplemental Bonds authorized and issued under the
2 provisions of this paragraph shall be limited to the aggregate
3 principal amount required to make up any deficiency in funds
4 for payment of the construction costs to complete the Project,
5 and the maturities of any such Parity Bonds and Parity
6 Supplemental Bonds shall be in years and amounts suggested by
7 the Original Bonds Purchaser.
8

9 As long as any Supplemental Bonds are Outstanding, the
10 City may issue Parity Supplemental Bonds upon satisfaction of
11 the tests set forth above and taking into consideration all
12 debt service requirements on all bonds superior to or on a
13 parity with the Supplemental Bonds and including the proposed
14 Parity Supplemental Bonds.
15

16 Section 6.08. Books and Records. The City will keep
17 books and records of the System, which shall be separate and
18 apart from all other books, records and accounts of the City in
19 which complete and correct entries shall be made of all
20 transactions relating to the System, and any Registered Owner
21 of a Bond or Bonds issued and authorized pursuant to this
22 Ordinance shall have the right at all reasonable times to
23 inspect the System and all parts thereof, and all records,
24 accounts and data of the City relating thereto.
25

26 The accounting system for the System shall follow
27 generally accepted accounting practices to the extent allowed
28 by the uniform system of accounts promulgated by the PSC.
29 Separate control accounting records shall be maintained by the
30 City. Subsidiary records as may be required shall be kept in
31 the manner, on the forms, books, and other bookkeeping records
32 as prescribed by the City. The City shall prescribe and
33 institute the manner by which subsidiary records of the
34 accounting system which may be installed remote from the direct
35 supervision of the City shall be reported to such agent of the
36 City as the Council of the City shall direct.
37

38 The City shall file with the Consulting Engineers and
39 the Original Bonds Purchaser, and shall mail in each year to
40 any Registered Owner of Bonds requesting the same, an annual
41 report containing the following:
42

43 A. A statement of Gross Revenues, Operating Expenses,
44 Net Revenues and Surplus Revenues derived from and relating to
45 the System.
46

47 B. A balance sheet statement showing all deposits in
48 all the funds and accounts provided for in this Ordinance with
49 respect to said Bonds and the status of all said funds and
50 accounts.
51

52 C. A statement of all new debt issued by the City
53 which is secured by a lien on the Net Revenues or Surplus

1 Revenues of the System.

2
3 The City shall also, at least once a year, cause the
4 books, records and accounts of the System to be audited by
5 Independent Certified Public Accountants and shall mail the
6 report of said Independent Certified Public Accountant upon
7 request, to any Registered Owner or Registered Owners of the
8 Bonds. The report of said audit shall include a statement that
9 the City is in compliance with the terms and provisions of the
10 Authority Loan Agreements and this Ordinance.

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

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

1 revenues derived from the operation of the System, and shall be
2 deposited and accounted for in the same manner as other
3 revenues derived from such operation of the System.

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

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

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

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

1 this Ordinance and otherwise shall be placed in the Renewal and
2 Replacement Fund and used only for the repair and restoration
3 of the damaged or destroyed properties or for the other
4 purposes provided herein for said Renewal and Replacement
5 Fund. The City will also carry liability insurance for damage
6 or injury to persons or property in amounts adequate for such
7 purposes and customarily carried with respect to works and
8 properties similar to the System. The City shall carry such
9 other insurance as is required by the Authority, including but
10 not limited to flood insurance and business interruption
11 insurance, to the extent available at reasonable cost to the
12 City.

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

20
21 Section 6.14. Connections. To the extent authorized
22 by the laws of the State and the rules and regulations of the
23 PSC, prospective users of the System shall be required to
24 connect thereto.

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

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

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

46
47 Section 6.18. Federal Guarantee Covenant. The Bonds,
48 in whole or in part, are not, and will not be, directly or
49 indirectly, federally guaranteed within the meaning of Section
50 149(b) of the Code.

51
52 Section 6.19. Covenant to Amend Ordinance. The City
53 retains the right to make any amendments, insertions or

1 deletions by Supplemental Resolutions of this Ordinance as the
2 City deems desirable or necessary prior to the issuance of the
3 Bonds, including but not limited to amendments, insertions or
4 deletions to comply with the Code. Notwithstanding the
5 provisions of Section 10.01 hereof, the City shall without
6 consent of the Registered Owners of the Bonds amend or
7 supplement this Ordinance by resolutions supplemental hereto or
8 any amendatory ordinance to comply with the Code if such
9 amendment or supplemented is necessary to preserve the tax
10 exempt status of the Bonds. The Council of the City hereby
11 retains the specific authority to amend this Ordinance or
12 supplement it by resolution to comply with the Code. As
13 determination to amend or supplement this Ordinance, the
14 Council of the City may rely on the opinion of a nationally
15 recognized bond counsel.

16
17 The City also retains the right to make any amendments,
18 insertions or deletions by Supplemental Resolution of this
19 Ordinance as the City deems necessary prior to the issuance of
20 the Bonds to meet the requirements of the Original Bonds
21 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 this section shall be subject to the Prior Ordinance and the
17 1989 Ordinance and that the lien of the Subordinate Bonds is
18 prior and superior to that of the Supplemental Bonds and shall
19 act accordingly.
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3 ARTICLE VIII
4

5 INVESTMENT OF FUNDS; NON-ARBITRAGE
6

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

16 Except as otherwise provided, any investment shall be
17 held in and at all times deemed a part of the fund or account
18 in which such moneys were originally held, including but not
19 limited to those in the Bond Construction Trust Fund, and used
20 for the purpose of such fund or account. The interest accruing
21 thereof and any profit or loss realized from such investment
22 shall be credited or charged to the appropriate fund or
23 account. The investments held for any fund or account shall be
24 valued at the lower of cost or then current market value, or at
25 the redemption price thereof if then redeemable at the option
26 of the owner, including the value of accrued interest and
27 giving effect to the amortization of discount and investments
28 in the "consolidated fund" of the West Virginia State Board of
29 Investments shall be valued at par. The Commission or the
30 Depository Bank, as the case may be, shall sell and reduce to
31 cash a sufficient amount of such investments whenever the cash
32 balance in any fund or account is insufficient to make the
33 payments required from such fund or account, regardless of the
34 loss on such liquidation. The Depository Bank shall sell and
35 reduce to cash a sufficient amount of such investments whenever
36 the cash balance in any account is insufficient to make the
37 payments required from such fund or account, regardless of the
38 loss of such liquidation. Such Depository Bank may make any
39 and all investments permitted by this Section through its own
40 bond department and shall not be responsible for any losses
41 from such investments, other than for its own negligence or
42 willful misconduct.
43

44 Section 8.02. Arbitrage. The City covenants that (i)
45 it will restrict the use of the proceeds of the Subordinate
46 Bonds in such manner and to such extent as may be necessary, in
47 view of the City's reasonable expectations at the time of
48 issuance of the Subordinate Bonds, so that the Subordinate
49 Bonds will not constitute "arbitrage bonds" under Section 148
50 of the Code and the Regulations, and (ii) it will take all
51 actions that may be required of it (including, without implied
52 limitation, the timely filing of a federal information return
53 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. A. Unless the City shall
6 supply the Authority with an opinion of Bond Counsel to the
7 effect that failure to comply with all or any portion of this
8 section will not, by itself, adversely affect the exclusion
9 from gross income for federal income tax purposes of the
10 interest payable on the Subordinate Bonds, the City hereby
11 further covenants and agrees with the owners of any of the
12 Subordinate Bonds, as follows:
13

14 (a) At the time or times hereinafter set forth, the
15 City shall pay to the United States from the Rebate Account
16 or from other moneys of the City an amount (the "Rebate
17 Amount") which is equal to the sum of:
18

19 (i) the excess of --
20

21 (A) the aggregate amounts earned from the
22 date of issuance and delivery of the Subordinate
23 Bonds on all nonpurpose investments in which
24 gross proceeds of the Subordinate Bonds have been
25 invested (other than nonpurpose investments
26 attributable to an excess described herein) over
27

28 (B) the aggregate amounts which would have
29 been earned if the yield on such nonpurpose
30 investments (other than nonpurpose investments
31 attributable to an excess described herein) had
32 been equal to the yield on the Subordinate Bonds,
33 plus
34

35 (ii) any income attributable to the excess
36 described in clause (i) above.
37

38 The Rebate Amount payable to the United States shall be
39 determined annually by the City within 30 days of the end of
40 each bond year, for each bond year during which Subordinate
41 Bonds remain outstanding and upon retirement of the last of the
42 Subordinate Bonds (each such period is hereinafter referred to
43 as a "computation period"). To the extent that the amount on
44 deposit in the Rebate Fund at the end of any bond year exceeds
45 said required rebate fund balance, the City may transfer said
46 excess to the Sewer Revenue Fund. The Rebate Amount shall be
47 paid to the United States in installments, as follows:
48

49 (x) each rebate installment shall be paid not
50 later than 30 days after the end of the 5th Bond Year
51 and with subsequent payments to be made not later than
52 5 years after the proceeding payment was due;
53

1 (y) anything herein to the contrary
2 notwithstanding, the last installment shall be paid
3 not later than sixty (60) days after the final
4 computation date; and
5

6 (z) each installment shall be in an amount which
7 will equal at least ninety percent (90%) of the total
8 Rebate Amount payable to the United States hereunder
9 as of the date such installment is paid; provided,
10 however, that the last installment shall be in an
11 amount equal to the entire remaining balance of the
12 Rebate Amount payable to the United States hereunder.
13

14 Each such payment to the United States shall be made to the
15 Internal Revenue Service, Philadelphia, Pennsylvania 19255, or
16 to such other address as shall be specified by the Department
17 of Treasury and shall be accompanied by (i) either an Internal
18 Revenue Service Form 8038-T, if available, or a copy of the
19 Internal Revenue Service Form 8038 filed by the City upon the
20 issuance of the Subordinate Bonds accompanied by a statement
21 identifying the City and the Subordinate Bonds and (ii) a
22 statement prepared by the City summarizing the determination of
23 the Rebate Amount required to be paid to the United States.
24 The City shall maintain or cause to be maintained records of
25 such determinations for each computation until six years after
26 payment in full of the Subordinate Bonds and shall make such
27 records available to the Authority upon reasonable written
28 request therefor.
29

30 (b) For purposes of subparagraph (a)(i)(A) of this
31 Section 8.03, the City, in determining the aggregate
32 amounts earned on all nonpurpose investments acquired with
33 gross proceeds of the Subordinate Bonds will take into
34 account any gain or loss incurred on the disposition of any
35 such nonpurpose investment.
36

37 (c) Except for the purchase of certain obligations of
38 the United States Treasury directly from the United States
39 Treasury, at no time shall any of the gross proceeds of the
40 Subordinate Bonds be invested in (i) nonpurpose investments
41 having a purchase price which is not equal to the fair
42 market value of comparable investments or producing a yield
43 which is not equal to the fair market yield of comparable
44 investments, or (ii) in any other manner resulting in a
45 prohibited payment of any portion of the Rebate Amount,
46 directly or indirectly, to a party other than the United
47 States.
48

49 (d) The terms "bond year," "gross proceeds," "bona
50 fide debt service fund," "prohibited payment," "nonpurpose
51 investments," and "yield" shall have the meanings set forth
52 in Section 148 of the Code and Treasury Regulation
53 § 1.148-OT through 1.148-9T; provided, that definitions

1 provided by revised or permanent regulations promulgated
2 pursuant to Section 148 of the Code shall supersede such
3 definitions.
4

5 (e) The provisions of this Section are subject to
6 modification by any letter of instruction from Bond Counsel
7 delivered to the City with respect to the computation of
8 the Rebate Amount.
9

10 B. INDEPENDENT CONSULTANTS. In order to provide for
11 the administration of this Section 8.03, the City and the
12 Depository Bank (at the expense of the City) may provide for
13 the employment of independent attorneys, accountants or
14 consultants compensated on such reasonable basis as the City or
15 the Depository Bank may deem appropriate.
16

17 C. FURTHER AGREEMENT. Notwithstanding the
18 foregoing, the City further covenants to comply with all
19 Regulations from time to time in effect and applicable to the
20 Bonds, as may be necessary in order to fully comply with
21 Section 148(f) of the Code.
22

23 D. REPORTING TO AUTHORITY. The City shall furnish
24 to the Authority, annually, at such time as it is required to
25 perform its rebate calculations under the Code, a certificate
26 with respect to its rebate calculations and, at any time, any
27 additional information relating thereto as may be requested by
28 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 of any series 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 such event, the Paying Agent and the Commission shall, upon the
2 request of the City, execute and deliver to the City all such
3 instruments as may be desirable to evidence such discharge and
4 satisfaction, and any fiduciaries shall pay over or deliver to
5 the City all moneys, securities and funds held by them pursuant
6 to this Ordinance which are not required for the payment or
7 redemption of Bonds not theretofore surrendered for such
8 payment or 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 sewer service to the Coonskin Drive area, allowing such additional customers as the Air National Guard and the Army Guard to tie on. The Sanitary Board proposes to upgrade the service facilities for the Greenbrier Street area and replace the Danner Hollow pump station. Additionally, the Sanitary Board proposes to extend service to the Patrick Street/Trojan Steel area.

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;

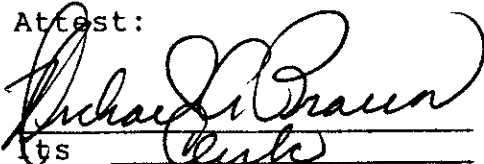
(ii) termination by the Authority pursuant to Section 6.3 hereof; or

(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.

(SEAL)

Attest:


ts

City of Charleston

[Proper Name of Governmental Agency]

By

Its


Mayor

Date: November 21, 1989

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

By Daniel B. Yankosky
Director

Attest:

Date: November 21, 1989

Barbara B Meadows
Secretary-Treasurer

EXHIBIT A

[Opinion of Bond Counsel for Governmental Agency]

[To Be Dated as of Date of Loan Closing]

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

Gentlemen:

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

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement dated _____, 19____, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated _____, 19____ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are in the principal amount of \$_____, 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 _____ 1, 19____, at the respective rate or rates and with principal payable in installments on October 1 in each of the years, all as follows:

<u>Year</u>	<u>Installment</u>	<u>Interest Rate</u>
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The Local Bonds are issued for the purpose of _____ and paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the

bond _____ duly enacted by the Governmental Agency on _____ (the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement that has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

Based upon the foregoing and upon our examination of such other documents as we have deemed necessary, we are of the opinion as follows:

1. The Loan Agreement has been duly authorized by and executed on behalf of the 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 _____, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.

4. The Governmental Agency has legally and effectively enacted the Local Act and all other necessary _____ in connection with the issuance and sale of the Local Bonds. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

5. The Local Bonds are valid and legally enforceable special obligations of the Governmental Agency, payable from the [net] revenues of the System referred to in the Local Act and secured by a [first] lien on and pledge of the [net] revenues of said System, all in accordance with the terms of the Local Bonds and the Local Act, and have been duly issued and delivered to the Authority.

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

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

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

Very truly yours,

WDA-5X
(March 1988)

SCHEDULE X
DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds \$ 829,856.00

Purchase Price of Local Bonds \$ 829,856.00

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 8.40 % 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-Nov-89

Date	Coupon	Principal	Interest	Debt Service 8.40% Bonds
01-Oct-90			60,026.25	60,026.25
01-Oct-91	8.40%	3,135.06	69,707.90	72,842.96
01-Oct-92	8.40%	3,398.40	69,444.56	72,842.96
01-Oct-93	8.40%	3,683.87	69,159.09	72,842.96
01-Oct-94	8.40%	3,993.31	68,849.65	72,842.96
01-Oct-95	8.40%	4,328.75	68,514.21	72,842.96
01-Oct-96	8.40%	4,692.37	68,150.59	72,842.96
01-Oct-97	8.40%	5,086.53	67,756.44	72,842.96
01-Oct-98	8.40%	5,513.79	67,329.17	72,842.96
01-Oct-99	8.40%	5,976.95	66,866.01	72,842.96
01-Oct-2000	8.40%	6,479.02	66,363.94	72,842.96
01-Oct-2001	8.40%	7,023.25	65,819.71	72,842.96
01-Oct-2002	8.40%	7,613.21	65,229.75	72,842.96
01-Oct-2003	8.40%	8,252.72	64,590.24	72,842.96
01-Oct-2004	8.40%	8,945.95	63,897.02	72,842.96
01-Oct-2005	8.40%	9,697.41	63,145.56	72,842.96
01-Oct-2006	8.40%	10,511.99	62,330.97	72,842.96
01-Oct-2007	8.40%	11,394.99	61,447.97	72,842.96
01-Oct-2008	8.40%	12,352.17	60,490.79	72,842.96
01-Oct-2009	8.40%	13,389.76	59,453.21	72,842.96
01-Oct-2010	8.40%	14,514.50	58,328.47	72,842.96
01-Oct-2011	8.40%	15,733.71	57,109.25	72,842.96
01-Oct-2012	8.40%	17,055.35	55,787.62	72,842.96
01-Oct-2013	8.40%	18,487.99	54,354.97	72,842.96
01-Oct-2014	8.40%	20,040.99	52,801.98	72,842.96
01-Oct-2015	8.40%	21,724.43	51,118.53	72,842.96
01-Oct-2016	8.40%	23,549.28	49,293.68	72,842.96
01-Oct-2017	8.40%	25,527.42	47,315.54	72,842.96
01-Oct-2018	8.40%	27,671.72	45,171.24	72,842.96
01-Oct-2019	8.40%	29,996.15	42,846.81	72,842.96
01-Oct-2020	8.40%	32,515.82	40,327.14	72,842.96
01-Oct-2021	8.40%	35,247.15	37,595.81	72,842.96
01-Oct-2022	8.40%	38,207.92	34,635.05	72,842.96
01-Oct-2023	8.40%	41,417.38	31,425.58	72,842.96
01-Oct-2024	8.40%	44,896.44	27,946.52	72,842.96
01-Oct-2025	8.40%	48,667.74	24,175.22	72,842.96
01-Oct-2026	8.40%	52,755.83	20,087.13	72,842.96
01-Oct-2027	8.40%	57,187.32	15,655.64	72,842.96
01-Oct-2028	8.40%	61,991.06	10,851.91	72,842.96
01-Oct-2029	8.40%	67,198.30	5,644.66	72,842.96

829,856.00 2,071,045.77 2,900,901.77

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 ($2-1/2\%$) 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.

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.

City of Charleston

[Proper Name of Governmental Agency]

(SEAL)

By

Its

Date:

November 21, 1989

Attest:

Its

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

(SEAL)

By

Director

Attest:

Date:

November 21, 1989

Barbara B. Meadows
Secretary-Treasurer

EXHIBIT A

LOAN AGREEMENT

Date:

Principal Amount of Local Bonds:

. EXHIBIT B

[Opinion of Bond Counsel for Governmental Agency]

[To Be Dated as of Date of Loan Closing]

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

Gentlemen:

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

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement, dated _____, 19____, including all schedules and exhibits attached thereto (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, subordinate revenue bonds of the Governmental Agency, dated _____, 19____ (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 \$_____, 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, as follows:

Year

Installment

The Supplemental Loan Agreement is supplemental to a loan agreement dated _____, _____, 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.

The Supplemental Bonds are issued, together with the Local Bonds, for the purpose of _____ and paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the bond _____ duly enacted by the Governmental Agency on _____ (the "Local Act"), pursuant to and under which Local Statute and Local Act the Supplemental Bonds are authorized and issued, and the Supplemental Loan Agreement that has been undertaken. The Supplemental Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Supplemental Loan Agreement.

Based upon the foregoing and upon our examination of such other documents as we have deemed necessary, we are of the opinion as follows:

1. The Supplemental Loan Agreement has been duly authorized by and executed on behalf of the 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 _____, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Supplemental Loan Agreement and to issue and sell the Supplemental Bonds, all under the Local Statute and other applicable provisions of law.

4. The Governmental Agency has legally and effectively enacted the Local Act and all other necessary _____ in connection with the issuance and sale of the Supplemental Bonds. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Supplemental Loan Agreement.

5. The Supplemental Bonds are valid and legally enforceable special obligations of the Governmental Agency, payable from the [net] revenues of the System referred to in the Local Act and secured by a lien on and pledge of the [net] revenues of said System, all in accordance with the terms of the Supplemental Bonds and the Local Act, and have been duly issued and delivered to the Authority. Said lien and pledge are junior, subordinate and inferior to that created for the Local Bonds [and _____].

6. The Supplemental Bonds are, by statute, exempt _____.

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

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

Very truly yours,

WDA-Supp. 5X
(March 1988)

SCHEDULE X
DESCRIPTION OF SUPPLEMENTAL BONDS

Principal Amount of Supplemental Bonds	<u>\$123,015.00</u>
Purchase Price of Supplemental Bonds	<u>\$123,015.00</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-Nov-89

Date	Interest Free Loan
01-Oct-90	
01-Oct-91	3,154.26
01-Oct-92	3,154.23
01-Oct-93	3,154.23
01-Oct-94	3,154.23
01-Oct-95	3,154.23
01-Oct-96	3,154.23
01-Oct-97	3,154.23
01-Oct-98	3,154.23
01-Oct-99	3,154.23
01-Oct-2000	3,154.23
01-Oct-2001	3,154.23
01-Oct-2002	3,154.23
01-Oct-2003	3,154.23
01-Oct-2004	3,154.23
01-Oct-2005	3,154.23
01-Oct-2006	3,154.23
01-Oct-2007	3,154.23
01-Oct-2008	3,154.23
01-Oct-2009	3,154.23
01-Oct-2010	3,154.23
01-Oct-2011	3,154.23
01-Oct-2012	3,154.23
01-Oct-2013	3,154.23
01-Oct-2014	3,154.23
01-Oct-2015	3,154.23
01-Oct-2016	3,154.23
01-Oct-2017	3,154.23
01-Oct-2018	3,154.23
01-Oct-2019	3,154.23
01-Oct-2020	3,154.23
01-Oct-2021	3,154.23
01-Oct-2022	3,154.23
01-Oct-2023	3,154.23
01-Oct-2024	3,154.23
01-Oct-2025	3,154.23
01-Oct-2026	3,154.23
01-Oct-2027	3,154.23
01-Oct-2028	3,154.23
01-Oct-2029	3,154.23

123,015.00

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 ($2-1/2\%$) 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.



"SPECIMEN"

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

No. R-1

\$829,856

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 Eight Hundred Twenty-nine Thousand, Eight Hundred Fifty-six Dollars (\$829,856), 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 each installment, and such interest shall be payable on the 1st day of April, and the 1st day of October in each year beginning April 1, 1990. 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 November 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 November, 1989, effective November 20, 1989, as supplemented on the 20th day of November, 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 B, of the City (the "Supplemental Bonds"), issued in the aggregate amount of \$123,015, 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") and on a parity with the Series 1989 Bonds (the "Series 1989 Bonds"), as both are 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 senior lien of the Prior Bonds and the parity lien of the Series 1989 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 and the Series 1989 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 the Series 1989 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 kept for that purpose at the office of the Registrar, by the Registered Owner or by its attorney or legal representative duly authorized in writing, upon surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Owner or its duly authorized attorney or legal representative duly authorized in writing.

Subject to 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 connected with the issuance hereof, as provided by law and the Ordinance, shall be applied solely to the costs of acquisition and construction of the Project, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the Registered Owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and 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 revenues of the 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.

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 City 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 impressed and attested by its Clerk, all as of the 21st day of November, 1989.

"SPECIMEN"

Mayor

[SEAL]

ATTEST:

City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Sewer Revenue Bonds, Series 1989 B, 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
"SPECIMEN"

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-Nov-89

Date	Coupon	Principal	Interest	Debt Service 8.40% Bonds
01-Oct-90			60,026.25	60,026.25
01-Oct-91	8.40%	3,135.06	69,707.90	72,842.96
01-Oct-92	8.40%	3,398.40	69,444.56	72,842.96
01-Oct-93	8.40%	3,683.87	69,159.09	72,842.96
01-Oct-94	8.40%	3,993.31	68,849.65	72,842.96
01-Oct-95	8.40%	4,328.75	68,514.21	72,842.96
01-Oct-96	8.40%	4,692.37	68,150.59	72,842.96
01-Oct-97	8.40%	5,086.53	67,756.44	72,842.96
01-Oct-98	8.40%	5,513.79	67,329.17	72,842.96
01-Oct-99	8.40%	5,976.93	66,866.01	72,842.96
01-Oct-2000	8.40%	6,479.02	66,363.94	72,842.96
01-Oct-2001	8.40%	7,023.25	65,819.71	72,842.96
01-Oct-2002	8.40%	7,613.75	65,229.95	72,842.96
01-Oct-2003	8.40%	8,252.72	64,598.24	72,842.96
01-Oct-2004	8.40%	8,945.93	63,897.02	72,842.96
01-Oct-2005	8.40%	9,697.41	63,145.56	72,842.96
01-Oct-2006	8.40%	10,511.99	62,330.97	72,842.96
01-Oct-2007	8.40%	11,394.99	61,447.97	72,842.96
01-Oct-2008	8.40%	12,352.17	60,490.79	72,842.96
01-Oct-2009	8.40%	13,389.76	59,453.21	72,842.96
01-Oct-2010	8.40%	14,516.50	58,328.47	72,842.96
01-Oct-2011	8.40%	15,733.71	57,109.25	72,842.96
01-Oct-2012	8.40%	17,055.35	55,787.62	72,842.96
01-Oct-2013	8.40%	18,487.95	54,354.97	72,842.96
01-Oct-2014	8.40%	20,040.99	52,801.98	72,842.96
01-Oct-2015	8.40%	21,724.43	51,118.53	72,842.96
01-Oct-2016	8.40%	23,549.28	49,293.68	72,842.96
01-Oct-2017	8.40%	25,527.42	47,315.54	72,842.96
01-Oct-2018	8.40%	27,671.72	45,171.24	72,842.96
01-Oct-2019	8.40%	29,996.15	42,846.81	72,842.96
01-Oct-2020	8.40%	32,515.82	40,327.14	72,842.96
01-Oct-2021	8.40%	35,247.15	37,595.81	72,842.96
01-Oct-2022	8.40%	38,207.92	34,635.05	72,842.96
01-Oct-2023	8.40%	41,417.38	31,425.58	72,842.96
01-Oct-2024	8.40%	44,896.44	27,946.52	72,842.96
01-Oct-2025	8.40%	48,667.74	24,175.22	72,842.96
01-Oct-2026	8.40%	52,735.83	20,087.13	72,842.96
01-Oct-2027	8.40%	57,187.32	15,655.64	72,842.96
01-Oct-2028	8.40%	61,991.06	10,851.91	72,842.96
01-Oct-2029	8.40%	67,198.30	5,644.66	72,842.96

829,836.00 2,071,045.77 2,900,901.77

[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:

"SPECIMEN"



"SPECIMEN"

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

No. SR-1

\$123,015

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 One Hundred Twenty-three Thousand Fifteen Dollars (\$123,015), 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 November 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 November, 1989, effective November 20, 1989, as supplemented on the 20th day of November, 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 B of the City (the "Subordinate Bonds") issued in the aggregate principal amount of \$829,856, 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 junior and subordinate to the City's Sewer Revenue Bonds, Series 1989 (the "Series 1989 Bonds") issued on March 21, 1989 and on a parity with the City's Supplemental Sewer Revenue Bonds, Series 1989 (the "Supplemental 1989 Bonds") issued on March 21, 1989. The Prior Bonds, the Subordinate Bonds and the Series 1989 Bonds are herein collectively referred to as the "Prior Lien Bonds".

This Bond is payable only from and secured by a lien, subordinate to the Prior Lien Bonds and on a parity with the Supplemental 1989 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 Lien Bonds, the Supplemental 1989 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 Lien Bonds and the Supplemental 1989 Bonds, provided however, that so long as there exists in the Supplemental Reserve Account and in the reserve accounts for the Prior Lien Bonds and the Supplemental 1989 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 Lien Bonds and on the Supplemental 1989 Bonds, respectively, in any year, and the reserve accounts for any such obligations prior to or on a parity with the Bonds, the Prior Lien Bonds or the Supplemental 1989 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 November 21, 1989.

[SEAL]

"SPECIMEN"

Mayor

ATTEST:

City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Supplemental Sewer Revenue Bonds, Series 1989 B 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-Nov-89

Date	Interest Free Loan
01-Oct-90	
01-Oct-91	3,154.26
01-Oct-92	3,154.23
01-Oct-93	3,154.23
01-Oct-94	3,154.23
01-Oct-95	3,154.23
01-Oct-96	3,154.23
01-Oct-97	3,154.23
01-Oct-98	3,154.23
01-Oct-99	3,154.23
01-Oct-2000	3,154.23
01-Oct-2001	3,154.23
01-Oct-2002	3,154.23
01-Oct-2003	3,154.23
01-Oct-2004	3,154.23
01-Oct-2005	3,154.23
01-Oct-2006	3,154.23
01-Oct-2007	3,154.23
01-Oct-2008	3,154.23
01-Oct-2009	3,154.23
01-Oct-2010	3,154.23
01-Oct-2011	3,154.23
01-Oct-2012	3,154.23
01-Oct-2013	3,154.23
01-Oct-2014	3,154.23
01-Oct-2015	3,154.23
01-Oct-2016	3,154.23
01-Oct-2017	3,154.23
01-Oct-2018	3,154.23
01-Oct-2019	3,154.23
01-Oct-2020	3,154.23
01-Oct-2021	3,154.23
01-Oct-2022	3,154.23
01-Oct-2023	3,154.23
01-Oct-2024	3,154.23
01-Oct-2025	3,154.23
01-Oct-2026	3,154.23
01-Oct-2027	3,154.23
01-Oct-2028	3,154.23
01-Oct-2029	3,154.23

123,015.00

[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 \$829,856 aggregate principal amount of Sewer Revenue Bonds, Series 1989 B, of the City, dated November 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 November 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 B (the "Supplemental Bonds"), which bear no interest, were sold on November 21, 1989, to the West Virginia Water Development Authority (the "Authority") for an aggregate purchase price of \$829,856 and \$123,015, 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 May 1, 1990. Construction of the Project is expected to be completed by April, 1990.

9. The total cost of the Project is estimated at \$952,871. Sources and uses of funds for the Project are as follows:

SOURCES

Bonds	\$829,856
Supplemental Bonds	123,015
Total Sources	<u>\$952,871</u>

USES

Design, Acquisition and Construction of Project	\$809,522.81
Funded Reserve for Bonds	72,842.96
Funded Reserve for Supplemental Bonds	3,154.23
Capitalized Interest	57,351.00
Costs of Issuance	10,000.00
Total Uses	<u>\$952,871.00</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 \$57,351 will be deposited in the Sinking Fund and used to pay interest on the Bonds.

(2) Bonds proceeds in the amount of \$72,842.96 will be deposited in the Subordinate Bonds Reserve Account and Supplemental Bonds proceeds in the amount of \$3,154.23 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.

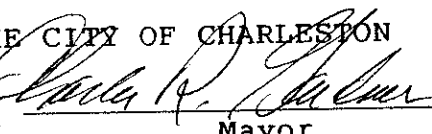
35. Jackson & Kelly is entitled to rely upon the representations, expectations, covenants, certifications and statements contained herein in rendering its opinions regarding the tax-exempt status of interest on the Bonds.

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 November, 1989.

THE CITY OF CHARLESTON

By



Mayor

0313Z

THE CITY OF CHARLESTON, WEST VIRGINIA

\$829,856 Sewer Revenue Bonds, Series 1989 B

\$123,015 Supplemental Sewer
Revenue Bonds, Series 1989 B

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 November 6, 1989, effective November 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 November 21, 1989.

1. The Project is estimated to cost \$952,871 and is being funded by the Bonds in the aggregate principal amount of \$952,871.

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,

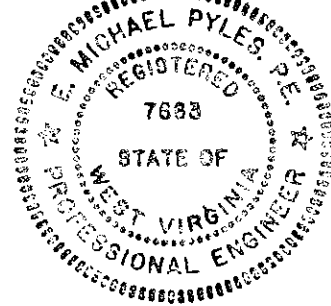
together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, are sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and (vii) attached hereto 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 November, 1989.

KELLEY, GIDLEY, BLAIR & WOLFE,
INC.

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

0296Z



DATE: 11/21/89

SCHEDULE A

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

A. Cost of Project

1. Construction	\$ 672,022.81	
2. Technical Services	\$ 53,300.00	
3. Legal and Fiscal	\$ 7,000.00	
4. Administrative	\$ 0	
5. Site and Other Lands	\$ 10,000.00	
6. Step I and/or Step II (Design) or Other Loan Repayment (Specify Type: _____)	\$ 0	
7. Interim Financing Costs	\$ 0	
8. Contingency	\$ 67,200.00	
9. Total of Lines 1 through 8		\$ 809,522.81

B. Sources of Funds

10. Federal Grants: ' (Specify Source) _____	\$ 0	
11. State Grants: ' (Specify Source) _____	\$ 0	
_____	\$ 0	
_____	\$ 0	
_____	\$ 0	
12. Other Grants: ' (Specify Source) _____	\$ 0	
13. Any Other Source ' (Specify) _____	\$ 0	
14. Total of Lines 10 through 13	\$ 0	\$ 0
15. Net Proceeds Required from Bond Issue (Line 9 less Line 14)		\$ 809,522.81

C. Cost of Financing

16. Capitalized Interest (construction period plus six months)	\$ 57,351.00	
17. Funded Reserve Account	\$ 75,997.19	
18. Other Costs:	\$ 10,000.00	
	\$ 0	
19. Total Cost of Financing		\$ 143,348.19
20. Size of Bond Issue (Line 15 plus Total from Line 19)		\$ 952,871.00



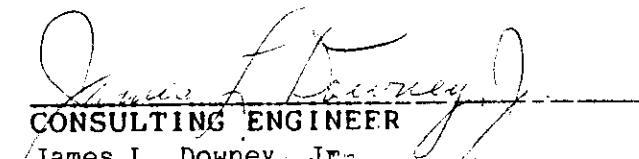
- 1 Attach supporting documentation, if available. If not yet available, state such.
- 2 For example, interest earnings during construction, if applicable. Include the proceeds of any parity or subordinate bond issue to be used for such purpose and attach supporting documentation if available.
- 3 Consult with bond counsel and the Authority before assuming a funded reserve.
- 4 For example, fees of bond counsel for the Governmental Agency.

Additional or explanatory material may be provided on additional sheets attached to Schedule A.



APPLICANT

Charles R. Gardner
Mayor/Sanitary Board Chairman
Sanitary Board of the
City of Charleston, WV



CONSULTING ENGINEER

James L. Downey, Jr.
Kelley, Gidley, Blair & Wolfe, Inc.
Consulting Engineers
Charleston, WV 25330

NOTE: Costs shown in Section A "Cost of Project" are based on actual bids received for Contracts 5, 6, and 7, actual Contractual Agreements for Technical Services, and normal contingencies and associated costs for a total of \$733,232. \$76,290.81 has been included in Section A for the Danner Hollow Station project, which has been estimated by others.

THE CITY OF CHARLESTON, WEST VIRGINIA

\$829,856 Sewer Revenue Bonds, Series 1989 B

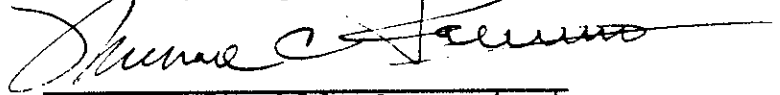
\$123,015 Supplemental Sewer
Revenue Bonds, Series 1989 B

CERTIFICATE OF ACCOUNTANT AS TO COVERAGE

Trainer, Wright & Paterno, Certified Public Accountants, 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, the Series 1989 Bonds and the Series 1989 Supplemental Bonds, and the Ordinance adopted by the Council on November 6, 1989, effective November 20, 1989, and a Supplemental Resolution subsequently adopted by the Council on November 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 West Virginia Water Development Authority on November 21, 1989.

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

Trainer, Wright & Paterno

A handwritten signature in dark ink, appearing to read "Trainer, Wright & Paterno", written over a horizontal line.

Certified Public Accountant
Charleston, West Virginia

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 21st day of November, 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 \$829,856 Sewer Revenue Bonds, Series 1989 B (the "Primary Bonds"), in the form of one bond numbered R-1 and its \$123,015 Supplemental Sewer Revenue Bonds, Series 1989 B (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 November 6, 1989, effective November 20, 1989, and a Supplemental Resolution adopted November 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:

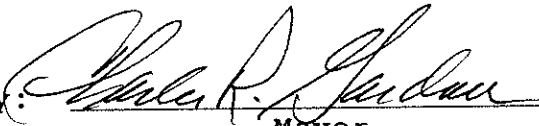
One Valley Bank, National Association
One Valley Square
P. O. Box 1793
Charleston, West Virginia 25326
Attention: Corporate Trust

The Governmental Agency and the Registrar shall notify the other in writing of any change of address.

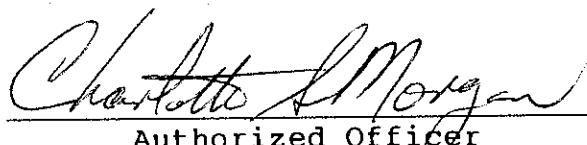
8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Ordinance.

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

ONE VALLEY BANK, NATIONAL ASSOCIATION

By: 
Authorized Officer

0309Z

EXHIBIT A

See Tab No. 4 -- Ordinance

THE CITY OF CHARLESTON, WEST VIRGINIA

\$829,856 Sewer Revenue Bonds, Series 1989 B

\$123,015 Supplemental Sewer
Revenue Bonds, Series 1989 B

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 November 6, 1989, effective November 20, 1989, and the Supplemental Resolution adopted November 20, 1989 (collectively, the "Ordinance") authorizing issuance of The City of Charleston Sewer Revenue Bonds, Series 1989 B, dated November 21, 1989, in the aggregate principal amount of \$829,856 and The City of Charleston Supplemental Sewer Revenue Bonds, Series 1989 B, dated November 21, 1989, in the aggregate principal amount of \$123,015 (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 November,
1989.

ONE VALLEY BANK, NATIONAL
ASSOCIATION

By


Authorized Officer

REQUEST AND AUTHORIZATION AS TO AUTHENTICATION
AND DELIVERY OF THE BONDS

November 21, 1989

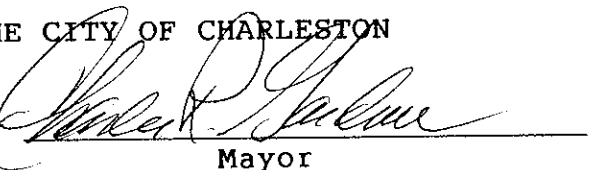
One Valley Bank, National Association
P. O. Box 1793
Charleston, West Virginia 25326

Ladies and Gentlemen:

We herewith hand to you, duly executed, \$829,856 Sewer Revenue Bonds, Series 1989 B, in the form of one bond numbered R-1 and \$123,015 Supplemental Sewer Revenue Bonds, Series 1989 B, 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 November 6, 1989, effective November 20, 1989, and a Supplemental Resolution adopted by the Council on November 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

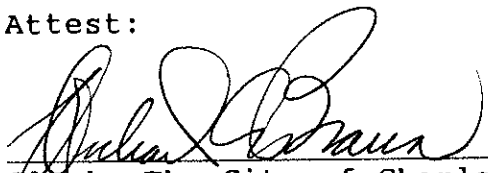
By 

Mayor

The City of Charleston

(SEAL)

Attest:


Clerk, The City of Charleston

THE CITY OF CHARLESTON, WEST VIRGINIA

\$829,856 Sewer Revenue Bonds, Series 1989 B

\$123,015 Supplemental Sewer
Revenue Bonds, Series 1989 B

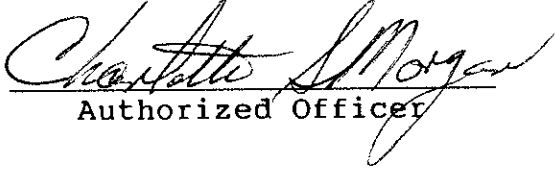
CERTIFICATE OF REGISTRATION OF BONDS

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 November, 1989, the bonds of the City in the principal amount of \$829,856 designated "The City of Charleston Sewer Revenue Bonds, Series 1989 B", and numbered R-1, and the bonds in the principal amount of \$123,015 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 B 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 November, 1989.

ONE VALLEY BANK, NATIONAL
ASSOCIATION, as Registrar

By


Authorized Officer

THE CITY OF CHARLESTON, WEST VIRGINIA

\$829,856 Sewer Revenue Bonds, Series 1989 B

\$123,015 Supplemental Sewer
Revenue Bonds, Series 1989 B

RECEIPT FOR BONDS

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

1. On the 21st day of November, 1989, in Dunbar, West Virginia, the Authority received the entire original issue of \$829,856 in aggregate principal amount of The City of Charleston Sewer Revenue Bonds, Series 1989 B (the "Primary Bonds") and the entire original issue of \$123,015 in aggregate principal amount of The City of Charleston Supplemental Sewer Revenue Bonds, Series 1989 B (the "Supplemental Bonds") (collectively, the "Bonds"), said Bonds being dated the 21st day of November, 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, Barbara B. Meadows duly signed and delivered this receipt on behalf of the West Virginia Water Development Authority on the 21st day of November, 1989.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

By: Barbara B. Meadows
Secretary-Treasurer

THE CITY OF CHARLESTON, WEST VIRGINIA

\$829,856 Sewer Revenue Bonds, Series 1989 B

\$123,015 Supplemental Sewer
Revenue Bonds, Series 1989 B

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 \$829,856 Sewer Revenue Bonds, Series 1989 B, of the proceeds of said bonds in the amount of \$829,856 (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 \$123,015 Supplemental Sewer Revenue Bonds, Series 1989 B, of the proceeds of said bonds in the amount of \$123,015 (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 November, 1989.

THE CITY OF CHARLESTON

BY


MAYOR

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: November 21, 1989

(See Reverse for Instructions)

ISSUE: \$829,856 The City of Charleston, West Virginia,
Sewer Revenue Bonds, Series 1989 B

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

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

ISSUE DATE: November 21, 1989 CLOSING DATE: November 21, 1989

ISSUE AMOUNT: \$ 829,856 RATE: 8.40%

1st DEBT SERVICE DUE: April 1, 1990 1st PRINCIPAL DUE: October 1, 1991

1st DEBT SERVICE AMOUNT: _____ PAYING AGENT: WV Municipal Bond Commission

ISSUERS

BOND COUNSEL: Jackson & Kelly

Contact Person: Samme L. Gee

Phone: (304) 340-1318

CLOSING BANK: One Valley Bank, National

Contact Person: Charlotte S. Morgan

Phone: (304) 348-7239

KNOWLEDGEABLE ISSUER CONTACT

Contact Person: Michael A. Braun

Position: City Clerk

Phone: (304) 348-8179

UNDERWRITERS

BOND COUNSEL: N/A

Contact Person: _____

Phone: _____

ESCROW TRUSTEE: N/A

Contact Person: _____

Phone: _____

OTHER: WV Water Development Authority

Contact Person: Daniel B. Yonkošky

Function: Director

Phone: (304) 348-3612

DEPOSITS TO MBC AT CLOSE:

By Wire ☐
X Check ☒

Accrued Interest: \$ _____

Capitalized Interest: \$ 57,351.00

Reserve Account: \$ 72,842.96

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: _____

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: November 21, 1989

(See Reverse for Instructions)

ISSUE: \$123,015 The City of Charleston, Supplemental Sewer Revenue Bonds, Series 1989B

ADDRESS: _____ COUNTY: _____

PURPOSE: New Money ☒ Refunding _____
OF ISSUE: Refunding _____ Refunds issue(s) dated: _____

ISSUE DATE: November 21, 1989 CLOSING DATE: November 21, 1989

ISSUE AMOUNT: \$123,015 RATE: 0

1st DEBT SERVICE DUE: October 1, 1991 1st PRINCIPAL DUE: October 1, 1991

1st DEBT SERVICE AMOUNT: 3,154.26 PAYING AGENT: WV Municipal Bond Commission

ISSUERS

BOND COUNSEL: Jackson & Kelly

Contact Person: Samme L. Gee

Phone: (304) 340-1318

CLOSING BANK: One Valley Bank, National Association

Contact Person: Charlotte S. Morgan

Phone: (304) 348-7239

KNOWLEDGEABLE ISSUER CONTACT

Contact Person: Michael A. Braun

Position: City Clerk

Phone: (304) 348-8179

UNDERWRITERS

BOND COUNSEL: N/A

Contact Person: _____

Phone: _____

ESCROW TRUSTEE: N/A

Contact Person: _____

Phone: _____

OTHER: WV Water Development Authority

Contact Person: Daniel B. Yonkosky

Function: Director

Phone: (304) 348-3612

DEPOSITS TO MBC AT CLOSE:

By Wire
X Check

Accrued Interest: \$ _____
Capitalized Interest: \$ _____
Reserve Account: \$ 3,154.23
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: _____

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.

LOAN PROGRAM II
REQUISITION AS TO LOAN TO GOVERNMENTAL AGENCY

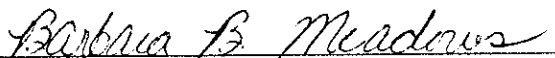
TO: ONE VALLEY BANK, NATIONAL ASSOCIATION, Trustee
(formerly Kanawha Valley Bank, National
Association)

- A. Name of Governmental Agency to which payment is
to be made: The City of Charleston, West Virginia
- B. Total Amount to be paid: \$829,856
- 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 November 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: November 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 \$829,856 The City of Charleston Sewer Revenue Bonds, Series 1989 B, numbered R-1, and standing in the name of the West Virginia Water Development Authority on the books of said Governmental Agency.

Dated: November 21, 1989

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

Barbara B. Meadows
Authorized Representative

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.

6000 HAMPTON CENTER
MORGANTOWN, WEST VIRGINIA 26505
TELEPHONE 304-599-3000

115 WEST KING STREET
MARTINSBURG, WEST VIRGINIA 25401
TELEPHONE 304-263-8808

202 WEST MAIN STREET
FRANKFORT, KENTUCKY 40601
TELEPHONE 502-227-4000

175 EAST MAIN STREET
LEXINGTON, KENTUCKY 40595
TELEPHONE 606-255-9500

256 RUSSELL AVENUE
NEW MARTINSVILLE, WEST VIRGINIA 26155
TELEPHONE 304-455-1751

250 CHARLES STREET
SISTERSVILLE, WEST VIRGINIA 26175
TELEPHONE 304-652-5541

November 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 November 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 November 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 \$829,856, 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 April 1, 1990, 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.

We have also examined the applicable provisions of Chapter 16, Article 13 of the Code of West Virginia, 1931, as

JACKSON & KELLY

West Virginia Water Development
Authority
November 21, 1989
Page 2

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 November 6, 1989, effective November 20, 1989, and a Supplemental Resolution adopted on November 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.

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

JACKSON & KELLY

West Virginia Water Development

Authority

November 21, 1989

Page 3

the Prior Bonds and on a parity as to the second lien with the Series 1989 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.

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 similar laws affecting creditors' rights heretofore or

JACKSON & KELLY

West Virginia Water Development
Authority
November 21, 1989
Page 4

hereafter enacted to the extent constitutionally applicable and that such 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,

Jackson & 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.

November 21, 1989

6000 HAMPTON CENTER
MORGANTOWN, WEST VIRGINIA 26505
TELEPHONE 304-599-3000

115 WEST KING STREET
MARTINSBURG, WEST VIRGINIA 25401
TELEPHONE 304-263-8808

202 WEST MAIN STREET
FRANKFORT, KENTUCKY 40601
TELEPHONE 502-227-4000

175 EAST MAIN STREET
LEXINGTON, KENTUCKY 40595
TELEPHONE 606-255-9500

256 RUSSELL AVENUE
NEW MARTINSVILLE, WEST VIRGINIA 26155
TELEPHONE 304-455-1751

250 CHARLES STREET
SISTERSVILLE, WEST VIRGINIA 26175
TELEPHONE 304-652-5541

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 November 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 November 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 \$123,015, 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 November 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 and Series 1989 Bonds, and on a parity with the lien of the Series 1989 Supplemental Bonds as such are defined in the Local Act, as hereinafter defined.

The Supplemental Bonds are issued, together with the Local Bonds, for the purpose of acquiring and constructing

JACKSON & KELLY

West Virginia Water Development
Authority
November 21, 1989
Page 2

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 November 6, 1989, effective November 20, 1989 and a Supplemental Resolution adopted on November 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

West Virginia Water Development
Authority
November 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,

Jackson & 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.

6000 HAMPTON CENTER
MORGANTOWN, WEST VIRGINIA 26505
TELEPHONE 304-599-3000

115 WEST KING STREET
MARTINSBURG, WEST VIRGINIA 25401
TELEPHONE 304-263-8808

202 WEST MAIN STREET
FRANKFORT, KENTUCKY 40601
TELEPHONE 502-227-4000

175 EAST MAIN STREET
LEXINGTON, KENTUCKY 40595
TELEPHONE 606-255-9500

256 RUSSELL AVENUE
NEW MARTINSVILLE, WEST VIRGINIA 26155
TELEPHONE 304-455-1751

250 CHARLES STREET
SISTERSVILLE, WEST VIRGINIA 26175
TELEPHONE 304-652-5541

November 21, 1989

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

Re: The City of Charleston, West Virginia
\$829,856 Sewer Revenue Bonds,
Series 1989 B

Gentlemen:

We have examined a record of proceedings relating to the issuance of the \$829,856 in aggregate principal amount of The City of Charleston, West Virginia, Sewer Revenue Bonds, Series 1989 B (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.

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,





CITY OF CHARLESTON
P.O. Box 2749
CHARLESTON, WEST VIRGINIA
25330

CHARLES R. GARDNER, MAYOR

November 21, 1989

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

Jackson & Kelly
P. O. Box 553
Charleston, WV 25322

Re: The City of Charleston, West Virginia
\$829,856 Sewer Revenue Bonds, Series 1989 B

The City of Charleston, West Virginia
\$123,015 Supplemental Sewer Revenue
Bonds, Series 1989 B

Ladies and Gentlemen:

I am Counsel to The City of Charleston (the "City"). As such counsel, I have examined copies of the approving opinions of Jackson & Kelly, as bond counsel, relating to the above-captioned bonds of the City (the "Bonds"), the Loan Agreement and Supplemental Loan Agreement by and between the West Virginia Water Development Authority (the "Authority") and the City, both dated November 21, 1989, and an Ordinance duly passed by the Council of the City on November 6, 1989, effective November 20, 1989, as supplemented by a Supplemental Resolution adopted November 20, 1989 (collectively, the "Ordinance"), and other documents relating to the Bonds. Terms used in said opinions, the Loan Agreement, Supplemental Loan Agreement and Ordinance and not otherwise defined herein have the same meanings herein.

I am of the opinion that:

West Virginia Water Development Authority
Jackson & Kelly
November 21, 1989
Page 2

1. The Loan Agreement and Supplemental Loan Agreement have been duly authorized, executed and delivered by the City and, assuming due authorization, execution and delivery by the Authority, constitute valid and binding agreements of City in accordance with their terms.

2. The members of the Council were duly and properly elected or appointed and are thereby authorized to act on behalf of the City.

3. The Ordinance has been duly enacted by the Council of the City and is in full force and effect.

4. The City has obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") necessary for the issuance of the Bonds, construction of the Project and has taken any and all other action required for the imposition of such rates and charges and the appeal period from such orders, if any, has expired.

5. The execution and delivery of the Bonds and the Loan Agreement and Supplemental Loan Agreement and the consummation of the transactions contemplated by the Loan Agreement or the Supplemental Loan Agreement, and the carrying out of the terms thereof, do not and will not in any material respect conflict with or constitute on the part of the City a breach of or default under any agreement or other instrument to which the City is a party or any existing law, regulation, court order or consent decree to which the City is subject.

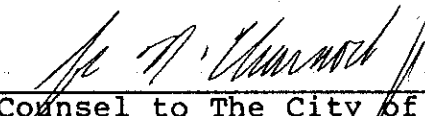
6. The City has received all the necessary permits, licenses, approvals and authorizations that are presently obtainable to construct the Project.

7. To the best of my knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public council or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by or the validity of the Bonds or the collection or pledge of the revenues.

West Virginia Water Development Authority
Jackson & Kelly
November 21, 1989
Page 3

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

Very truly yours,



Counsel to The City of
Charleston

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

November 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
\$829,856 Sewer Revenue Bonds, Series 1989 B

The City of Charleston, West Virginia
\$123,015 Supplemental Sewer Revenue Bonds,
Series 1989 B

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 (the "PSC"). I am also familiar with the Rate Ordinance adopted by the Council of the City on December 19, 1988. I am of the opinion as follows:

1. The Project to be financed with the proceeds of the above-referenced bonds does not need a Certificate of Convenience and Necessity for the construction thereof.

2. The Rate Ordinance adopted on December 19, 1988, was duly passed by the Council of the City and I am informed and believe that it is in full force and effect.

KAUFFELT & KAUFFELT

The City of Charleston
W.Va. Water Development Authority
Jackson & Kelly
November 21, 1989
Page Two

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,

A handwritten signature in dark ink, appearing to read "T. D. Kauffelt", written in a cursive style.

T. D. Kauffelt

TDK/ram