CITY OF CHESTER
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2018 (WESBANCO)

Closing Date: February 23, 2018

CITY OF CHESTER

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE WATER PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF CHESTER AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE OF NOT MORE THAN $2,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2017 (WESBANCO); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A COMMITMENT LETTER RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE CITY OF CHESTER:

ARTICLE I
STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Ordinance. This Ordinance (together with any order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is enacted pursuant to the provisions of Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and other applicable provisions of law.

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

A. The City of Chester, West Virginia (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Hancock County of said State. The Issuer presently owns and operates a public combined waterworks and sewerage system (together with the Project, as hereinafter defined, and any other further additions or extensions, the "System").

B. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed improvements and extensions to the System of the Issuer, consisting of necessary waterline and sanitary sewer replacements as set forth in Exhibit A attached hereto, to the existing System, together with all appurtenant facilities (collectively, the "Project"), in accordance with the plans and specifications prepared

by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Revenue Bonds in one series being the Combined Waterworks and Sewerage System Revenue Bonds, Series 2017 (Wesbanco) in an amount not to exceed $2,000,000 (the "Series 2017 Bonds"), to permanently finance the costs of acquisition and construction of the Project, and to pay the costs of issuance of the Series 2017 Bonds and related costs. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2017 Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Purchaser, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2017 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2017 Bonds or the repayment of indebtedness incurred by the issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

D. The period of usefulness of the System after completion of the Project is not less than 20 years.

E. Wesbanco Bank, Inc. has expressed an interest to purchase the Series 2017 Bonds (the "Purchaser"). It is in the best interests of the Issuer that the Series 2017 Bonds be sold to the Purchaser, or a purchaser named in the Supplemental Resolution, pursuant to the terms and provisions set forth herein and in the Supplemental Resolution.

F. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2017 Bonds as to liens, pledge, source of and security for payment, being the (i) Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 A, issued in the original aggregate principal amount of $1,113,851, dated July 6, 1988; and (ii) Combined Waterworks and Sewerage Revenue Bonds, Series 1988 B, issued in the original aggregate principal amount of $293,463, dated July 6, 1988 (collectively, the "Prior Bonds"). Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

G. The estimated revenues to be derived in each year following completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System and the principal of and interest, if any, on the Series 2017 Bonds and

the Prior Bonds and to make payments into all funds and accounts and other payments provided for herein.

H. The Issuer has complied with all requirements of West Virginia law relating to the issuance of the Series 2017 Bonds, or will have so complied prior to the issuance of any thereof.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2017 Bonds by those who shall be the Registered Owners (as hereinafter defined) of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owners, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Series 2017 Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

Section 1.04. Definitions. The following terms shall have the following meanings herein unless the context expressly requires otherwise:

"Act" means, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

"Authorized Officer" means the Mayor of the Issuer.

"Bondholder," "Holder of the Bonds," "Holder," "Registered Owner" or any similar term whenever used herein with respect to an outstanding Bond or Bonds, means the person in whose name such Bond is registered.

"Bond Legislation," "Ordinance," "Bond Ordinance" or "Local Act" means this Bond Ordinance and all orders and resolutions supplemental hereto or amendatory hereof.

"Bond Registrar" means the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns.

"Bonds" means, collectively, the Series 2017 Bonds, the Prior Bonds and any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

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

"City Council" shall mean the City Council of the Issuer.

"Closing Date" means the date upon which there is an exchange of the Series 2017 Bonds for all or a portion of the proceeds of the Series 2017 Bonds from the Purchaser.

"Code" means the Internal Revenue Code of 1986, as amended, and the Regulations.

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

"Commitment Letter" shall mean the letter from the Purchaser setting forth the terms and conditions for the purchase of the Series 2017 Bonds attached to the Supplemental Resolution.

"Consulting Engineers" means Dallis Dawson & Associates, or any qualified engineer or firm of engineers, licensed by the State, that shall at any time hereafter be procured by the Issuer as Consulting Engineers for the System or portion thereof in accordance with Chapter 5G, Article I of the West Virginia Code of 1931, as amended; provided however, that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions, or political subdivisions.

"Costs" or "Costs of the Project" means those costs described in Section 1.02D hereof to be a part of the cost of acquisition and construction of the Project.

"Depository Bank" means the bank designated as such in the Supplemental Resolution, and its successors and assigns, which shall be a member of FDIC.

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

"Fiscal Year" means each 12-month period beginning on July 1 and ending on the succeeding June 30.

"Governing Body" means the City Council, as it may now or hereafter be constituted.

"Government Obligations" means direct obligations of, or obligations the timely payment of the principal of and interest on which is guaranteed by, the United States of America.

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided, that "Gross Revenues" does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined, purchased pursuant to Article 8.01 hereof).

"Herein," "hereto" and similar words shall refer to this entire Bond Legislation.

"Independent Certified Public Accountants" means any certified public accountant or firm of certified public accountants that shall at any time hereafter be retained by the Issuer to prepare an independent annual or special audit of the accounts of the System or for any other purpose except keeping the accounts of the System in the normal operation of its business and affairs.

"Issuer" means the City of Chester, a municipal corporation organized and existing under the laws of the State of West Virginia in Hancock County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2017 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Reserve Account.

"Net Revenues" means the balance of the Gross Revenues, remaining after deduction of Operating Expenses, as hereinafter defined.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the costs, fees and expenses of the Purchaser, fiscal agents, the Depository Bank, the Registrar and the Paying Agent (all as herein defined), other than those capitalized as part of the costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Outstanding," when used with reference to Bonds and as of any particular date, describes all Bonds theretofore and thereupon being authenticated and delivered, except (i) any Bond cancelled by the Bond Registrar at or prior to said date; (ii) any Bond for the payment of which monies, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption shall be in trust hereunder and set aside for such payment (whether upon or prior to maturity); (iii) any Bond deemed to have been paid as provided in Article X hereof; and (iv) for purposes of consents or other action by a specified percentage of Bondholders, any Bonds registered to the Issuer.

"Parity Bonds" means additional Bonds issued under the provisions and within the limitations prescribed by Section 7.07 hereof.

"Paying Agent" means the Commission or other entity designated as such for the Series 2017 Bonds in the Supplemental Resolution.

"Prior Bonds" means, collectively, the Series 1988 A B Bonds and the Series 1988 B Bonds.

"Prior Bonds Reserve Accounts" means, collectively, the respective reserve accounts created for the Prior Bonds, as more fully described and defined in the Prior Ordinances.

"Prior Ordinances" means, collectively, the Ordinances authorizing the Prior Bonds.

"Project" means the Project as described in Section 1.02 hereof.

"PSC" means the Public Service Commission of West Virginia and any successor to the functions thereof.

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

(a) Government Obligations;

(b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;

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

(d) Any bond, debenture, note, participation certificate or other similar obligations issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;

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

(f) Money market funds or similar funds whose only assets are investments of the type described in paragraphs (a) through (e) above;

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

(h) The West Virginia "consolidated fund" managed by the West Virginia Board of Treasury Investments pursuant to Chapter 12, Article 6C of the West Virginia Code of 1931, as amended; and

(i) Obligations of states or political subdivisions or agencies thereof, the interest on which is excluded from gross income for federal income tax purposes, and which are rated at least "A" by Moody's Investors Service, Inc. or Standard & Poor's Corporation.

"Recorder" means the Recorder of the Issuer.

"Registrar" means the Bond Registrar.

"Regulations" means temporary and permanent regulations promulgated under the Code or any predecessor to the Code.

"Renewal and Replacement Fund" means the Renewal and Replacement Fund created by Section 5.01 hereof.

"Reserve Accounts" means the reserve accounts established for the Series 2017 Bonds and the Prior Bonds.

"Reserve Requirements" means the amount required to be on deposit in the Reserve Account of the Series 2017 Bonds and the Prior Bonds, if any.

"Revenue Fund" means the Revenue Fund established by the Prior Ordinance and continued by Section 5.01 hereof.

"Series 1988 A Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 A, dated July 6, 1988, issued in the original principal amount of $1,133,851.

"Series 1988 B Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 A, dated July 6, 1988, issued in the original principal amount of $283,463.

"Series 2017 Ordinance" or "Ordinance" means the Ordinance authorizing the Series 2017 Bonds.

"Series 2017 Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2017 (Wesbanco), of the Issuer, authorized by this Ordinance.

"Series 2017 Bonds Construction Trust Fund" means the Series 2017 Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2017 Bonds Reserve Account" means the Series 2017 Bonds Reserve Account established by Section 5.02 hereof

"Series 2017 Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest, if any, which will become due on the Series 2017 Bonds in the then current year or any succeeding year, or approximately $135,000.

"Series 2017 Bonds Sinking Fund" means the Series 2017 Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means the Sinking Funds established for the Series 2017 Bonds and the Prior Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolution or resolutions authorizing the sale of the Series 2017 Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2017 Bonds, and not so included, may be included in another Supplemental Resolution.

"Surplus Revenues" means the Gross Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Series 2017 Bonds or any other obligations of the Issuer, including, without limitation, the Renewal and Replacement Fund, the Sinking Funds and the Reserve Accounts.

"System" means the complete public combined waterworks and sewerage system of the Issuer, as presently existing in its entirety or any integral part, and shall include the Project and any additions, improvements, and extensions constructed or acquired for said system from any source whatsoever.

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

Additional terms and phrases are defined in this Ordinance as they are used. Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender.

ARTICLE II
AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition, Construction and Installation of the Project. There is hereby authorized and ordered the acquisition, construction and installation of the Project, at an estimated cost of not to exceed $2,000,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2017 Bonds hereby authorized shall be applied as provided in Article VI hereof. Prior to issuing the Series 2017 Bonds the Issuer will receive bids and will enter into contracts for the acquisition and construction of the Project, in an amount and otherwise compatible with the financing plan submitted to the Purchaser.

The cost of the Project is estimated not to exceed $2,000,000, which will be obtained from proceeds of the Series 2017 Bonds.

ARTICLE III
AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF COMMITMENT LETTER

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest, if any, on the Series 2017 Bonds, funding the respective Reserve Accounts for the Series 2017 Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2017 Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 2017 Bonds of the Issuer. The Series 2017 Bonds shall be issued in one series, as a single bond, designated as the "Combined Waterworks and Sewerage System Revenue Bonds, Series 2017 (Wesbanco)," in the principal amount not to exceed $2,000,000, and shall have such terms as are set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2017 Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and capitalizing interest, if any, on the Series 2017 Bonds, if any, shall be deposited in or credited to the Series 2017 Bonds Construction Trust Funds established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2017 Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum rate, payable quarterly on such dates; shall mature on such dates and in such amounts;

and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Commitment Letter, as set forth in the Supplemental Resolution. The Series 2017 Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 2017 Bonds, if any, shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Purchaser is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2017 Bonds shall be issued in the form of a single bond, for each series fully registered to the Purchaser, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2017 Bonds. The Series 2017 Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Purchaser shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form and in denominations as determined by a Supplemental Resolution. Such Bonds shall bear interest, if any, and shall be dated as set forth in a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2017 Bonds shall be executed in the name of the Issuer by the Mayor, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Recorder. In case any one or more of the officers who shall have signed or sealed the Series 2017 Bonds shall cease to be such officer of the Issuer before the Series 2017 Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2017 Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. The Bond Registrar for the Series 2017 Bonds shall be the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns. No Series 2017 A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the forms set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2017 A Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized

officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability. Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2017 Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2017 Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that such Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2017 Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Bonds.

The registered Series 2017 Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 2017 Bonds or transferring the registered Series 2017 Bonds are exercised, all Series 2017 Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2017 Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of Series 2017 Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2017 Bonds or, in the case of any proposed redemption of Series 2017 Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2017 Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be

about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2017 Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Gross Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2017 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2017 Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Gross Revenues: Lien Positions with Respect to Prior Bonds. The payments required by the Series 2017 Bonds shall be secured by a first lien on the Gross Revenues derived from the System, on a parity with the lien of Gross Revenues in favor of the Registered Owners of the Series 2017 Bonds and the Prior Bonds. Such Gross Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2017 Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2017 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2017 Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Purchaser, a list of the names in which the Series 2017 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2017 Bonds to the original purchasers;

C. An executed and certified copy of the Bond Legislation;

D. An executed copy of the Commitment Letter; and

E. The unqualified approving opinion of bond counsel on the Series 2017 Bonds.

Section 3.10. Form of Bonds. The text of the Series 2017 Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

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(FORM OF SERIES 2017 BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHESTER
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2017 (WESBANCO)

No. AR-1 $_____

KNOW ALL MEN BY THESE PRESENTS: The __ day of _____, 2017, that the CITY OF CHESTER, a municipal corporation organized and existing under the laws of the State of West Virginia in Hancock County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to Wesbanco Bank, Inc. (the "Purchaser") or registered assigns the sum of _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in monthly installments commencing _____ 1, 20__, to and including _____ 1, 20__, as set forth on the "Debt Service Schedule" attached as EXHIBIT A hereto and incorporated herein by reference.

This Bond shall bear interest at the rate of __% per annum. Principal and interest installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, 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 (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part with 30 days prior written notice to the Purchaser.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of improvements and extensions to the waterworks portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds and related costs. The existing public combined waterworks and sewerage system of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Ordinance duly enacted by the Issuer on _____, 2017, as supplemented by a Supplemental Resolution duly adopted by the Issuer on _____, 2017 (the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation 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 Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988 A, DATED JULY 6, 1988, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $1,133,851 (THE "SERIES 1988 A BONDS") AND (2) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988 B, DATED JULY 6, 1988, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $283,463 (THE "SERIES 1988 B BONDS") (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues to be derived from the operation of the System, on a parity with the pledge of Gross Revenues in favor of the holders of the Prior Bonds and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2017 Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Gross Revenues, the monies in the Series 2017 Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer 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, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of Wesbanco Bank, Inc., as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond

Legislation, shall be applied solely to the payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such monies, until so applied, in favor of the registered owner of this Bond.

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

All provisions of the Bond Legislation, 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.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, THE CITY OF CHESTER has caused this Bond to be signed by its Mayor and its corporate seal, if any, to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated the day and year first written above.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2017 Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2017.

WESBANCO,
as Registrar

_____
Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(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 the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds. The Bonds shall be sold to the Purchaser pursuant to the terms and conditions of the Commitment Letter.

Section 3.12. Designation of Bonds as "Qualified Tax-Exempt Obligations." The Issuer hereby designates the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Code and covenants that the Bonds do no constitute private activity bonds as defined in Section 141 of the Code, and that not more than $10,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income tax purposes (excluding, however, obligations issued to currently refund any obligation of the Issuer to the extent the amount of the refunding obligation does not exceed the amount of the refunded obligation and private activity bonds, as defined in Section 141 of the Code, other than qualified 501(c)(3) bonds as defined in Section 145 of the Code), including the Bonds, have been or shall be issued by the Issuer, including all subordinate entities of the Issuer, during the calendar year 2017, all as determined in accordance with the Code.

ARTICLE IV
[RESERVED]

ARTICLE V
FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are hereby created (or continued) and shall be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and the Issuer and from each other:

(1) Revenue Fund;

(2) Renewal and Replacement Fund; and

(3) Series 2017 Bonds Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created with and shall be held by the Commission separate and apart from all other funds or accounts of the Commission and the Issuer and from each other:

(1) Series 1988 A Bonds Sinking Fund (established by Prior Ordinance);

(2) Series 1988 A Bonds Reserve Account (established by Prior Ordinance);

(3) Series 1988 B Bonds Sinking Fund (established by Prior Ordinance);

(4) Series 1988 B Bonds Reserve Account (established by Prior Ordinance);

(5) Series 2017 Bonds Sinking Fund; and

(6) Series 2017 Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order of priority:

(1) The Issuer shall first, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission amounts required under the Prior Ordinances and, commencing one month prior to the first date of payment of interest of the Series 2017 Bonds for which interest has not been capitalized or as required in the Commitment Letter, for deposit in the Series 2017 Bonds Sinking Fund, an amount equal to the amount of interest, if any, which will become due on the Series 2017 Bonds on the next ensuing monthly interest payment date; provided, that in the event the period to elapse between the date of such initial deposit in the Series 2017 Bonds Sinking Fund and the next monthly interest payment date is less than 2 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next monthly interest payment date, the required amount of interest coming due on such date.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission for deposit in (i) the Series 1988 A Bonds Sinking Fund, the amount required by the Prior Ordinances for payment of principal of the Series 1988 A Bonds; (ii) the Series 1988 B Bonds Sinking Fund, the amount required by the Prior Ordinances for payment of principal of the Series 1988 B Bonds; and (iii) commencing one month prior to the first date of payment of principal of the Series 2017 Bonds, for deposit in the Series 2017 Bonds Sinking Fund, an amount equal to the amount of principal, if any, which will mature and become due on the Series 2017 Bonds on the next ensuing monthly principal payment date; provided, that in the event the period to elapse between the date of such initial deposit in the Series 2017 Bonds Sinking Fund and the next monthly principal payment date is less than 5 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next monthly principal payment date, the required amount of principal coming due on such date.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission for deposit in (i) the Series 1988 A Bonds Reserve Account, the amount required by the Prior Ordinances to be deposited therein; (ii) the Series 1988 B Bonds Reserve Account, the amount required by the Prior Ordinances to be deposited therein, and (iii) commencing 4 months prior to the first date of payment of principal of the Series 2017 Bonds, if not fully funded upon issuance of the Series 2017 Bonds, for deposit in the Series 2017 Bonds Reserve Account, an amount equal to $1,125.00; provided, that no further payments shall be made into the Series 2017 Bonds Reserve Account when there

shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2017 Bonds Reserve Requirement.

(4) The Issuer shall first, each month, pay from the monies in the Revenue Fund all current Operating Expenses of the System.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund, a sum equal to 2 1/2% of the Gross Revenues each month (as previously set forth in the Prior Ordinances and not in addition thereto), exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in any Reserve Account (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

After all the foregoing provisions for use of monies in the Revenue Fund have been fully complied with, any monies remaining therein and not permitted to be retained therein may be used to prepay installments of the Bonds, pro rata, or for any lawful purpose of the System.

Monies in the Series 2017 Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2017 Bonds, as the same shall become due. Monies in the Series 2017 Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2017 Bonds, as the same shall come due, when other monies in the Series 2017 Bonds Sinking Fund, are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2017 Bonds Sinking Fund and the Series 2017 Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2017 Bond Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2017 Bonds, and then to the next ensuing principal payment, if any, due thereon, all on a pro rata basis.

Any withdrawals from the Series 2017 Bonds Reserve Account which result in a reduction in the balance therein to below the Series 2017 Bonds Reserve Requirement shall be subsequently restored from the first Gross Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 2017 Bonds are issued, provision shall be made for additional payments into the respective sinking funds

sufficient to pay the interest on such additional parity Bonds and principal on such additional parity Bonds to accomplish retirement thereof at maturity and to accumulate a balance in the appropriate reserve account in an amount equal to the requirement thereof.

The Issuer shall not be required to make any further payments into the Series 2017 Bonds Sinking Fund and the Series 2017 Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the respective aggregate principal amount of the Series 2017 Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2017 Bonds Sinking Fund and the Series 2017 Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Purchaser at anytime, the Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 2017 Bonds Sinking Fund and the Series 2017 Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2017 Bonds Sinking Fund and the Series 2017 Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2017 Bonds, under the conditions and restrictions set forth herein.

B. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required principal, interest and reserve account payments, if any, with respect to the Series 2017 Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

C. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System.

D. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the respective parties shall require, such additional sums as shall be necessary to pay their respective charges and fees then due. In the case of payments to the Commission under this paragraph, the Issuer shall, if required by the Purchaser at anytime, make the necessary arrangements whereby such required payments

shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required.

E. The monies in excess of the maximum amounts insured by FDIC in all funds and accounts shall at all times be secured, to the full extent thereof in excess of such insured sum, by Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State.

F. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 5.03, and the Gross Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

G. The Gross Revenues of the System shall only be used for purposes of the System.

ARTICLE VI
BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds: Pledge of Unexpended Proceeds. From the monies received from the sale of the Series 2017 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2017 Bonds, there shall first be deposited with the Commission in the Series 2017 Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2017 Bonds for the period commencing on the date of issuance of the Series 2017 Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 2017 Bonds, there shall be deposited with the Commission in the Series 2017 Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2017 Bonds Reserve Account.

C. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2017 Bonds, such monies shall be deposited with the Depository Bank in the Series 2017 Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 and until so expended, are hereby pledged as additional security for the Series 2017 Bonds.

D. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2017 Bonds shall be applied as directed by the Purchaser.

Section 6.02. Disbursements From the Bond Construction Trust Fund.

On or before the Closing Date, the Issuer shall have delivered to the Purchaser and the Purchaser a report listing the specific purposes for which the proceeds of the Series 2017 Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments of all Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2017 Bonds Construction Trust Fund shall be made only after submission to and approval from the Purchaser of the following: (1) a completed and signed "Payment Requisition Form," a form of which is attached to the Commitment Letter for the Series 2017 Bonds, in compliance with the construction schedule; (2) a certificate signed by an Authorized Officer and the Consulting Engineers, stating that: (a) none of the items for which the payment is proposed to be made has formed the basis for any disbursements heretofore made; (b) each item for which payment is proposed to be made is or was necessary in connection with the Project and constitutes a Cost of the Project: (c) each of such costs has been otherwise properly incurred; and (d) payment for each of the items proposed is due and owing.

Pending such application, monies in the Bond Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII
ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2017 Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2017 Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2017 Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Registered Owner of the Series 2017 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2017 Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Gross Revenues; Lien Positions with Respect to Bonds. The payments required by the Series 2017 Bonds shall be secured by a first lien on the Gross Revenues derived from the System on a parity with the lien of such Gross Revenues in favor of the Holders of the Prior Bonds. Such Gross Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2017

Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal and shall provide an opinion of counsel to the Issuer of such effect. Such rates and charges shall be sufficient to comply with the requirements of the Commitment Letter and the Issuer shall supply a certificate of certified public accountant to such effect.

So long as the Series 2017 Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Commitment Letter. In the event the schedule of rates, fees and charges initially established for the System in connection with the Series 2017 Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Commitment Letter, the Issuer 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 and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Commitment Letter.

Section 7.05. Sale of the System. So long as the Series 2017 Bonds and the Prior Bonds are outstanding and except as otherwise required by law or with the written consent of the Purchaser, 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 fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2017 Bonds, immediately be remitted to the Commission for deposit in the Renewal and Replacement Fund, and, with the written permission of the Purchaser, or in the event the Purchaser is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2017 Bonds. Any balance remaining after the payment of the Series 2017 Bonds and interest, if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Issuer shall, by resolution duly adopted, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such

sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. The payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amount required to be paid into said fund by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2017 Bonds. All obligations issued by the Issuer after the issuance of the Series 2017 Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2017 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all finds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2017 Bonds, and the interest thereon, if any, upon any or all of the income and revenues of the System pledged for payment of the Series 2017 Bonds and the interest thereon, if any, in this Bond Legislation, or upon the System or any part thereof.

The Issuer shall give the Purchaser prior written notice of its issuance of any other obligations to be used for the System, payable from the revenues of the System or from any grants, or any other obligations related to the Project or the System.

Section 7.07. Parity Bonds. So long as the Prior Bonds and the Series 2017 Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinances and the Series 2017 Bond Ordinance shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series

2017 Bonds pursuant to this Bond Legislation, without the prior written consent of the Purchaser and without complying with the conditions and requirements herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2017 Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the acquisition or construction of additions extensions, improvements or betterments to the System or refunding any outstanding Bonds, or both such purposes.

No Parity Bonds shall be issued at any time, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues expected to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

(1) The Bonds then Outstanding;

(2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Ordinance then Outstanding; and

(3) The Parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues expected to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from the improvements to be financed by such Parity Bonds and any increase in rates adopted by the Issuer, the time for appeal of which shall have expired prior to the issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Secretary prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12-consecutive-month period herein above referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer, the time for appeal of which shall have expired prior to issuance of such Parity Bonds.

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds subsequently issued from time

to time within the limitations of and in compliance with this section. All Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and security for payment from said revenues, without preference of any Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 2017 Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2017 Bonds.

No Parity Bonds shall be issued at any time, however, unless all of the payments into the respective funds and accounts provided for in this Bond Legislation with respect to the Bonds then Outstanding, and any other payments provided for in this Bond Legislation, shall have been made in full as required to the date of delivery of the Parity Bonds, and the Issuer then be in full compliance with all the covenants, agreements and terms of this Bond Legislation.

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Purchaser, or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Purchaser such documents and information as they may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

The Issuer shall permit the Purchaser, or their agents and representatives, to inspect all records pertaining to the operation and maintenance of the System at all reasonable times following completion of construction of the Project and commencement of operation thereof, or, if the Project is an improvement to an existing system, at any reasonable time following commencement of construction.

The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds issued pursuant to this Bond Legislation shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the Public

Service Commission of West Virginia. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Governing Body. The Governing Body shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Governing Body shall be reported to such agent of the Issuer as the Governing Body shall direct.

The Issuer shall file with the Purchaser, or any other original purchaser of the Series 2017 Bonds, and shall mail in each year to any Holder or Holders of the Series 2017 Bonds, requesting the same, an annual report containing the following:

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

(B) A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation, and the status of all said funds and accounts.

(C) The amount of any Bonds, notes or other obligations outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants (and to the extent legally required, in compliance with 2 CFR 200 Subpart F, or any successor thereto), and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2017 Bonds, and shall submit said report to the Purchaser, or any other original purchaser of the Series 2017 Bonds. Such audit report submitted to the Purchaser shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Commitment Letter and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

Subject to the terms, conditions and provisions of the Commitment Letter and the Act, the Issuer 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 by the Consulting Engineers. 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 Issuer.

The Issuer shall permit the Purchaser, or their agents and representatives, to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction of the Project, the Issuer shall also provide the Purchaser, or their agents and representatives, with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Purchaser with respect to the System pursuant to the Act.

The Issuer shall provide the Purchaser with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in the Commitment Letter for the Series 2017 Bonds or as promulgated from time to time.

Section 7.09. Rates. Prior to the issuance of the Series 2017 Bonds, equitable rates or charges for the use of and service rendered by the System shall 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 with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2017 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Series 2017 Bonds, including the Prior Bonds; provided, that in the event that amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 2017 Bonds Reserve Account and the reserve accounts for obligations on a parity with or junior to the Series 2017 Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2017 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Series 2017 Bonds, including the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Purchaser within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Purchaser and to any Holder of any Bonds, within 30 days of adoption thereof, and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all

reasonable times to the Purchaser and to any Holder of any Bonds, or anyone acting for and on behalf of such Holder of any Bonds.

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineers in the form attached to the Commitment Letter, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Purchaser, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Purchaser is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

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

Section 7.12. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 7.13. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable, the user of the services and facilities shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of any system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law. If the water or sewer facilities are not owned by the Issuer, the Issuer shall enter into a termination agreement with the

water and sewer providers, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

Section 7.14. No Free Services. Except as required by law, the Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTNING, VANDALISM. MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Commitment Letter, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Purchaser, the Issuer, the contractors and subcontractors, as their interests may appear.

(2) PUBLIC LIABILITY INSURANCE, with limits of not less than $1,000,000 per occurrence to protect the Issuer from claims for bodily injury and/or death and not less than $500,000 per occurrence from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

(3) WORKERS' COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract and to be required of each contractor contracting directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to

be performed prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

(4) FLOOD INSURANCE, if the facilities of the System are or will be located in designated special flood or mudslide-prone areas and to the extent available at reasonable cost to the Issuer.

(5) BUSINESS INTERRUPTION INSURANCE, to the extent available at reasonable cost to the Issuer.

(6) FIDELITY BONDS will be provided as to every officer, member and employee of the Issuer or the Governing Body having custody of the revenues or of any other funds of the System, in an amount at least equal to the total funds in the custody of any such person at any one time.

B. The Issuer shall require all contractors engaged in the construction of the Project to furnish a performance bond and a payment bond, each in an amount equal to 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. The Issuer shall verify such bonds prior to commencement of construction.

The Issuer shall also require all contractors engaged in the construction of the Project to carry such workers' compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project; provided, that the amounts and terms of such coverage are satisfactory to the Purchaser and the Issuer shall verify such insurance prior to commencement of construction. In the event the Commitment Letter so requires, such insurance shall be made payable to the order of the Purchaser, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

Section 7.16. Mandatory Connections. The mandatory use of the sewerage facilities portion of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the PSC, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the System, pay the rates and charges established therefor.

Any such house, dwelling or building from which emanates sewage or water-borne waste matter and which is not so connected with the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

Section 7.17. Completion and Operation of Project; Permits and Orders. The Issuer will complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards.

The Issuer has obtained all permits required by State and federal laws for the acquisition and construction of the Project and all orders and approvals, required by State law and the Council necessary for the acquisition and construction of the Project, the operation of the System and all approvals for issuance of the Bonds required by State law, with all requisite appeal periods having expired without successful appeal and the Issuer shall provide an opinion of counsel to such effect.

The Issuer shall perform an annual maintenance audit which maintenance audit shall be submitted to the Purchaser and the Public Service Commission of West Virginia.

Section 7.18. Reserved.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2017 Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2017 Bonds and shall be on a parity with the Prior Bonds.

Section 7.20. Compliance with Commitment Letter and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Commitment Letter and the Act. Notwithstanding anything herein to the contrary, the issuer will provide the Purchaser with copies of all documents submitted to the Purchaser.

ARTICLE VIII
INVESTMENT OF FUNDS; ARBITRAGE

Section 8.01. Investments. Any monies held as a part of the funds and accounts created by this Bond Legislation other than the Revenue Fund, shall be invested and reinvested by the Commission, the Depository Bank, or such other bank or national banking association holding such fund or account, as the case may be, at the written direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Bond Legislation, the need for such monies for the purposes set forth herein and the specific restrictions and provisions set forth in this Section 8.01.

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2017 Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest, if any, on the Series 2017 Bonds from gross income for federal income tax purposes.

Section 8.02. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PUBLIC PURPOSE BONDS. The Issuer shall use the Series 2017 A Bond proceeds solely for the Project and as otherwise set forth herein, and the Project will be operated solely as a public purpose and as local governmental activity of the Issuer.

B. PRIVATE ACTIVITY BOND COVENANT. The Issuer shall not permit at any time or times any of the proceeds of the Series 2017 A Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Code by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code in order to assure the tax exempt status of the Series 2017 A Bonds.

C. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2017 A Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on such Series 2017 A Bonds during the term thereof is, under the terms of such Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2017 A Bonds are

used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2017 A Bonds during the terms thereof is, under the terms of such Series 2017 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2017 A Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the System, or if the Series 2017 A Bonds are for the purpose of financing more than one project, a portion of the System, and shall not exceed the proceeds used for the governmental use of that portion of the System to which such Private Business Use is related. All of the foregoing shall be determined as provided for in the Code.

D. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 2017 A Bonds or $5,000,000 is used, directly or indirectly, to make or finance a loan (other than loan constituting Nonpurpose Investments) to persons other than state or local government units.

E. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2017 A Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

F. INFORMATION RETURN. The Issuer shall file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2017 A Bonds, and the interest thereon, including, without limitation, the information return required under Section 149(e) of the Code.

G. FURTHER ACTIONS. The Issuer shall take any and all actions that may be required of it (including those deemed necessary by the Purchaser) so that the interest on the Series 2017 A Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions, or fail to take any actions (including those deemed necessary by the Purchaser) which would adversely affect such exclusion.

Section 8.03. Rebate Covenant. The Issuer is a governmental unit with general taxing powers to finance operations of or facilities of the nature of the Project and the System. As covenanted above, the Series 2017 A Bonds are not private activity bonds within the meaning of the Code, and ninety five percent (95%) or more of the net proceeds (as defined in the Code) of the Series 2017 A Bonds will be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer). The Issuer reasonably expects to expend the proceeds of the Series 2017 A Bonds within the time period that would provide an exception from the rebate requirements of Section 148(f) of the Code. Notwithstanding the foregoing, if the Issuer is in fact subject to such rebate requirements, the Issuer hereby covenants to rebate to the United States the amounts required by the Code and to take all steps necessary to make such rebates. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and obtain a waiver from the

Internal Revenue Service in order to maintain the tax exempt status of interest on the Series 2017 A Bonds.

Section 8.04. Arbitrage. The Issuer covenants that (i) it will restrict the use of the proceeds of the Series 2017 A Bonds in such manner and to such extent as may be necessary, so that such Series 2017 A Bonds will not constitute "arbitrage bonds" under Section 148 of the Code and Regulations prescribed thereunder, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a Federal information return with respect to such Bonds) so that the interest on the Series 2017 A Bonds will be and remain excluded from gross income for Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.05. Tax Certificate and Rebate. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate (the "Tax Certificate") to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of any series of Series 2017 A Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2017 A Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Ordinance.

The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, the Issuer or the Board shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder and used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be in time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor. The Issuer at its expense, may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer may deem appropriate in order to assure compliance with this Section 7.19. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 7.19 in accordance with the requirements of Section 148(f) of the Code and such

Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes.

ARTICLE IX
DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2017 Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2017 Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2017 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2017 Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, Registrar or any other Paying Agent or a Holder of a Bond; or

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

(4) If default occurs with the Prior Bonds or the Series 2017 Bonds.

Section 9.02. 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 Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided, that all rights and remedies of the Holders of the Series 2017 Bonds shall be on a parity with the Holders of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to

obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

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

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

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

ARTICLE X
PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2017 Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Gross Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2017 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 2017 Bonds from gross income for federal income tax purposes.

ARTICLE XI
MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2017 Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2017 Bonds, no material modification or amendment of this Ordinance, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2017 Bonds shall be made without the consent in writing of the Registered Owners of the Series 2017 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 Issuer to pay such principal and interest, if any, out of the funds herein respectively pledged therefore without the consent of the Registered 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. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest, if any, on the Series 2017 Bonds from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2017 Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution, or the Series 2017 Bonds.

Section 11.04. Headings. The headings and catchlines of the articles, sections and subsections hereof are for convenience of reference only, and shall not affect in any way the meaning or interpretation of any provision hereof.

Section 11.05. Conflicting Provisions Repealed. All orders or resolutions, or parts thereof, in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed.

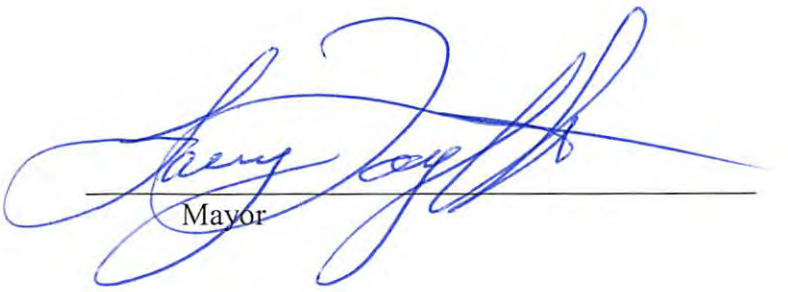
Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Ordinance do exist, have happened, have been performed and have been taken in regular 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, Recorder and members of the Governing Body 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 11.07. Statutory Notice and Public Hearing. Upon adoption hereof, the abstract of this Ordinance in the form set forth in Exhibit B attached hereto and incorporated herein by reference, shall be published once a week for two successive weeks, with at least 6 full days intervening between each publication, in the *Weirton Daily Times* and the *Hometown News*, qualified newspapers published and of general circulation in the City of Chester, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2017 Bonds, and that any person interested may appear before the Governing Body upon a certain date, not less than 10 days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Issuer for review by interested persons during office hours of the Issuer. The Governing Body hereby determines that the abstract contains sufficient information as to give notice of the contents hereof. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

Section 11.08. Effective Date. This Ordinance shall take effect immediately following the public hearing and final reading.

First Reading:	August 21, 2017
Second Reading:	September 5, 2017
Final Reading/Public Hearing:	September 18, 2017

Enacted this 18th day of September, 2017.



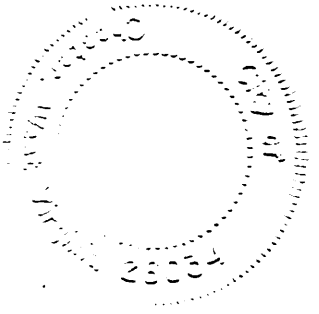
Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly adopted by the City Council of the CITY OF CHESTER on the 18th day of September, 2017.

Dated: September 18, 2017.

[SEAL]



Marlene Fleming
City Clerk/Recorder

EXHIBIT A

CITY OF CHESTER
WATERLINE REPLACEMENTS AND SANITARY SEWER REPLACEMENTS
PROJECT DESCRIPTION

The Project consists of necessary waterline and sanitary sewer replacements as hereinafter defined:

(a) The waterline replacement work to be performed as part of this project is located within the City of Chester along the following streets: approximately (500) feet along First Street (Carolina to Alley G); approximately (1020) feet along Fairview Road (First to Ferry); approximately (840) feet along Second Street (Carolina to Montana); approximately (200) feet along Valiant Drive (Middle Run Road to west); approximately (400) feet along Knowles Lane (Sixth Street to east); waterline abandonment, valve insertions, and water service relocations along Third Street; and valve replacement along Collins Memorial Drive (at water treatment plant). The proposed waterline work will include the necessary pavement removal & replacement and the installation of the necessary waterline conduit, hydrants, valves, branch reconnections, water service reconnections, and all other necessary incidentals;

(b) The sanitary sewer replacement work to be performed as part of this project is located within the City of Chester along the following streets: approximately (825) feet along Indiana (Second to Third); and approximately (480) feet along Icarian Way (Tenth to Eleventh). The proposed sanitary sewer work will include the necessary pavement removal & replacement and the installation of the necessary manholes, sanitary sewer conduit, sanitary lateral reconnections, and all other necessary incidentals; and

(c) All necessary appurtenances thereto.

EXHIBIT B

CITY OF CHESTER, WEST VIRGINIA
NOTICE OF PUBLIC HEARING AND ABSTRACT OF BOND ORDINANCE

Notice is hereby given to any person interested that on _____, 2017, the City Council of the City of Chester, West Virginia (the "City") adopted an ordinance which, among other things:

1. Authorized the design, acquisition and construction of certain extensions, additions, betterments and improvements (the "Project") to the City's existing combined waterworks and sewerage system (the "System"), the permanent financing of such costs thereof through the issuance of not more than $2,000,000 in aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 2017 [(Wesbanco)] (the "Bonds").

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

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

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

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

The City contemplates the issuance of the Bonds described in, and under the conditions set forth in the Ordinance abstracted above. Any person interested may appear before the Council of the City of Chester at a regular meeting on _____, 2017, at [5:00] p.m., in the Council Chambers, City Hall, Chester, West Virginia, and present protests and be heard as to whether the above-described Ordinance shall be put into effect.

A certified copy of the Ordinance as adopted by the City Council on _____, 2017, is on file with the Recorder for review by interested persons at the City Hall during regular office hours.

Recorder of the City of Chester,
West Virginia

CITY OF CHESTER
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2017 (WESBANCO)

BOND ORDINANCE

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CITY OF CHESTER
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2018 (WESBANCO)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, PAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE CITY OF CHESTER COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS SERIES 2018 (WESBANCO); AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF SUCH BONDS TO WESBANCO BANK, INC.; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; APPROVING SUBSTANTIAL FORMS OF BOND DOCUMENTS; MAKING OTHER PROVISIONS AS TO THE BONDS; AND ADOPTING POST-ISSUANCE COMPLIANCE PROCEDURES

WHEREAS, the City Council (the "Governing Body") of the City of Chester (the "Issuer") on September 18, 2017, passed a Bond Ordinance (the "Ordinance"), authorizing the issuance of not to exceed $2,000,000 in aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 2017 (WesBanco) (the "Bonds"), entitled;

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE WATER PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF CHESTER AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE OF NOT MORE THAN $2,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2017 (WESBANCO); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A COMMITMENT LETTER RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Ordinance provides for the issuance of the Combined Waterworks and Sewerage System Revenue Bonds, Series 2017 (WesBanco), of the Issuer, in an aggregate principal amount not to exceed $2,000,000 (the "Bonds" or the "Series 2018 Bonds"), all in accordance with Chapter 8, Article 20 of the Code of West Virginia, 1931, as amended (the "Act"); and in the Ordinance it is provided that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of the Bonds should be established by a supplemental resolution, and that other matters relating to the Bonds be therein provided for;

WHEREAS, due to the necessity to implement new rates the issuance of the Bonds was delayed until 2018;

WHEREAS, the Series 2017 Bonds, as defined in the Ordinance, shall be re-designated as the Series 2018 Bonds;

WHEREAS, the Commitment Letter from WesBanco Bank, Inc. (the "Purchaser") has been presented to the Issuer at this meeting;

WHEREAS, the Bonds are proposed to be purchased by the Purchaser pursuant to the Commitment Letter; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Commitment Letter be approved, that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF CITY OF CHESTER:

Section 1. Pursuant to the Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 (WesBanco), of the Issuer, originally represented by a single bond, numbered AR-1, in the original principal amount of $1,425,000. The Series 2018 Bonds shall be dated the date of delivery, shall finally mature March 1, 2033, and shall bear interest at the rate of 3.78% per annum computed on the basis of a year of 365 days divided by 360. In the event the interest on the Bonds is deemed taxable for federal income tax purposes, the interest rate on the Bonds shall be adjusted to 6.28% per annum. The funds advanced under the Bonds shall bear interest only for the initial six months. Thereafter, the principal and interest of the Series 2018 Bonds shall be payable in one hundred seventy four (174) monthly installments on the 1st of each month, commencing October 1, 2018, in the amounts set forth in the amortization schedule attached to the Commitment Letter and

incorporated in and made a part of the Series 2018 Bonds. The Series 2018 Bonds are callable at any time with 30 days written notice to the Purchaser.

Section 2. The Series 2017 Bonds, as defined in the Ordinance, are hereby re-designated as the Series 2018 Bonds

Section 3. All other provisions relating to the Bonds and the text of the Bonds shall be in substantially the form provided in the Ordinance.

Section 4. The Issuer hereby authorizes, approves and accepts the Commitment Letter, including all schedules and exhibits attached thereto, a copy of which is attached hereto as Exhibit A, and the execution and delivery of the Commitment Letter by the Mayor and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed. The Issuer hereby affirms all covenants and representations made in the Commitment Letter. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Series 2018 Bonds shall be deposited in the Construction Trust Fund as advanced from time to time as requisitioned by the Issuer in accordance with the Commitment Letter and Ordinance.

Section 5. The Issuer hereby appoints and designates WesBanco Bank, Inc., Wheeling, West Virginia, to serve as Registrar (the "Registrar") for the Bonds under the Ordinance and approves and accepts the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed and approved.

Section 6. The Issuer hereby appoints and designates First Choice American Community Federal Credit Union, Weirton, West Virginia, to serve as the Depository Bank and WesBanco Bank, Inc. as the Series 2018 Bonds Construction Trust Fund bank under the Ordinance.

Section 7. The Issuer hereby appoints and designates the West Virginia Municipal Bond Commission as Paying Agent under the Ordinance.

Section 8. Series 2018 Bonds proceeds in the amount of $86,730 and $41,072 from the Issuer shall be deposited in the Series 2018 Bonds Reserve Account.

Section 9. The remaining proceeds of the Series 2018 Bonds, as advanced from time to time, shall be deposited in the Series 2018 Bonds Construction Trust Fund for payment of costs of the Project, including costs of issuance of the Series 2018 Bonds, and administered and disbursed in accordance with the Commitment Letter and Ordinance.

Section 10. The Mayor and City Clerk are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Ordinance approved and provided for, to the end that the Bonds may be delivered to the Purchaser on or about February 23, 2018.

Section 11. The Series 2018 Bonds are hereby designated a "qualified tax-exempt obligation" for purposes of Section 265(b)(3)(B) of the Code and covenants that the Series 2018 Bonds do no constitute private activity bonds as defined in Section 141 of the Code, and that not more than $10,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income tax purposes (excluding, however, obligations issued to currently refund any obligation of the Issuer to the extent the amount of the refunding obligation does not exceed the amount of the refunded obligation and private activity bonds, as defined in Section 141 of the Code, other than qualified 501(c)(3) bonds as defined in Section 145 of the Code), including the Bonds, have been or shall be issued by the Issuer, including all subordinate entities of the Issuer, during the calendar year 2017, all as determined in accordance with the Code.

Section 12. The Issuer hereby covenants and agrees that it will not permit at any time or times any of the proceeds of the Series 2018 Bonds or any other funds of the Issuer to be used directly or indirectly to acquire any securities or obligations, the acquisition of which would cause any of the Series 2018 Bonds to be an "arbitrage bond" as defined in Section 148 of the Code, and the regulations promulgated pursuant thereto. The Mayor of the Issuer is authorized and directed to execute and deliver such further instruments or agreements as shall be required to provide further assurances of the Issuer's compliance with this covenant.

Section 13. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Series 2018 Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 14. The Issuer hereby determines to invest all moneys in the funds and accounts established by the Ordinance held by the Depository Bank until expended, in money market accounts secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to invest all moneys in such money market accounts until further directed in writing by the Issuer. Moneys in the Series 2018 Bonds Reserve Account shall be invested by the Commission in the West Virginia Consolidated Fund.

Section 15. The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project and the Mayor is hereby authorized and directed to execute and deliver all such contracts.

Section 16. The Issuer hereby approves the costs of issuance and authorizes the payment of the same.

Section 17. The Issuer hereby approves the first requisition, set forth in Exhibit B, for the Series 2018 Bonds and the execution thereof and authorizes the payment of all expenses contained on the first requisition.

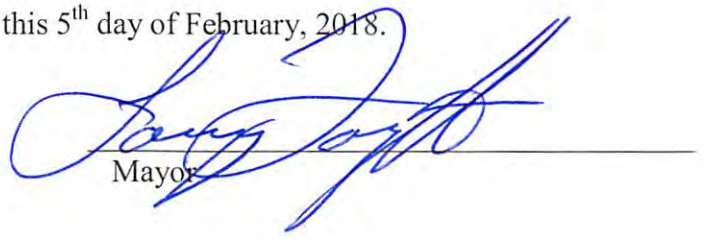
Section 18. The Water-Sewerage Board is hereby authorized to review and approve draw requisitions for the payment of invoices for the Project.

Section 19. The Post-Issuance Compliance Procedures set forth in Exhibit C hereto are hereby adopted.

Section 20. This Supplemental Resolution shall be effective immediately following adoption hereof.

[Remainder of page intentionally left blank]

Adopted this 5th day of February, 2018.



Mayor

CERTIFICATION

Certified as a true copy of a Supplemental Resolution duly adopted by the City Council of the City of Chester on the 5th day of February, 2018.

Dated this 23rd day of February, 2018.

[SEAL]

N. Marlene Fleming
City Clerk

EXHIBIT A
COMMITMENT LETTER

February 5, 2018

City of Chester, West Virginia
Attention: Larry Forsythe, Mayor
600 Indiana Avenue
Chester, WV 26034

Gentlemen:

Please be advised that, subject to the terms and conditions hereinafter set forth, WesBanco Bank, Inc. (the "Bank") has approved the purchase of revenue bonds (the "Bond") to be issued by the City of Chester (the "City" or "Applicant") up to the maximum amount of One Million Four Hundred Twenty-Five Thousand Dollars ($1,425,000.00) to pay the costs of acquisition and construction to the existing Water Works and Sewage System of the City (the "System" or the "Project") and to pay certain costs of issuance of the Series 2018 Bonds (the "Bonds") on a parity with respect to the liens, pledges, sources of any security for payment with respect to the following bonds:

> (i) Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 A, issued in the original aggregate principal amount of $1,113,851.00 dated July 6, 1988; and (ii) Combined Waterworks and Sewerage Revenue Bonds, Series 1988 B, issued in the original aggregate principal amount of $293,463.00 dated July 6, 1988 (collectively, the "Prior Bonds").
>
> The payment of the debt service of the Bonds shall be secured forthwith by a statutory first lien on the gross revenues derived from the system on a parity with the lien on such net revenues in favor of the holder the Prior Bonds. Such gross revenues in an amount sufficient to pay the principal and interest, if any, and other payments from the Bonds and the Prior Bonds and to make all other payments provided for in the bond legislation, are hereby irrevocably pledged to such payments as they become due.

This approval is contingent upon compliance with all the terms and conditions as outlined below:

Approval. This approval is based upon and shall remain contingent upon the continued validity and accuracy, without adverse material change, of all of the information and material submitted to the Bank by the City in connection with the application for the Bonds.

Approval of Project Contractor. As a condition precedent, Bank needs to approve the Project Contractor who must provide satisfactory evidence of liability insurance, builder's risk insurance ("Installment Floating"), a payment and performance bond and workers' compensation coverage as is hereinafter set forth.

WesBanco Bank, Inc.
Upper Ohio Valley Market
1 Bank Plaza
Wheeling, WV 26003-3565
(304) 234-9000

Construction Contract. The City shall provide to the Bank and its' counsel for approval, a copy of the proposed Construction Contract.

Consulting Engineer's Plans & Specifications. The City shall provide to the Bank, full and complete executed copies of all plans and specifications for the Project prepared by the Consulting Engineer, along with the contract, cost, itemizations and phases of construction.

Term. The Bonds shall be designated and dated such date or dates and shall be issued in one series not to exceed $1,425,000.00 in aggregate principal amount and shall mature on such date or dates not later than 15 years from the issue date (the "Closing").

Bond Form. Bond counsel shall provide to the Bank and its counsel, a copy of the proposed Bond, which is reasonably acceptable to the Bank and its counsel, which "inter alia" states it's a Bank Qualified Tax Exempt Obligation.

Ordinance Authorizing Acquisition and Construction of Improvements and Extensions Related to the Project Acceptable to the Bank and its Counsel (the "Ordinance"). The Ordinance and any supplemental ordinance related to the Project is subject and conditioned upon the reasonable approval of the Bank and its counsel.

West Virginia Public Service Commission. The City shall provide the Bank and its counsel all submissions made to the West Virginia Public Service Commission related to the approval of the proposed Water and Sewerage rate increase related to the Bonds. As a condition precedent to purchase of the Bonds, Bank and its counsel shall be provided with evidence that the West Virginia Public Service Commission has accepted the rate increase previously certified by the City Certified Public Account, certifying that the revenue generated by the City Water and Sewer Departments (the "System") are sufficient to meet legal and all debt service requirements.

Insurance Requirements. So long as the Bonds remain outstanding, the City will, at its expense, procure, carry and maintain insurance in amounts and coverages reasonably necessary to the Bank with reputable insurance companies with respect to the property as below set forth:

1. Fire, Lightning, Vandalism. Malicious Mischief and Extended Coverage Insurance, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damages or destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund. The City will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance

(fire and extended coverage) to protect the interests of the Issuer, the prime contractor an all subcontractors as their respective interest may appear, in accordance with the Commitment Letter, during construction of the Project, such insurance to made payable to the order of the Purchaser, the Issuer, the contractors and subcontractors, as their interest may appear.

2. Public Liability Insurance, with limits of not less than $1,000,000 per occurrence to protect the Issuer from claims for bodily injury and/or death and not less than $500,000 per occurrence from claims for damage to property of other which may arise from the operation of the System, and insurance with the same limits to project the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.
3. Workers' Compensation Coverage for All Employees of or for the System Eligible Therefor; and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract and to be required of each contractor contracting directly with the Issuer, and such payment bonds will be filed with the Clerk of the County Commission of the county in which such work is to be performed prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.
4. Flood Insurance, if the facilities of the System are or will be located in designated special flood or mudslide-prone areas and to the extent available at reasonable cost to the Issuer.
5. Business Interruption Insurance, to the extent available at reasonable cost to the Issuer.
6. Fidelity Bonds will be provided as to every officer, member and employee of the Issuer or the Governing Body having custody of the revenues or of any other funds of the System, in an amount at least equal to the total funds in the custody of any such person at any one time.

Performance Bonds. The City shall require all contractors engaged in the construction of the Project to furnish a performance bond and a payment bond, each in an amount equal to 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. The City of Chester shall verify the existence of such bonds prior to commencement of construction and provide the Bank with complete copies.

The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project; provided, that the amounts and terms of such coverage are satisfactory to the Purchaser and the Issuer shall verify such insurance prior to commencement of construction. In the event the Commitment Letter so requires, such insurance shall be made payable to the order of the Purchaser, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

Depository Bank and Bond Registrar. WesBanco shall become the "Depository Bank" and holder of the Revenue Funds, the Renewal and Replacement Fund and the Series 2018 Bonds Construction Trust Fund. It shall also serve as Bond Registrar for a fee of $750.00.

Debt Reserve Account. The City, in compliance with current debt service requirements, shall fund, at Closing, the Debt Reserve Account with funds sufficient for payments of Bond principal and interest for one (1) year. This account shall be held at the WV Municipal Bond Commission.

Capital Reserve Account. The City, in compliance with current Public Service Commission requirements shall deposit and maintain a Capital Reserve Account with the Bank.

Construction Disbursements. The Bank, as the Depository Bank of the Bonds Construction Trust Fund to be applied towards payment of costs shall require requests for disbursement of funds to be supported by an AIA draw request form from the Project Engineer. Moreover, the Bank's Secured Credit Department shall also need to approve all draw requests prior to any disbursements.

Bond Interest Rate. The Bonds issued by the City of Chester shall provide for a 3.78% fixed rate, tax exempt, bank qualified rate. Interest shall be computed on the basis of a year of 365 days divided by 360. In the event, the Bond fails to qualify and maintain its tax exempt status. The interest rate on the Bond shall be raised to 6.28% fixed rate per annum.

Bond Interest Only. During the initial six months from Closing, the City shall make interest only payments on the outstanding Bond principal.

Monthly Bond Payments. The Bonds shall be repaid in monthly payments of principal and interest in one hundred seventy four (174) substantially equal monthly payments commencing with the completion of construction but in no event later than six (6) months from date. In the event construction is not completed within six (6) months from date of delivery of the Bond to the Bank the entire unpaid and remaining construction funds shall be deposited in an escrow account for payment of principal and interest as required by the Bond and for funding the remaining construction..

Bond Term. The term of the Bonds shall be for fifteen (15) years.

Collateral. The Bonds shall be secured by a pledge of the Gross Revenues to be derived from the operation of the City of Chester Combined Water Works and Sewerage System (the "System") as evidenced by a statutory mortgage lien provided by Chapter 8 of the West Virginia Code, the Debt Reserve Account and other West Virginia laws.

Bond Counsel's Opinion. Purchase of the Bonds are conditioned upon an opinion of bond counsel, Jackson & Kelly, PLLC, which is in form and content acceptable to the Bank, which shall *inter alia* provide that:

(i) The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), for the purposes of (i) paying the costs of certain additions, betterments, and improvements to the existing public waterworks system of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

(ii) The Bond Ordinance duly initially enacted by the Issuer/City on the 18th day of September, 2017, as supplemented by a Supplemental Resolution and Conformed Ordinance duly adopted by the Issuer on February 5, 2018 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation of the Bonds are authorized and issued.

(iii) The City is a duly created and validly existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System, to enact the Bond Legislation and to issue and sell the Bonds, all under the Act and other applicable provides of the law.

(iv) The Bond Legislation and all other necessary ordinances and resolutions have been duly and effectively enacted and adopted by the Issuer in connection with the issuance and sale of the Bonds and constitute valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their terms.

(v) The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Bank/Purchaser and is valid, legally enforceable and binding special obligations of the Issuer, payment from the Gross Revenues of the System and secured by a first lien on and pledge of the Gross Revenues of the System, on a parity with the liens, pledge and source of and security for payment of the Prior Bonds.

(vi) Under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Bonds (a) is excludable from gross income of the owners thereof for federal income tax purposes pursuant to o Section 103 of the Internal Revenue Code of 1986, as amended and the regulations promulgated thereunder (the "Code") and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations under the Code.

(vii) That the Bonds are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof, and the interest on the Bonds, if any, is except from personal and corporate net income taxes imposed directly thereon by the State of West Virginia.

(viii) The Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the WV Code.

(ix) The Prior Bonds issued by the City in 1998 are in good standing.

Approval of Bank Bond Documents by Bank Counsel. All Bond documents are to be submitted for review and approval by Bank Counsel, George J. Anetakis, Esquire

Assignment of Construction Contracts.. As additional security the City shall, at closing, assign to the Bank, all of its contracts for the acquisition and construction of the Project.

Default and Remedies. The City authorizing Bond Ordinance shall include both default and remedy provisions in form and content reasonably acceptable to the Bank, as well as all remedies available to it in law or in equity.

Opinion of Counsel to the City. Counsel representing the City shall provide an opinion in connection with the issuance of the Bonds, which is in form and content acceptable to the Bank and its counsel and which in pertinent part shall opine that the Bond Ordinance of the City was duly enacted September 18, 2017, as supplemented by the Supplemental Resolution and Conformed Ordinance of the Issuer duly adopted February 5th, 2018 (collectively, the "Ordinance") and such other documents relating to the Bond and that the action aforesaid taken legally support the issuance of the Bonds, consisting of:

(1) The Mayor and City Clerk, members of the Council of the issuer have been duly, lawfully and properly elected or appointed, as applicable, have taken the requisite oaths, and are authorized to act in their respective capacities on behalf of the City.

(2) The Ordinance has been duly adopted and enacted by the Issuer, is in full force and effect as of the date hereof and constitutes a valid and binding obligation of the City enforceable ink accordance with its terms.

Financial, Other Affirmative Covenants and Reporting Requirements (applicable to the City's entire operation).

(a) The City covenants and agrees with the Bank that the City shall comply at all times with the following affirmative covenants

i. City Operating Budget – The City shall annually, at least 45 days preceding the beginning of each fiscal year, prepare and adopt a detailed budget of its estimated revenues and expenditures in form and content both legally compliant and reasonable acceptable to the Bank:

1. Annual year end audited financial statements prepared in accordance with Governmental Auditing Standards by a certified public accountant, no later than thirty (30) days after completion

by the approved auditor as selected by the State of West Virginia Auditor, with the understanding that an audit schedule may or may not be on an annual basis; in compliance with the audit requirements set forth by the State of West Virginia.

2. The Bank reserves, in its sole discretion, the right to waive an audit of the financial records of the City and/or the Waterworks and/or the Sewage Department and in lieu thereof accept unaudited financial statements and budget prepared in accordance with Governmental Auditing Standards, including, but not limited to, a balance sheet and all revenues and expenditures. No waiver is effective unless provided in written memorandum issued by the Bank.

3. Authorization forms in form and content acceptable to the Bank authorizing the Bank to obtain copies of any of the City's financial statements and budget; and

4. Such other data and information (financial and otherwise) as the Bank, from time to time, may reasonably request, bearing upon or related to the Collateral or the City's financial condition or results of operations.

Financial and Other Affirmative Covenants and Reporting Requirements (applicable to the City Water and Sewage Departments (the "System").

Covenants and Reporting.

(a) Municipal Water and Sewer Departments Affirmative Covenants and Reporting Requirements – The City in cooperation with the Waterworks and Sewage Department will comply, at all times, with the following affirmative covenants and reporting requirements. The City shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The City shall submit to the Bank such document sand information as they may reasonably require in connection with the acquisition, construction and installation of the project, the operation and maintenance of the System and the administration of the loan of any grants or other sources of financing for the Project.

(b) Operating Budget. The City shall annually, at least 45 days preceding the beginning of each fiscal year, prepare and adopt a detailed balanced budget of their estimated revenues and expenditures of the System in form and content, both legally compliant and reasonably acceptable, to the Bank.

(c) The City shall cause the Waterworks and Sewage Board to annually adopt and provide to the Bank the following:

1. A statement of Gross Revenues, Operating Expenses, Net Revenues and Surplus Revenues derived from and relating to the System one hundred and twenty(120) days after year end.

2. A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation, and the status of all said funds and accounts one hundred and twenty (120) days after year end.

3. The amount of any Bonds, notes or other obligations outstanding.

4. Annual year-end financial statements prepared in accordance with Governmental Auditing Standards by a certified public accountant, no later than one hundred twenty (120) days after the end of each fiscal year.

5. The Bank reserves, in its sole discretion, the right to waive an audit of the financial records of the City and/or the Waterworks and/or the Sewage Department and in lieu thereof accept unaudited financial statements and budget prepared in accordance with Governmental Auditing Standards, including, but not limited to, a balance sheet and all revenues and expenditures. No waiver is effective unless provided in written memorandum issued by the Bank.

6. Such other data and information (financial and otherwise) as the Bank, time, may reasonably request, bearing upon or related to the Collateral or the Issuer's financial condition or results of operations.

Performance Covenants.

i. Debt Service – The City is required to maintain annually a minimum debt service coverage ratio of 1.15 defined as [Net Income plus Interest Expense plus Depreciation plus Amortization plus or minus Other Non-Cash or Extraordinary Items] Divided by [Prior Year Current Portion of Long Term Debt plus Interest Expense]. Debt Service Compliance shall, based on the combined performance of the City and the Water and Sewage Departments.

Bonds Reserve Account 115% Yearly Balance.

i. Covenants – The City shall, as a condition precedent, provide verification that it is now and will continue to verify that it is in compliance with WV Code §24-1-1(K) by certifying that the working capital reserve funds are in place and funded to meet minimum statutory levels, or that the city is pursuing the steps necessary to fund these reserves by one of the methods prescribed in the statute.

Fees. The City of Chester shall pay to or reimburse the Bank for the following:

1. An origination fee paid at closing equal to one percent (1%) of the Bond amount.
2. A one-time fee to bank for registrar, $750.00.
3. Bank counsel fees FAS Law, $1,500.00 Commitment Letter and $ 3,500.00 doc review.

Expiration. This commitment will expire on February 28, 2018, unless that time is extended in writing by the Bank.

Sincerely,

WESBANCO BANK, INC.

Jon M. Rogers,
Senior Vice-President

ACCEPTED BY:

THE CITY OF CHESTER
on the _____ day of _____, 2018.

By:_____
Larry Forsythe
Its: Mayor

PLEASE RETURN ONE (1) EXECUTED ORIGINAL TO
WESBANCO BANK, INCL AND RETAIN THE OTHER FOR YOUR RECORDS

EXHIBIT B
FIRST DRAW REQUISITION

3.15

WESBANCO
LINE OF CREDIT DRAW REQUEST

Attn:

Fax:

LINE OF CREDIT DRAW REQUEST – CONFIRMATION

Customer Name: City of Chester

Loan Number: 7200304373

This memorandum is authorization to: Withdraw $ 175,291.00

Debit referenced note effective by $

and deposit proceeds into: ACCOUNT #

Credit referenced note effective by $

and debit: ACCOUNT #

Wire Transfer To:

Mail To:

Authorized Signer: X Date:

Printed Name: Larry Forsythe

Company Title: Mayor, City of Chester

Note: This document is to be executed by a representative authorized to affect loans on behalf of the customer stated above.

For Bank Use:

Bank Employee who Identified/Verified Authorized Signer:

Draw Request Approved By: Jon M Rogers, SVP Draw Request Approved By:

Transaction Processed By: Date:

3/29/14

EXHIBIT C

City of Chester
Post-Issuance Tax Compliance Procedures
For Tax-Exempt Bonds

The purpose of these Post-Issuance Tax Compliance Procedures is to establish policies and procedures in connection with tax-exempt bonds (the "Bonds") issued by the City of Chester (the "Issuer") so as to maximize the likelihood that all applicable post-issuance requirements of federal income tax law needed to preserve the tax-exempt status of the Bonds are met. The Issuer reserves the right to use its discretion as necessary and appropriate to make exceptions or request additional provisions as circumstances warrant. The Issuer also reserves the right to change these policies and procedures from time to time.

General

Inasmuch as the Issuer is an issuer of Bonds (including refunding Bonds) for governmental purposes or is a responsible conduit issuer authorizing the issuance of 501(c)(3) Bonds or Bonds (including refunding Bonds) for certain "exempt facilities" (e.g., solid waste disposal facilities, sewage facilities, water furnishing facilities, etc.), the Issuer now identifies post-issuance tax compliance procedures for all Bonds authorized by the Issuer. These post-issuance tax compliance procedures set forth the procedures for the Issuer for all Bonds issued by the Issuer and, in the case of Bonds for which the Issuer is a conduit issuer, the Issuer's requirements of all entities receiving the benefit of the Bond issue (whether through a loan, a lease or otherwise, the "Borrower"), concerning these procedures. All Borrowers shall cause satisfactory policies and procedures to be put in place.

Post-Issuance Compliance Requirements

External Advisors / Documentation

The Issuer and the Borrower shall consult with bond counsel and other legal counsel and advisors, as needed, throughout the Bond issuance process to identify requirements and to establish procedures necessary or appropriate so that the Bonds will continue to qualify for tax-exempt status. Those requirements and procedures shall be documented in the tax certificate or tax regulatory agreement (the "Tax Certificate") and/or other documents finalized at or before issuance of the Bonds. Those requirements and procedures shall include future compliance with applicable arbitrage rebate requirements and all other applicable post-issuance requirements of federal tax law throughout (and in some cases beyond) the term of the Bonds.

The Issuer and the Borrower also shall engage bond counsel and other legal counsel and advisors, as needed, for consultation following issuance of the Bonds to ensure that all applicable post-issuance requirements in fact are met. This shall include, without limitation, consultation in connection with any potential changes in use of Bond-financed or refinanced assets.

When necessary, the Issuer shall engage and shall encourage or require the Borrower to engage expert advisors (each a "Rebate Service Provider") to assist in the calculation of arbitrage rebate payable in respect of the investment of Bond proceeds.

Unless otherwise provided by the indenture relating to the Bonds, unexpended Bond proceeds shall be held by a trustee or other financial institution, and the investment of Bond proceeds shall be managed by the Issuer or, in the event the Issuer is the conduit issuer of the Bonds, the Borrower. The Issuer or, in the event the Issuer is the conduit issuer of the Bonds, the Borrower shall prepare (or cause the trustee to prepare) regular, periodic statements regarding the investments and transactions involving Bond proceeds and such statement shall be delivered to the Issuer if it so requests.

Arbitrage Rebate and Yield

The Issuer or, in the event the Issuer is a conduit issuer of the Bonds, the Borrower shall be responsible for compliance with all requirements under Federal arbitrage regulations. The Issuer or, if applicable, the Borrower is responsible for:

- determining the likelihood of complying with an arbitrage rebate exemption;
- if necessary, (i) engaging the services of a Rebate Service Provider, (ii) prior to each rebate calculation date, causing the trustee, if any, to deliver periodic statements concerning the investment of Bond proceeds to the Rebate Service Provider, and (iii) if necessary, contributing, or causing the trustee, if any, to contribute any required annual payments into any rebate fund;
- providing to the Rebate Service Provider additional documents and information reasonably requested by the Rebate Service Provider;
- monitoring efforts of the Rebate Service Provider;
- assuring payment of required rebate mounts, if any, no later than 60 days after each 5-year anniversary of the issue date of the Bonds, and no later than 60 days after the last Bond of each issue is redeemed or matures;
- during the construction period of each capital project financed in whole or in part by Bonds, monitoring the investment and expenditure of Bond proceeds and consulting with the Rebate Service Provider to determine compliance with any applicable exceptions from the arbitrage rebate requirements during each 6-month spending period up to 6 months or 18 months, as applicable, following the issue date of the Bonds; and

- retaining copies of all arbitrage reports and trustee statements as described below under "Record Keeping Requirements" and, upon request, providing such copies to the Issuer.

The Issuer or, in the event the Issuer is the conduit issuer of the Bonds, the Borrower, in the Tax Certificate relating to the Bonds and/or other documents finalized at or before the issuance of the Bonds, shall identify an employee and/or officer to undertake the tasks listed above. The Borrower shall also be responsible for ensuring an adequate succession plan for transferring post-issuance compliance responsibility when changes in staff occur.

Use of Bond Proceeds and Bond-Financed or Refinanced Assets

The Issuer or, in the event the Issuer is a conduit issuer of the Bonds, the Borrower shall be responsible for:

- monitoring the use of Bond proceeds (including investment earnings and including reimbursement of expenditures made before bond issuance) and the use of Bond-financed or refinanced assets (e.g., facilities, furnishings or equipment) throughout the term of the Bonds to ensure compliance with covenants and restrictions set forth in the Tax Certificate relating to the Bonds;

- maintaining records identifying the assets that are financed or refinanced with proceeds of each issue of Bonds (including investment earnings and including reimbursement of expenditures made before bond issuance), including a final allocation of Bond proceeds as described below under "Record Keeping Requirements";

- consulting with bond counsel and other legal counsel and advisers in the review of any change in use of Bond-financed or refinanced assets to ensure compliance with all covenants and restrictions set forth in the Tax Certificate relating to the Bonds;

- conferring at least annually with personnel responsible for Bond-financed or refinanced assets to identify and discussing any existing or planned use of Bond-financed or refinanced assets, to ensure that those uses are consistent with all covenants and restrictions set forth in the Tax Certificate relating to the Bonds;

- to the extent that the Borrower discovers that any applicable tax restrictions regarding use of Bond proceeds and Bond-financed or refinanced assets will or may be violated, consulting promptly with bond counsel and other legal counsel and advisers to determine a course of action to remediate all nonqualified Bonds, if such counsel advises that a remedial action is necessary;

- to the extent that Bond proceeds were used to acquire an existing building, confirming that qualified rehabilitation expenditures in an amount equal to at least 15% of the amount of such proceeds were made no later than 24 months after the later of (1) the date of issuance of the Bonds, or (2) the date of acquisition of the building;

- confirming that less than 25% of Bond proceeds were used to acquire land;

- with respect to facilities that dispose of solid waste by reconstituting, converting or otherwise recycling it into material that is not waste, determining annually whether solid waste (as identified or described at the time of issuance of the Bonds) constitutes at least 65%, by weight or volume, of the total materials introduced into the reconstituting, converting or recycling process. This provision is subject to amendment or deletion depending on the content of any new regulations promulgated by the United States Treasury regarding the definition of solid-waste disposal facilities; and

- with respect to other types of exempt facilities, adopting any such procedures that bond counsel deems appropriate to periodically assess whether such facility continues to qualify as an exempt facility.

The Issuer or, in the event the Issuer is the conduit issuer of the Bonds, the Borrower, in the Tax Certificate relating to the Bonds and/or other documents finalized at or before the issuance of the Bonds, shall identify an employee and/or officer to undertake the tasks listed above. The Borrower shall also be responsible for ensuring an adequate succession plan for transferring post-issuance compliance responsibility when changes in staff occur.

All relevant records and contracts shall be maintained as described below.

Record Keeping Requirement

The Issuer or, in the event the Issuer is a conduit issuer of the Bonds, the Borrower shall be responsible for maintaining the following documents for the term of each issue of Bonds (including refunding Bonds, if any) plus at least 3 years:

- a copy of the Bond closing transcript(s) and other relevant documentation delivered to the Borrower at or in connection with closing of the issue of Bonds;

- a copy of all material documents relating to capital expenditures financed or refinanced by Bond process, including (without limitation) construction contracts, purchase orders, invoices, trustee requisitions and payment records, as well as documents relating to costs reimbursed with Bond proceeds and records identifying the assets or portion of assets that are

financed or refinanced with Bond proceeds, including a final allocation of Bond proceeds and the final completion report filed pursuant to the loan agreement, lease or similar document; and

- a copy of all records of investments, investment agreements, arbitrage reports and underlying documents, including trustee statement, in connection with any investment agreements, and copies of all bidding documents, if any.

The Borrower, in the Tax Certificate relating to the Bonds and/or other documents finalized at or before the issuance of the Bonds, shall identify an employee and/or officer to retain the records listed above. The Borrower shall also be responsible for ensuring an adequate succession plan for transferring post-issuance compliance responsibility when changes in staff occur.

NUMBER
AR-1



SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHESTER
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2018 (WESBANCO)

No. AR-1 $1,425,000

KNOW ALL MEN BY THESE PRESENTS: The 23rd day of February, 2018, that the CITY OF CHESTER, a municipal corporation organized and existing under the laws of the State of West Virginia in Hancock County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to WESBANCO BANK, INC. (the "Purchaser") or registered assigns the sum of ONE MILLION FOUR HUNDRED TWENTY FIVE THOUSAND DOLLARS ($1,425,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, with interest only payable monthly on the outstanding principal amount beginning April 1, 2018, to and including September 1, 2018, and thereafter in one hundred seventy four (174) monthly installments of principal and interest commencing October 1, 2018, to and including March 1, 2033, as set forth on the "Debt Service Schedule" attached as EXHIBIT A hereto and incorporated herein by reference.

Beginning April 1, 2018 to and including March 1, 2033, interest on this Bond shall be payable at the fixed rate of 3.78% (hereinafter sometimes called the "Tax-Exempt Rate"). Interest shall be computed on the basis of a year of 365 days divided by 360.

Notwithstanding any other provision herein, in the event the interest on this Bond is declared to be includible in gross income for federal income tax purposes by the United States Internal Revenue Service ("Determination of Taxability"), interest on this Bond shall be payable at the rate of 6.28% per annum (hereinafter sometimes called the "Taxable Rate"). Interest at the Taxable Rate shall commence to accrue on the date of Determination of Taxability and such interest rate shall be charged retroactively and prospectively for all periods in which interest paid on this Bond is asserted, declared or determined to be includible in gross income for federal income tax purposes, and shall continue until the entire principal of and interest on this Bond are

SPECIMEN

paid, notwithstanding that the entire principal amount of this Bond may have been paid in full prior to the Determination of Taxability. Any interest being past due on this Bond by reason of such increase shall become immediately due and payable.

Principal and interest installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, 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 (the "Paying Agent").

This Bond may be redeemed without penalty prior to its stated date of maturity in whole or in part with 30 days prior written notice to the Purchaser.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of improvements and extensions to the waterworks portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds and related costs. The existing public combined waterworks and sewerage system of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Ordinance duly enacted by the Issuer on September 18, 2017, as supplemented by a Supplemental Resolution duly adopted by the Issuer on February 5, 2018 (the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation 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 Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988 A, DATED JULY 6, 1988, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $1,133,851 (THE "SERIES 1988 A BONDS") AND (2) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988 B, DATED JULY 6, 1988, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $283,463 (THE "SERIES 1988 B BONDS") (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues to be derived from the operation of the System, on a parity with the pledge of Gross Revenues in favor of the holders of the Prior Bonds and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2018 Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the

SPECIMEN

Gross Revenues, the monies in the Series 2018 Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer 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, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of WesBanco Bank, Inc., as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

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

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

This Bond has been designated a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

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

All provisions of the Bond Legislation, 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 CHESTER has caused this Bond to be signed by its Mayor and its corporate seal, if any, to be hereunto affixed and attested by its City Clerk, and has caused this Bond to be dated the day and year first written above.

[SEAL]

SPECIMEN
Mayor

ATTEST:

SPECIMEN
City Clerk

NUMBER
AR-1

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2018 Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: February 23, 2018.

WESBANCO BANK, INC.,
as Registrar

SPECIMEN
Authorized Officer

NUMBER AR-1

SPECIMEN

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $175,291	February 23, 2018	(19) $	Feb
(2) $		(20) $	
(3) $		(21) $	
(4) $		(22) $	
(5) $		(23) $	
(6) $		(24) $	
(7) $		(25) $	
(8) $		(26) $	
(9) $		(27) $	
(10) $		(28) $	
(11) $		(29) $	
(12) $		(30) $	
(13) $		(31) $	
(14) $		(32) $	
(15) $		(33) $	
(16) $		(34) $	
(17) $		(35) $	
(18) $		(36) $	

TOTAL $_____

NUMBER AR-1

SPECIMEN

EXHIBIT B
DEBT SERVICE SCHEDULE

AMORTIZATION SCHEDULE

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
$1,425,000.00	02-23-2018	03-01-2033	Amortization			***	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.
Any item above containing "***" has been omitted due to text length limitations.

Borrower: Test Borrower, Inc.
1 Main Street
Louisville, KY 12345

Lender: WesBanco Bank, Inc.
Bank Plaza
1 Bank Plaza
Wheeling, WV 26003
(304) 234-9000

Disbursement Date: February 5, 2018
Interest Rate: 3.780

Repayment Schedule: Irregular
Calculation Method: 365/360 U.S. Rule

Payment Number	Payment Date	Payment Amount	Interest Paid	Principal Paid	Remaining Balance
1	04-01-2018	8,229.37	8,229.37	0.00	1,425,000.00
2	05-01-2018	4,488.75	4,488.75	0.00	1,425,000.00
3	06-01-2018	4,638.37	4,638.37	0.00	1,425,000.00
4	07-01-2018	4,488.75	4,488.75	0.00	1,425,000.00
5	08-01-2018	4,638.37	4,638.37	0.00	1,425,000.00
6	09-01-2018	4,638.37	4,638.37	0.00	1,425,000.00
7	10-01-2018	10,689.12	4,488.75	6,200.37	1,418,799.63
8	11-01-2018	10,689.12	4,618.19	6,070.93	1,412,728.70
9	12-01-2018	10,689.12	4,450.10	6,239.02	1,406,489.68
2018 TOTALS:		63,189.34	44,679.02	18,510.32	
10	01-01-2019	10,689.12	4,578.12	6,111.00	1,400,378.68
11	02-01-2019	10,689.12	4,558.23	6,130.89	1,394,247.79
12	03-01-2019	10,689.12	4,099.09	6,590.03	1,387,657.76
13	04-01-2019	10,689.12	4,516.83	6,172.29	1,381,485.47
14	05-01-2019	10,689.12	4,351.68	6,337.44	1,375,148.03
15	06-01-2019	10,689.12	4,476.11	6,213.01	1,368,935.02
16	07-01-2019	10,689.12	4,312.15	6,376.97	1,362,558.05
17	08-01-2019	10,689.12	4,435.13	6,253.99	1,356,304.06
18	09-01-2019	10,689.12	4,414.77	6,274.35	1,350,029.71
19	10-01-2019	10,689.12	4,252.59	6,436.53	1,343,593.18
20	11-01-2019	10,689.12	4,373.40	6,315.72	1,337,277.46
21	12-01-2019	10,689.12	4,212.42	6,476.70	1,330,800.76
2019 TOTALS:		128,269.44	52,580.52	75,688.92	
22	01-01-2020	10,689.12	4,331.76	6,357.36	1,324,443.40
23	02-01-2020	10,689.12	4,311.06	6,378.06	1,318,065.34
24	03-01-2020	10,689.12	4,013.61	6,675.61	1,311,389.73
25	04-01-2020	10,689.12	4,268.57	6,420.55	1,304,969.18
26	05-01-2020	10,689.12	4,110.65	6,578.47	1,298,390.71
27	06-01-2020	10,689.12	4,226.26	6,462.86	1,291,927.85
28	07-01-2020	10,689.12	4,069.57	6,619.55	1,285,308.30
29	08-01-2020	10,689.12	4,183.68	6,505.44	1,278,802.86
30	09-01-2020	10,689.12	4,162.50	6,526.62	1,272,276.24
31	10-01-2020	10,689.12	4,007.67	6,681.45	1,265,594.79
32	11-01-2020	10,689.12	4,119.51	6,569.61	1,259,025.18
33	12-01-2020	10,689.12	3,965.93	6,723.19	1,252,301.99
2020 TOTALS:		128,269.44	49,770.67	78,498.77	
34	01-01-2021	10,689.12	4,076.24	6,612.88	1,245,689.11
35	02-01-2021	10,689.12	4,054.72	6,634.40	1,239,054.71
36	03-01-2021	10,689.12	3,642.82	7,046.30	1,232,008.41
37	04-01-2021	10,689.12	4,010.19	6,678.93	1,225,329.48
38	05-01-2021	10,689.12	3,859.79	6,829.33	1,218,500.15
39	06-01-2021	10,689.12	3,966.22	6,722.90	1,211,777.25
40	07-01-2021	10,689.12	3,817.10	6,872.02	1,204,905.23
41	08-01-2021	10,689.12	3,921.97	6,767.15	1,198,138.08
42	09-01-2021	10,689.12	3,899.94	6,789.18	1,191,348.90
43	10-01-2021	10,689.12	3,752.75	6,936.37	1,184,412.53
44	11-01-2021	10,689.12	3,855.26	6,833.86	1,177,578.67
45	12-01-2021	10,689.12	3,709.37	6,979.75	1,170,598.92
2021 TOTALS:		128,269.44	46,566.37	81,703.07	
46	01-01-2022	10,689.12	3,810.30	6,878.82	1,163,720.10
47	02-01-2022	10,689.12	3,787.91	6,901.21	1,156,818.89
48	03-01-2022	10,689.12	3,401.05	7,288.07	1,149,530.82
49	04-01-2022	10,689.12	3,741.72	6,947.40	1,142,583.42
50	05-01-2022	10,689.12	3,599.14	7,089.98	1,135,493.44
51	06-01-2022	10,689.12	3,696.03	6,993.09	1,128,500.35

NUMBER
AR-1

SPECIMEN

AMORTIZATION SCHEDULE
(Continued)

Loan No: Amortization

52	07-01-2022	10,689.12	3,554.78	7,134.34	1,121,366.01
53	08-01-2022	10,689.12	3,660.05	7,039.07	1,114,326.94
54	09-01-2022	10,689.12	3,627.13	7,061.99	1,107,264.95
55	10-01-2022	10,689.12	3,487.88	7,201.24	1,100,063.71
56	11-01-2022	10,689.12	3,580.71	7,108.41	1,092,955.30
57	12-01-2022	10,689.12	3,442.81	7,246.31	1,085,708.99
2022 TOTALS:		128,269.44	43,379.51	84,889.93	
58	01-01-2023	10,689.12	3,533.98	7,155.14	1,078,553.85
59	02-01-2023	10,689.12	3,510.69	7,178.43	1,071,375.42
60	03-01-2023	10,689.12	3,149.84	7,539.28	1,063,836.14
61	04-01-2023	10,689.12	3,462.79	7,226.33	1,056,609.81
62	05-01-2023	10,689.12	3,328.32	7,360.80	1,049,249.01
63	06-01-2023	10,689.12	3,416.31	7,273.81	1,041,975.20
64	07-01-2023	10,689.12	3,282.22	7,406.90	1,034,568.30
65	08-01-2023	10,689.12	3,367.52	7,321.60	1,027,246.70
66	09-01-2023	10,689.12	3,343.69	7,345.43	1,019,901.27
67	10-01-2023	10,689.12	3,212.69	7,476.43	1,012,424.84
68	11-01-2023	10,689.12	3,295.44	7,393.68	1,005,031.16
69	12-01-2023	10,689.12	3,165.85	7,523.27	997,507.89
2023 TOTALS:		128,269.44	40,068.34	88,201.10	
70	01-01-2024	10,689.12	3,246.89	7,442.23	990,065.66
71	02-01-2024	10,689.12	3,222.66	7,466.46	982,599.20
72	03-01-2024	10,689.12	2,992.01	7,697.11	974,902.09
73	04-01-2024	10,689.12	3,173.31	7,515.81	967,386.28
74	05-01-2024	10,689.12	3,047.27	7,641.85	959,744.43
75	06-01-2024	10,689.12	3,123.97	7,565.15	952,179.28
76	07-01-2024	10,689.12	2,999.36	7,689.76	944,489.52
77	08-01-2024	10,689.12	3,074.31	7,614.81	936,874.71
78	09-01-2024	10,689.12	3,049.53	7,639.59	929,235.12
79	10-01-2024	10,689.12	2,927.09	7,762.03	921,473.09
80	11-01-2024	10,689.12	2,999.39	7,689.73	913,783.36
81	12-01-2024	10,689.12	2,878.42	7,810.70	905,972.66
2024 TOTALS:		128,269.44	36,734.21	91,535.23	
82	01-01-2025	10,689.12	2,948.94	7,740.18	898,232.48
83	02-01-2025	10,689.12	2,923.75	7,765.37	890,467.11
84	03-01-2025	10,689.12	2,617.97	8,071.15	882,395.96
85	04-01-2025	10,689.12	2,872.20	7,816.92	874,579.04
86	05-01-2025	10,689.12	2,754.92	7,934.20	866,644.84
87	06-01-2025	10,689.12	2,820.93	7,868.19	858,776.65
88	07-01-2025	10,689.12	2,705.15	7,983.97	850,792.68
89	08-01-2025	10,689.12	2,769.33	7,919.79	842,872.89
90	09-01-2025	10,689.12	2,743.55	7,945.57	834,927.32
91	10-01-2025	10,689.12	2,630.02	8,059.10	826,868.22
92	11-01-2025	10,689.12	2,691.46	7,997.66	818,870.56
93	12-01-2025	10,689.12	2,579.44	8,109.68	810,760.88
2025 TOTALS:		128,269.44	33,057.66	95,211.78	
94	01-01-2026	10,689.12	2,639.03	8,050.09	802,710.79
95	02-01-2026	10,689.12	2,612.82	8,076.30	794,634.49
96	03-01-2026	10,689.12	2,336.23	8,352.89	786,281.60
97	04-01-2026	10,689.12	2,559.35	8,129.77	778,151.83
98	05-01-2026	10,689.12	2,451.18	8,237.94	769,913.89
99	06-01-2026	10,689.12	2,506.07	8,183.05	761,730.84
100	07-01-2026	10,689.12	2,399.45	8,289.67	753,441.17
101	08-01-2026	10,689.12	2,452.45	8,236.67	745,204.50
102	09-01-2026	10,689.12	2,425.64	8,263.48	736,941.02
103	10-01-2026	10,689.12	2,321.36	8,367.76	728,573.26
104	11-01-2026	10,689.12	2,371.51	8,317.61	720,255.65
105	12-01-2026	10,689.12	2,268.81	8,420.31	711,835.34
2026 TOTALS:		128,269.44	29,343.90	98,925.54	
106	01-01-2027	10,689.12	2,317.02	8,372.10	703,463.24
107	02-01-2027	10,689.12	2,289.77	8,399.35	695,063.89
108	03-01-2027	10,689.12	2,043.49	8,645.63	686,418.26
109	04-01-2027	10,689.12	2,234.29	8,454.83	677,963.43
110	05-01-2027	10,689.12	2,135.58	8,553.54	669,409.89
111	06-01-2027	10,689.12	2,178.93	8,510.19	660,899.70
112	07-01-2027	10,689.12	2,081.83	8,607.29	652,292.41
113	08-01-2027	10,689.12	2,123.21	8,565.91	643,726.50
114	09-01-2027	10,689.12	2,095.33	8,593.79	635,132.71
115	10-01-2027	10,689.12	2,000.67	8,688.45	626,444.26
116	11-01-2027	10,689.12	2,039.08	8,650.04	617,794.22
117	12-01-2027	10,689.12	1,946.05	8,743.07	609,051.15

NUMBER
AR-1

SPECIMEN

AMORTIZATION SCHEDULE
(Continued)

Loan No: Amortization

2027 TOTALS:		128,269.44	25,485.25	102,784.19	
118	01-01-2028	10,689.12	1,982.46	8,706.66	600,344.49
119	02-01-2028	10,689.12	1,954.12	8,735.00	591,609.49
120	03-01-2028	10,689.12	1,801.45	8,887.67	582,721.82
121	04-01-2028	10,689.12	1,896.76	8,792.36	573,929.46
122	05-01-2028	10,689.12	1,807.88	8,881.24	565,048.22
123	06-01-2028	10,689.12	1,839.23	8,849.89	556,198.33
124	07-01-2028	10,689.12	1,752.02	8,937.10	547,261.23
125	08-01-2028	10,689.12	1,781.34	8,907.78	538,353.45
126	09-01-2028	10,689.12	1,752.34	8,936.78	529,416.67
127	10-01-2028	10,689.12	1,667.66	9,021.46	520,395.21
128	11-01-2028	10,689.12	1,693.89	8,995.23	511,399.98
129	12-01-2028	10,689.12	1,610.91	9,078.21	502,321.77
2028 TOTALS:		128,269.44	21,540.06	106,729.38	
130	01-01-2029	10,689.12	1,635.06	9,054.06	493,267.71
131	02-01-2029	10,689.12	1,605.59	9,083.53	484,184.18
132	03-01-2029	10,689.12	1,423.60	9,265.62	474,918.56
133	04-01-2029	10,689.12	1,545.86	9,143.26	465,775.30
134	05-01-2029	10,689.12	1,467.19	9,221.93	456,553.37
135	06-01-2029	10,689.12	1,486.08	9,203.04	447,350.33
136	07-01-2029	10,689.12	1,409.15	9,279.97	438,070.36
137	08-01-2029	10,689.12	1,425.92	9,263.20	428,807.16
138	09-01-2029	10,689.12	1,395.77	9,293.35	419,513.81
139	10-01-2029	10,689.12	1,321.47	9,367.65	410,146.16
140	11-01-2029	10,689.12	1,335.03	9,354.09	400,792.07
141	12-01-2029	10,689.12	1,262.50	9,426.62	391,365.45
2029 TOTALS:		128,269.44	17,313.12	110,956.32	
142	01-01-2030	10,689.12	1,273.89	9,415.23	381,950.22
143	02-01-2030	10,689.12	1,243.25	9,445.87	372,504.35
144	03-01-2030	10,689.12	1,095.16	9,593.96	362,910.39
145	04-01-2030	10,689.12	1,181.27	9,507.85	353,402.54
146	05-01-2030	10,689.12	1,113.22	9,575.90	343,826.64
147	06-01-2030	10,689.12	1,119.16	9,569.96	334,256.68
148	07-01-2030	10,689.12	1,052.91	9,636.21	324,620.47
149	08-01-2030	10,689.12	1,056.64	9,632.48	314,987.99
150	09-01-2030	10,689.12	1,025.29	9,663.83	305,324.16
151	10-01-2030	10,689.12	961.77	9,727.35	295,596.81
152	11-01-2030	10,689.12	962.17	9,726.95	285,869.86
153	12-01-2030	10,689.12	900.49	9,788.63	276,081.23
2030 TOTALS:		128,269.44	12,985.22	115,284.22	
154	01-01-2031	10,689.12	898.64	9,790.48	266,290.75
155	02-01-2031	10,689.12	866.78	9,822.34	256,468.41
156	03-01-2031	10,689.12	754.02	9,935.10	246,533.31
157	04-01-2031	10,689.12	802.47	9,886.65	236,646.66
158	05-01-2031	10,689.12	745.44	9,943.68	226,702.98
159	06-01-2031	10,689.12	737.92	9,951.20	216,751.78
160	07-01-2031	10,689.12	682.77	10,006.35	206,745.43
161	08-01-2031	10,689.12	672.96	10,016.16	196,729.27
162	09-01-2031	10,689.12	640.35	10,048.77	186,680.50
163	10-01-2031	10,689.12	588.04	10,101.08	176,579.42
164	11-01-2031	10,689.12	574.77	10,114.35	166,465.07
165	12-01-2031	10,689.12	524.36	10,164.76	156,300.31
2031 TOTALS:		128,269.44	8,488.52	119,780.92	
166	01-01-2032	10,689.12	508.76	10,180.36	146,119.95
167	02-01-2032	10,689.12	475.62	10,213.50	135,906.45
168	03-01-2032	10,689.12	413.84	10,275.28	125,631.17
169	04-01-2032	10,689.12	408.93	10,280.19	115,350.98
170	05-01-2032	10,689.12	363.36	10,325.76	105,025.22
171	06-01-2032	10,689.12	341.86	10,347.26	94,677.96
172	07-01-2032	10,689.12	298.24	10,390.88	84,287.08
173	08-01-2032	10,689.12	274.35	10,414.77	73,872.31
174	09-01-2032	10,689.12	240.45	10,448.67	63,423.64
175	10-01-2032	10,689.12	199.78	10,489.34	52,934.30
176	11-01-2032	10,689.12	172.30	10,516.82	42,417.48
177	12-01-2032	10,689.12	133.62	10,555.50	31,861.98
2032 TOTALS:		128,269.44	3,831.11	124,438.33	
178	01-01-2033	10,689.12	103.71	10,585.41	21,276.57
179	02-01-2033	10,689.12	69.26	10,619.86	10,656.71
180	03-01-2033	10,688.04	31.33	10,656.71	0.00

SPECIMEN

AMORTIZATION SCHEDULE
(Continued)

Loan No: Amortization

2033 TOTALS:	32,066.28	204.30	31,861.98
TOTALS:	1,891,027.78	466,027.78	1,425,000.00

NOTICE: This is an estimated loan amortization schedule. Actual amounts may vary if payments are made on different dates or in different amounts.

NUMBER AR-1

SPECIMEN

(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 the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, _____.

_____

In the presence of:

_____

BOND REGISTER

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHESTER
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2018 (WESBANCO)

Bond Number	Principal Amount	Date of Bond
No. AR-1	$1,425,000	February 23, 2018

NO WRITING ON THIS BOND REGISTER EXCEPT BY THE REGISTRAR

Name of Registered Owner:

WesBanco Bank, Inc.
One Bank Plaza
Wheeling, WV 26003

Signature of Registrar:

WesBanco Bank, Inc.

Authorized Representative

BOND REGISTER

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHESTER
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2018 (WESBANCO)

Bond Number	Principal Amount	Date of Bond
No. AR-1	$1,425,000	February 23, 2018

NO WRITING ON THIS BOND REGISTER EXCEPT BY THE REGISTRAR

Name of Registered Owner:

WesBanco Bank, Inc.
One Bank Plaza
Wheeling, WV 26003

Signature of Registrar:

WesBanco Bank, Inc.

Authorized Representative

BOND REGISTER

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STATE OF WEST VIRGINIA
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WesBanco Bank, Inc.
One Bank Plaza
Wheeling, WV 26003

Signature of Registrar:

WesBanco Bank, Inc.

Janet L Shelburne
Authorized Representative

WEST VIRGINIA Water Development Authority
Since 1974

CITY OF CHESTER
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2018 (WESBANCO)

CONSENT TO ISSUANCE OF PARITY BONDS

In reliance upon a certificate of Abraham & Co. PLLC, independent certified public accountants, and Jackson Kelly PLLC, bond counsel, stating that the coverage and parity requirements have been met, the undersigned duly authorized representative of the West Virginia Water Development Authority, the registered owner of the Prior Bonds, hereinafter defined and described, hereby consents to the issuance of the Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 (WesBanco), in the original aggregate principal amount of $1,425,000 (the "Series 2018 Bonds") by the City of Chester (the "Issuer"), under the terms of the ordinances and resolutions authorizing the Series 2018 Bonds, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 A, and Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 B (collectively, the "Prior Bonds").

WITNESS my signature on this 23rd day of February, 2018.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Sheila A Miller
Authorized Representative

1009 Bullitt Street, Charleston, WV 25301
Phone (304) 414-6500 / fax (304) 414-0865
www.wvwda.org

CITY OF CHESTER

Combined Waterworks and Sewerage System Revenue Bonds,
Series 1988 A and Series 1988 B

Date of Closing: July 6, 1988

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07/05/88
CHEC01-J

CITY OF CHESTER

COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 1988 A AND SERIES 1988 B
and
SEWERAGE SYSTEM
INTERIM CONSTRUCTION FINANCING

BOND AND NOTES ORDINANCE

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07/05/88
CHECO2-B

CITY OF CHESTER

ORDINANCE

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF THE CITY OF CHESTER AND THE FINANCING OF THE COSTS, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $1,800,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988 A, NOT MORE THAN $800,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988 B, AND NOT MORE THAN $2,000,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF BOND ANTICIPATION NOTES, GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES OR ANY COMBINATION OF THE FOREGOING; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE CITY OF CHESTER:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Ordinance. This Ordinance (together with any ordinance, order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is adopted pursuant to the provisions of Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and other applicable provisions of law.

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

A. The City of Chester (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Hancock County of said State.

B. The Issuer now owns and operates a combined waterworks and sewerage treatment, collection and transportation system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be constructed certain additions, betterments and improvements for such existing combined waterworks and sewerage facilities of the Issuer consisting of additional sewerage facilities (the "Project") which constitute properties for the treatment and collection of liquid or solid wastes, sewage or industrial wastes (the existing combined system, the Project and any further additions thereto or extensions thereof is herein called the "System") at an estimated cost of $4,217,299, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of said System, the principal of and interest on the Bonds and the Prior Bonds and all Sinking Fund, Reserve Account and other payments provided for herein and in the Prior Ordinance, all as such terms are hereinafter defined.

D. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Revenue Bonds in the total aggregate principal amount of not more than $2,600,000 in two series, being the Series 1988 A Bonds in the aggregate principal amount of not more than $1,800,000, and the Series 1988 B Bonds in the aggregate principal amount of not more than $800,000 (collectively, the "Bonds"), and (at the option of the Issuer) contemporaneously therewith, or as soon as practicable thereafter, to issue its combined waterworks and sewerage system grant anticipation notes, and/or a note or notes evidencing a line of credit, or any combination of the foregoing (collectively, the "Notes") in the aggregate principal amount of not more than $2,000,000 to temporarily finance costs of construction and acquisition of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Notes during the term thereof and upon the Bonds prior to and during construction or acquisition and for not more than 6 months after completion of construction of the Project; amounts which may be deposited in the

Reserve Accounts; engineering, and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees of the Authority (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Bonds and Notes and such other expenses as may be necessary or incidental to the financing herein authorized, the construction or acquisition of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, including, with respect to the Notes, any fees for the providing of a letter of credit, as hereinafter defined, and any costs of obtaining insurance thereon; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Bonds or Notes or the repayment of indebtedness incurred by the Issuer for such purposes, shall be deemed Costs of the Project, as hereinafter defined.

E. The period of usefulness of the System after completion of the Project is not less than 40 years.

F. It is in the best interests of the Issuer that its Original Bonds (as hereinafter defined) be sold to the Authority (as hereinafter defined) pursuant to the terms and provisions of a loan agreement and a supplemental loan agreement to be entered into between the Issuer and the Authority, in form satisfactory to the Issuer and the Authority, as shall be approved by supplemental resolution.

G. There are outstanding certain obligations of the Issuer which will rank prior to the Bonds and the Notes (to the extent the Notes may be payable in whole or in part from the Gross Revenues) as to lien and source of and security for payment, being (i) the Combined Waterworks and Sewerage System Revenue Bonds, Series 1976, dated December 16, 1977, issued in the original aggregate principal amount of $1,879,000, of which $1,686,000 remains Outstanding as of the date of enactment of this Ordinance (the "1976 Bonds"), and (ii) the Water and Sewer Revenue Bonds, Series 1964, dated August 1, 1964, issued in the original aggregate principal amount of $357,000, of which $211,000 remains outstanding as of the date of enactment of this Ordinance (the "1964 Bonds"). The 1964 Bonds and the 1976 Bonds are collectively referred to herein as the "Prior Bonds." The Series 1988 A Bonds shall be junior and subordinate to the Prior Bonds and the Series 1988 B Bonds shall be junior and subordinate to both the Prior Bonds and the Series 1988 A Bonds as set forth herein.

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

I. Pursuant to the Act, the Issuer has heretofore established a "Water-Sewerage Board" and the Water-Sewerage Board has petitioned the Council to issue the Bonds and Notes, as needed for the purposes set forth herein.

J. The Issuer is a governmental unit which has general taxing powers to finance operations of or facilities of the nature of the Project and System, and the Issuer, all subordinate entities, all entities which issue obligations on behalf of the Issuer, and all entities formed or, to the extent provided under Section 148 of the Code, herein defined, availed of, to avoid the purposes of Section 148(f)(4)(C) of the Code and all other entities benefiting thereby reasonably expect to issue less than $5,000,000 aggregate principal amount of tax-exempt obligations during the calendar year in which the Notes or the Bonds are to be issued.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Bonds and the Notes by those who shall be the registered owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders and such Noteholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the registered owners of any and all of such Bonds and Notes, respectively, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series and between any one Note and any other Note, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

Section 1.04. Definitions. The following terms shall have the following meanings herein unless the context expressly requires otherwise:

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

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser of the Original Bonds, or any other agency of the State of West Virginia that succeeds to the functions of the Authority.

"Authorized Officer" means the Mayor of the Issuer or any acting Mayor duly appointed by the Governing Body.

"Bond Construction Trust Fund" means the Bond Construction Trust Fund established by Section 5.01 hereof.

"Bondholder," "Holder of the Bonds," "Holder" or any similar term whenever used herein with respect to an outstanding Bond or Bonds, means the person in whose name such Bond is registered.

"Bond Legislation," "Ordinance," "Bond and Notes Ordinance" or "Local Act" means this Bond and Notes Ordinance and all ordinances, orders and resolutions supplemental hereto or amendatory hereof.

"Bond Registrar" means the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns.

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

"Bonds" means the Original Bonds, and any bonds on a parity therewith authorized to be issued hereunder.

"City Clerk" or "Recorder" means the City Clerk of the Issuer.

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

"Code" means the Internal Revenue Code of 1986, as amended, and Regulations.

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

"Consulting Engineers" means Vaughn Consultants, Inc., St. Clairsville, Ohio, or any engineer or firm of engineers that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System.

"Costs" or "Costs of the Project" means those costs described in Section 1.02D hereof to be a part of the cost of construction and acquisition of the Project.

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

"Depository Bank" means the bank designated as such in the Supplemental Resolution, and its successors and assigns.

"Eligible Costs" means Costs of the Project which are reimbursable in full on a dollar-for-dollar basis from EPA Grant Receipts, the total of which are equal in amount to the EPA Grant.

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

"EPA Grant" means the grant from the EPA pursuant to the commitment therefor.

"Excess Investment Earnings" means an amount equal to the sum of:

(A) The excess of

(i) The aggregate amount earned from the Closing Date on all Nonpurpose Investments in which Gross Proceeds of the Series 1988 A Bonds are invested [other than amounts attributable to an excess described in this clause (A) of this definition of Excess Investment Earnings], over

(ii) The amount that would have been earned if the Yield on such Nonpurpose Investments [other than amounts attributable to an excess described in this clause (A) of this definition of Excess Investment Earnings] had been equal to the Yield on the Series 1988 A Bonds, plus

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

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

"Fiscal Year" means each 12-month period beginning on July 1 and ending on the succeeding June 30.

"Governing Body" means the council of the Issuer, as may hereafter be constituted, and includes the Water-Sewerage Board.

"Government Obligations" means direct obligations of, or obligations the timely payment of the principal of and interest on which is guaranteed by, the United States of America.

"Grant Agreement" means a written commitment for the payment of the EPA Grant or any of the Other Grants, specifying the amount of such Grant, the terms and conditions upon which such Grant is made and the date or dates or event or events upon which such Grant is to be paid to the Issuer; provided that, "EPA Grant Agreement" means only the Grant Agreement relating to the EPA Grant and "Other Grant Agreements" means only those Grant Agreements relating to the Other Grants.

"Grant Receipts" means all moneys received by the Issuer on account of any Grant after the date of issuance of any grant anticipation notes; provided that "EPA Grant Receipts" means only Grant Receipts on account of the EPA Grant, and "Other Grant Receipts" means only Grant Receipts on account of any or all of the Other Grants.

"Grants" means, collectively, the EPA Grant and the Other Grants, as hereinafter defined.

"Gross Proceeds" means the sum of the following amounts:

(i) Original proceeds, namely, net amounts received by or for the Issuer as a result of the sale of the Series 1988 A Bonds, excluding original proceeds which become transferred proceeds (determined in accordance with applicable Regulations) of obligations issued to refund in whole or in part the Series 1988 A Bonds;

(ii) Investment proceeds, namely, amounts received at any time by or for the Issuer, such

as interest and dividends, resulting from the investment of any original proceeds (as referenced in clause (i) above) or investment proceeds (as referenced in this clause (ii)) in Nonpurpose Investments, increased by any profits and decreased (if necessary, below zero) by any losses on such investments, excluding investment proceeds which become transferred proceeds (determined in accordance with applicable Regulations) of obligations issued to refund in whole or in part the Series 1988 A Bonds;

(iii) Transferred proceeds, namely, original proceeds of any prior obligations, and interest earnings and profits less losses resulting from investment of such original proceeds in Nonpurpose Investments, which are used to discharge the outstanding principal of any prior bonds and which are deemed to become proceeds of the Series 1988 A Bonds ratably as original proceeds of the Series 1988 A Bonds, and interest earnings and profits resulting from investment of such original proceeds in Nonpurpose Investments, which are used to discharge the outstanding principal of any such prior obligations, all on the date of such ratable discharge;

(iv) Sinking fund proceeds, namely, amounts, other than original proceeds, investment proceeds or transferred proceeds (as referenced in clauses (i) through (iii) above) of the Series 1988 A Bonds, which are held in any fund to the extent that the Issuer reasonably expects to use such other fund to pay Debt Service;

(v) Amounts in the Reserve Accounts and in any other fund established as a reasonably required reserve or replacement fund;

(vi) Investment Property pledged as security for payment of Debt Service on the Series 1988 A Bonds by the Issuer;

(vii) Amounts, other than as specified in this definition, used to pay Debt Service on the Series 1988 A Bonds; and

(viii) Amounts received as a result of investing amounts described in this definition.

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided, that "Gross Revenues" does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined, purchased pursuant to Article 8.01 hereof) or any Tap Fees, as hereinafter defined.

"Herein," "hereto" and similar words shall refer to this entire Bond Legislation.

"Indenture" or "Trust Indenture" means the Trust Indenture which may be entered into between the Issuer and the Trustee relating to the Notes and all supplements or amendments thereto.

"Independent Certified Public Accountants" shall mean any certified public accountant or firm of certified public accountants that shall at any time hereafter be retained by the Issuer to prepare an independent annual or special audit of the accounts of the System or for any other purpose except keeping the accounts of the System in the normal operation of its business and affairs.

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

"Issuer" means the City of Chester, in Hancock County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreement" shall mean, collectively, the Loan Agreement and the Supplemental Loan Agreement, to be entered into between the Authority and the Issuer providing for the purchase of the Original Bonds from the Issuer by the Authority, the forms of which shall be approved, and the execution and delivery by the Issuer authorized and directed by the Supplemental Resolution.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 1988 A Bonds, plus accrued interest and premium, if any, less original

issue discount, if any, and less proceeds deposited in the Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 1988 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

"Net Revenues" means the balance of the Gross Revenues, remaining after deduction of Operating Expenses, as hereinafter defined.

"Nonpurpose Investment" means any Investment Property which is acquired with the Gross Proceeds of the Bonds and is not acquired in order to carry out the governmental purpose of the Bonds.

"Noteholder," "Holder of the Notes" or any similar term means the person, whenever used herein with respect to an outstanding Note or Notes, in whose name such Note is registered.

"Notes" means collectively, the not more than $2,000,000 in aggregate principal amount of Combined Waterworks and Sewerage System grant anticipation notes or notes evidencing a line of credit originally authorized hereby, and unless the context clearly indicates otherwise, the terms "Notes" includes any refunding Notes of the Issuer.

"Operating Expenses", means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs, fees and expenses of the Authority, fiscal agents, the Depository Bank, Registrar, Paying Agent and the Trustee (all as herein defined), other than those capitalized as part of the Costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds or Notes, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Original Bonds" or "Bonds originally authorized hereby" or similar phrases mean, collectively, the not more than $1,800,000 in aggregate principal amount of Series 1988 A Bonds and the not more than $800,000 in aggregate principal amount of Series 1988 B

Bonds, issued for the purpose of paying a portion of the Costs of the Project and for such other purposes permitted and authorized by this Bond Legislation.

"Original Notes Purchaser" means, in the event Notes are issued, the original purchaser of such Notes, as shall be named in a resolution supplemental hereto, and, in the event a note or notes evidencing a line of credit are issued, such bank or banks as shall be named in a resolution supplemental hereto.

"Other Grants" means any grant other than the EPA Grant hereafter received by the Issuer to aid in financing any Costs.

"Outstanding," when used with reference to Bonds or Notes and as of any particular date, describes all Bonds theretofore and thereupon being authenticated and delivered or all Notes theretofore and thereupon being authenticated and delivered except (i) any Bond or Note cancelled by the Bond Registrar, or Notes Registrar, at or prior to said date; (ii) any Bond or Note for the payment of which moneys, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity shall be in trust hereunder or under the Indenture, as applicable, and set aside for such payment (whether upon or prior to maturity); (iii) any Bond or Note deemed to have been paid as provided in Article X hereof or as provided in the Indenture, as applicable; and (iv) for purposes of consents or other action by a specified percentage of Bondholders or Noteholders, any Bonds or Notes registered to the Issuer.

"Parity Bonds" means additional Bonds issued under the provisions and within the limitations prescribed by Section 7.07 hereof.

"Paying Agent" means the bank or banks or other entity designated as such for the Bonds and/or the Notes in the Indenture or in the Supplemental Resolution or such entity or authority as may be designated by the Issuer.

"Prior Bonds" means, collectively, the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1976, dated December 16, 1977, originally issued in the aggregate principal amount of $1,879,000 of which $1,686,000 is currently Outstanding and Water and Sewer Revenue Bonds, Series 1964, dated August 1, 1964, originally issued in the aggregate principal amount of $357,000, of which $211,000 is currently Outstanding.

"Prior Ordinance" means the ordinance of the Issuer enacted September 1, 1964, as supplemented and amended by an ordinance enacted December 13, 1977, authorizing issuance of the Prior Bonds.

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

"Program" means the Authority's loan program, under which the Authority purchases the water development revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds of water development revenue bonds of the Authority.

"Project" means the acquisition and construction of certain additions, betterments and improvements for the sewerage facilities portion of the Issuer's existing combined waterworks and sewerage system consisting of the upgrading of its sewage treatment plant, interceptor sewers, pump stations and transportation and collection lines and all necessary appurtenances.

"Purchase Price," for the purpose of computation of the Yield of the Series 1988 A Bonds, has the same meaning as the term "issue price" in Sections 1273(b) and 1274 of the Code, and, in general, means the initial offering price of the Series 1988 A Bonds to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Series 1988 A Bonds of each maturity is sold or, if the Series 1988 A Bonds are privately placed, the price paid by the first buyer of the Series 1988 A Bonds or the acquisition cost of the first buyer. "Purchase Price," for purposes of computing Yield of Nonpurpose Investments, means the fair market value of the Nonpurpose Investments on the date of use of Gross Proceeds of the Series 1988 A Bonds for acquisition thereof, or if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Series 1988 A Bonds.

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

(a) Government Obligations;

(b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;

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

(d) Any bond, debenture, note, participation certificate or other similar obligations issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;

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

(f) Money market funds or similar funds whose only assets are investments of the type described in paragraphs (a) through (e) above;

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or

national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

(h) The West Virginia "consolidated fund" managed by the West Virginia State Board of Investments pursuant to Chapter 12, Article 6 of the West Virginia Code of 1931, as amended; and

(i) Obligations of States or political subdivisions or agencies thereof, the interest on which is exempt from federal income taxation, and which are rated at least "A" by Moody's Investors Service, Inc. or Standard & Poor's Corporation.

"Registered Owner," "Noteholder," "Bondholder," "Holder" or any similar term means whenever used herein with respect to an outstanding Bond, Note, Bonds or Notes, the person in whose name such Bond or Note is registered.

"Registrar" means as appropriate, either the Bond Registrar or the Notes Registrar or both.

"Regulations" means temporary and permanent regulations promulgated under the Code, or any predecessor thereto.

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by Section 5.01 hereof.

"Revenue Fund" means the Revenue Fund described in Section 5.01 hereof.

"Series 1988 A Bonds" or "Series A Bonds" means the not more than $1,800,000 in aggregate principal amount of Combined

Waterworks and Sewerage System Revenue Bonds, Series 1988 A, of the Issuer.

"Series 1988 A Bonds Reserve Account" means the Series 1988 A Bonds Reserve Account established in the Series 1988 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1988 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1988 A Bonds in the then current or any succeeding year.

"Series 1988 A Bonds Sinking Fund" means the Series 1988 A Sinking Fund established by Section 5.02 hereof.

"Series 1988 B Bonds" or "Series B Bonds" means the not more than $800,000 in aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 B, of the Issuer.

"Series 1988 B Bonds Reserve Account" means the Series 1988 B Bonds Reserve Account established in the Series 1988 B Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1988 B Bonds Reserve Requirement" means, as of the date of calculation, the maximum amount of principal which will become due on the Series 1988 B Bonds in the then current or any succeeding year.

"Series 1988 B Bonds Sinking Fund" means the Series 1988 B Bonds Sinking Fund established by Section 5.02 hereof.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolutions authorizing the sale of the Notes or the Original Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Notes or the Original Bonds, as the case may be, and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Prior Bonds, the Bonds or any other obligations of the Issuer, including the Depreciation Fund, the Operation and Maintenance Fund, the Renewal and Replacement Fund and the Reserve

Accounts, the proceeds of which Bonds or other obligations are to be used to pay Costs of the Project.

"System" means the complete combined waterworks and sewerage system owned by the Issuer, and any improvements or extensions thereto hereafter constructed or acquired from any sources whatsoever, and includes the Project.

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

"Trustee" means the banking institution designated as trustee for the Noteholders under the Indenture, if any, its successors and assigns.

"Water-Sewerage Board" means the Water-Sewerage Board of the City of Chester, established by ordinance of the Issuer enacted September 1, 1964.

"Yield" means that yield which, when used in computing the present worth of all payments of principal and interest (or other payments in the case of Nonpurpose Investments which require payments in a form not characterized as principal and interest) on a Nonpurpose Investment or on the Series 1988 A Bonds, produces an amount equal to the Purchase Price of such Nonpurpose Investment or the Bonds, all computed as prescribed in applicable Regulations.

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender.

ARTICLE II

AUTHORIZATION OF CONSTRUCTION AND ACQUISITION OF THE PROJECT

Section 2.01. Authorization of Construction and Acquisition of the Project. There is hereby authorized the construction and acquisition of the Project, at an estimated cost of $4,217,299, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Notes and the Bonds hereby authorized shall be applied as provided in the Indenture, if any, a Supplemental Resolution and Article VI hereof, respectively.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 1988 A Bonds, funding a reserve account for each series of Original Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, or any of such purposes, there shall be issued negotiable Original Bonds of the Issuer, in an aggregate principal amount of not more than $2,600,000. Said Bonds shall be issued in two series, to be designated respectively, "Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 A," in the aggregate principal amount of not more than $1,800,000, and "Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 B," in the aggregate principal amount of not more than $800,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds), and capitalization of interest, if any, shall be deposited in the Bond Construction Trust Fund established by Section 5.01 hereof.

Section 3.02. Terms of Bonds. The Bonds shall bear interest at such rate or rates, not exceeding the then legal maximum, payable semiannually on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution. The Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Bonds shall be paid by check or draft of the Paying Agent mailed to the registered owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Original Bonds shall be issued in the form of a single bond for each series, fully registered to the Authority, with a debt service schedule attached, representing the aggregate principal amount of each series, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Bonds of each series shall be exchangeable at the option and expense of the Holder for other fully registered Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding

and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form and in denominations as determined by a Supplemental Resolution. The Bonds shall be dated as of the date specified in a Supplemental Resolution and shall bear interest from such date.

Section 3.03. Execution of Bonds. The Bonds shall be executed in the name of the Issuer by the Mayor, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the City Clerk. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the forms set forth in Section 3.09 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting any of said Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and

incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Bonds remain outstanding, the Issuer, through the Bond Registrar, shall keep and maintain books for the registration and transfer of the Bonds.

The registered Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privileges of exchanging Bonds or transferring the registered Bonds exercised, Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month preceding an interest payment date on the Bonds or, in the case of any proposed redemption of Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond

shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Gross Revenues derived from the operation of the System as herein provided and amounts, if any, in the respective Reserve Accounts. No holder or holders of any of the Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Gross Revenues, Junior and Subordinate to Prior Bonds. The payment of the debt service of all the Series 1988 A Bonds shall be secured forthwith equally and ratably with each other, by a lien on the Gross Revenues junior and subordinate to the lien on Gross Revenues in favor of the Holders of the Prior Bonds. The payment of the debt service of all the Series 1988 B Bonds shall also be secured forthwith equally and ratably with each other by a lien on the Gross Revenues derived from the System, but junior and subordinate to the lien on such Gross Revenues in favor of the Holders of the Prior Bonds and the Series 1988 A Bonds. Such Gross Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and to make the payments into the Sinking Funds, the Reserve Accounts therein and the Renewal and Replacement Fund hereinafter established, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

Section 3.09. Form of Original Bonds. The text of the Bonds shall be in substantially the following forms, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[Form of Series 1988 A Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHESTER
SEWER REVENUE BOND, SERIES 1988 A

No. AR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF CHESTER, a municipal corporation and political subdivision of the State of West Virginia in Hancock County of said State (the "Issuer"), 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 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 with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest rate on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year, beginning October 1, 1988. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, 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 (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 next 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 upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated _____, 198__.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing combined waterworks and sewerage facilities of the Issuer (the "Project"); (ii) to pay interest on the bonds of this series (the "Bonds") during the construction of the Project and for approximately _____ months thereafter; (iii) to fund a reserve account for the Bonds; and (iv) 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 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance and Supplemental Resolution, duly enacted and adopted, respectively, by the Issuer on _____, 1988 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation 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 Bond Legislation.

This Bond is issued concurrently with the Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 B, of the Issuer (the "Series 1988 B Bonds"), issued in the aggregate principal amount of $283,463, which Series 1988 B Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Bonds.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO THE ISSUER'S OUTSTANDING WATER AND SEWER REVENUE BONDS, SERIES 1964, DATED AUGUST 1, 1964, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $357,000 AND COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1976, DATED DECEMBER 16, 1977, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,879,000 (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System after there has first been paid from said Gross Revenues all payments then due and owing on account of the Prior Bonds, moneys in the Reserve Account (the "Series 1988 A Bonds Reserve Account") created under the Bond Legislation for the Bonds, and unexpended proceeds of the Bonds and the Series 1988 B Bonds. Such Gross 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 Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the moneys in the Series 1988 A Bonds Reserve Account and unexpended proceeds of this Bond and the Series 1988 B Bond. Pursuant to the Bond Legislation, the Issuer 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, together with other revenues of the System, 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 Series 1988 B Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds or the Series 1988 B Bonds, including the Prior Bonds, provided however, that so long as there exists in the Series 1988 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for the Series 1988 B Bonds and any other obligations outstanding prior to or on a parity with the Bonds or the Series 1988 B Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books 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 Bond Registrar duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, 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 the Project described in the Bond Legislation, and

there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the 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 the Issuer, 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 Issuer for the prompt payment of the principal of and interest on this Bond.

All provisions of the Bond Legislation, 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 CHESTER has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed hereon and attested by its City Clerk, and has caused this Bond to be dated _____, 1988.

[SEAL]

_____
Mayor

ATTEST:

_____
City Clerk

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1988 A Bonds described in the within-mentioned Bond Legislation 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

(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 the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, _____.

_____

In the presence of:

_____

[Form of Series 1988 B Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHESTER
SEWER REVENUE BOND, SERIES 1988 B

No. BR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF CHESTER, a municipal corporation and political subdivision of the State of West Virginia in Hancock County of said State (the "Issuer"), 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 annual 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, without interest.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, 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 (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Supplemental Loan Agreement between the Issuer and the Authority, dated _____, 198__.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing combined waterworks and sewerage facilities of the Issuer (the "Project"); (ii) to fund a reserve account for the Bonds of this Series (the "Bonds"); and (iii) 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 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance and Supplemental

Resolution, duly enacted and adopted, respectively, by the Issuer on _____, 1988 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation 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 Bond Legislation.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO THE OUTSTANDING COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988 A, OF THE ISSUER (THE "SERIES 1988 A BONDS"), ISSUED CONCURRENTLY HEREWITH IN THE AGGREGATE PRINCIPAL AMOUNT OF $1,133,851 AND DESCRIBED IN THE BOND LEGISLATION.

THIS BOND IS ALSO JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO THE ISSUER'S OUTSTANDING WATER AND SEWER REVENUE BONDS, SERIES 1964, DATED AUGUST 1, 1964, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $357,000 AND COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1976, DATED DECEMBER 16, 1977, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,879,000 (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System after there has first been paid from said Gross Revenues all payments then due and owing on account of the Prior Bonds and the Series 1988 A Bonds and by all moneys in the Reserve Account (the "Series 1988 B Bonds Reserve Account") created under the Bond Legislation for the Bonds, and unexpended proceeds of the Bonds. Such Gross 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 Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Gross Revenues, the moneys in the Series 1988 B Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer 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, together with other revenues of the System, 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, if any, on the Bonds, the Series 1988 A Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 1988 A Bonds or the Bonds, including the Prior Bonds, provided however, that so long as there exists in the Series 1988 B Bonds Reserve Account and the reserve account established for the Series 1988 A Bonds, respectively, amounts at least equal to the maximum amount of principal and interest which will become due on the Bonds and the Series 1988 A Bonds in the then current or any succeeding year, and any reserve account for any such prior or parity obligations, including the Prior Bonds, is funded at least at the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (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 Bond Registrar duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements as set forth herein, 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 the Project described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owners of the Bonds, which lien is subordinate to the lien in favor of the registered owners of the Series 1988 A 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 Issuer, 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 Issuer for the prompt payment of the principal of this Bond.

All provisions of the Bond Legislation, 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 CHESTER 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 _____, 1988.

[SEAL]

_____
Mayor

ATTEST:

_____
City Clerk

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1988 B Bonds described in the within-mentioned Bond Legislation 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

(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 the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.10. Sale of Original Bonds; Ratification of Execution of Loan Agreement with Authority. The Original Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous ordinance or resolution, the Mayor is specifically authorized and directed to execute the Loan Agreement in the form approved by the Supplemental Resolution and the City Clerk is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, ratified and approved.

ARTICLE IV

INTERIM CONSTRUCTION FINANCING

Section 4.01. Authorization and General Terms. In order to pay certain Costs of the Project pending receipt of the Grant Receipts, the Issuer may issue and sell its Notes in an aggregate principal amount not to exceed $2,000,000. The Notes may be in the form of grant anticipation notes or as evidence of a line of credit from a commercial bank or other lender, or any combination of the foregoing, at the discretion of the Issuer, and as shall be set forth in a resolution or resolutions supplemental hereto. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the Indenture or Supplemental Resolution, as applicable.

Section 4.02. Terms of and Security for Notes; Trust Indenture. The Notes, if issued, shall be issued in fully registered form, in the denominations, with such terms and secured in the manner set forth in the Indenture, if provided for, (which Indenture in the form to be executed and delivered by the Issuer shall be approved by a Supplemental Resolution), or Supplemental Resolution, if no Indenture is used.

Section 4.03. Notes are Special Obligations. The Notes shall be special obligations of the Issuer payable as to principal and interest solely from the Grant Receipts, Surplus Revenues, letter of credit proceeds, if any, and other sources described in the Indenture or Supplemental Resolution relating to such Notes. The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions. The general funds of the Issuer are not liable, and neither the full faith and credit nor the taxing power of the Issuer is pledged for the payment of the Notes. The Holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth in the Indenture and the Supplemental Resolution relating to such Notes.

Section 4.04. Letters of Credit. As additional security for any Notes, the Issuer may obtain a letter or letters of credit from a bank or banks, pursuant to which such bank or banks would agree to pay to the Trustee, upon presentation by the Trustee of certain certificates, the sum or sums set forth therein but not to exceed $1,000,000 in the aggregate. In the event of a draw under

any such letter of credit, the Issuer shall issue its refunding notes to the bank issuing such letter of credit. Any such letter of letter of credit shall be authorized and shall have such terms as shall be set forth in a resolution supplemental hereto.

ARTICLE V

SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created (or continued if previously established or continued by the Prior Ordinance) with and shall be held by, the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and from each other:

(1) Revenue Fund (established by Prior Ordinance as the "Water and Sewer Revenue Fund");

(2) Depreciation Fund (established by the Prior Ordinance);

(3) Operation and Maintenance Fund (established by the Prior Ordinance);

(4) Renewal and Replacement Fund; and

(5) Bond Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby established (or continued if previously established or continued by the Prior Ordinance) with the Commission:

(1) The Sinking Fund established for the Prior Bonds (herein called the "Prior Bonds Sinking Fund");

(a) The Reserve Account established for the Prior Bonds in the Prior Bonds Sinking Fund (herein called the "Prior Bonds Reserve Account);

(2) Series 1988 A Bonds Sinking Fund;

(a) Within the Series 1988 A Bonds Sinking Fund, the Series 1988 A Bonds Reserve Account;

(3) Series 1988 B Bonds Sinking Fund; and

(a) Within the Series 1988 B Bonds Sinking Fund, the Series 1988 B Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided.

(1) The Issuer shall first, on the first day of each month, remit to the Commission for deposit into the Prior Bonds Sinking Fund such sums as will be sufficient to pay the interest and principal which will mature and become due on the next interest and principal payment date on all the Prior Bonds Outstanding, all in accordance with the Prior Ordinance.

(2) Thereafter, from the moneys remaining in the Revenue Fund, the Issuer shall next on the first day of each month, remit to the Commission for deposit in the Prior Bonds Sinking Fund the monthly amount required to replenish the Prior Bonds Sinking Fund so as to maintain the reserve requirement therein, as set forth in the Prior Ordinance, provided, however, that no further payments need be made into the Prior Bonds Reserve Account for the purpose of maintaining the reserve requirement therein when there shall have been deposited therein and so long as there shall remain on deposit therein an amount equal to two times the maximum annual aggregate amount of interest and principal which will fall due on the Prior Bonds, all in accordance with the Prior Ordinance.

(3) Thereafter, from the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, remit to the Depository Bank for deposit in the depreciation fund established by the Prior Ordinance (the "Depreciation Fund"), 10% of the Gross Revenues collected each month, less the above-provided payments into the Prior Bonds Sinking Fund for each month, until the amount in the Depreciation Fund is in the sum of not less than $280,000, and thereafter, when such sum falls below $280,000, such payments into the Depreciation Fund shall be resumed.

(4) Thereafter, from the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, commencing 7 months prior to the first date of payment of interest on the Series 1988 A Bonds for which interest has not been capitalized, apportion and set apart out of the Revenue Fund and remit to the Commission, for

deposit in the Series 1988 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 1988 A Bonds on the next ensuing semiannual interest payment date; provided, that, in the event the period to elapse between the date of such initial deposit in the Series 1988 A Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next semiannual interest payment date, the required amount of interest coming due on such date.

(5) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1988 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1988 A Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1988 A Bonds on the next ensuing principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1988 A Bonds Sinking Fund and the next annual principal payment date is less than 13 months then such monthly payments shall be increased proportionately to provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(6) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1988 A Bonds, if not fully funded upon issuance of the Series 1988 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1988 A Bonds Reserve Account, an amount equal to 1/120 of the Series 1988 A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1988 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1988 A Bonds Reserve Requirement.

(7) From the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, commencing with the month succeeding the first full calendar month after completion of construction of the Project, transfer to the Renewal and Replacement Fund a sum equal to 2 1/2% of the Net Revenues each month, exclusive of any payments for account of the Series 1988 A

Bonds Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the Series 1988 A Bonds Reserve Account [except to the extent such deficiency exists because the required payments into such account has not, as of the date of determination of a deficiency, funded such account to the maximum extent required by Subsection 5.03(A)(6)] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

(8) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1988 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1988 B Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1988 B Bonds on the next ensuing principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1988 B Bonds Sinking Fund and the next annual principal payment date is less than 13 months then such monthly payments shall be increased proportionately to provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(9) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1988 B Bonds, if not fully funded upon issuance of the Series 1988 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1988 B Bonds Reserve Account, an amount equal to 1/120 of the Series 1988 B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1988 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1988 B Bonds Reserve Requirement.

(10) Thereafter, from the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, remit to the Depository Bank for deposit in

the Operation and Maintenance Fund, 1/3rd of the amount determined to be necessary and sufficient to pay the reasonable and current expenses of operating and maintaining the System for the then current quarter; provided, that further deposits into the Operation and Maintenance Fund may be made in like manner, but only if and to the extent it may be found to be necessary to pay expenses actually accrued and payable.

Moneys in the Series 1988 A Bonds Sinking Fund and the Series 1988 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the respective series of Bonds as the same shall become due. Moneys in the Series 1988 A Bonds Reserve Account and the Series 1988 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the respective series of Bonds, as the same shall come due, when other moneys in the attendant Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the several Sinking Funds and Reserve Accounts shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Bond Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payments, if any, due on the respective series of bonds, and then to the next ensuing principal payments due thereon.

Any withdrawals from the Series 1988 A Bonds Reserve Account which result in a reduction in the balance of the Series 1988 A Bonds Reserve Account to below the Series 1988 A Bonds Reserve Requirement shall be subsequently restored from the first Gross Revenues available after all required payments to the Prior Bonds Sinking Fund, the Depreciation Fund and the Series 1988 A Bonds Sinking Fund for payment of debt service on the Prior Bonds and Series 1988 A Bonds have been made in full.

Any withdrawals from the Series 1988 B Bonds Reserve Account which result in a reduction in the balance of the Series 1988 B Bonds Reserve Account to below the Series 1988 B Bonds Reserve Requirement shall be subsequently restored from the first Gross Revenues available after all required payments to the Prior Bonds

Sinking Fund, the Depreciation Fund, the Series 1988 A Bonds Sinking Fund, the Series 1988 A Bonds Reserve Account, the Renewal and Replacement Fund and the Series 1988 B Bonds Sinking Fund have been made in full.

As and when additional Bonds ranking on a parity with the Bonds are issued, provision shall be made for additional payments into the respective Sinking Fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate Reserve Account in an amount equal to the maximum provided and required to be paid into the concomitant Sinking Fund in any year for account of the Bonds of such series, including such additional Bonds which by their terms are payable from such Sinking Fund.

The Issuer shall not be required to make any further payments into the Series 1988 A Bonds Sinking Fund, or the Series 1988 B Bonds Sinking Fund or into the Reserve Accounts therein when the aggregate amount of funds in said respective Sinking Funds and Reserve Accounts are at least equal to the aggregate principal amount of the respective Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the respective maturities thereof.

The Commission is hereby designated as the fiscal agent for the administration of the Sinking Funds created hereunder, and all amounts required for said Sinking Funds shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein.

The payments into the Sinking Funds shall be made on the first day of each month, except that when the first day of any month shall be a Sunday or legal holiday then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

Moneys in the Reserve Accounts shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Sinking Funds, including the Reserve Accounts therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the respective Bonds

and any additional Bonds ranking on a parity therewith that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

B. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in said Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into the Sinking Funds, including the Prior Bonds Sinking Fund and the several Reserve Accounts therein and the sinking funds established for the Prior Bonds, and the Depreciation Fund and Renewal and Replacement Fund during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System, subject however, to the restrictions thereon set forth in the Prior Ordinance.

C. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay the Depository Bank's charges and the Paying Agent fees then due.

D. The moneys in excess of the sum insured by the maximum amounts insured by FDIC in the Revenue Fund and the Renewal and Replacement Fund shall at all times be secured, to the full extent thereof in excess of such insured sum, by Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State.

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

F. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

G. The Gross Revenues of the System shall only be used for purposes of the System.

H. All Tap Fees shall be deposited by the Issuer, as received, in the Bond Construction Trust Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System, provided that,

in the event Notes are issued, Tap Fees may, with the written consent of the Authority, be deposited otherwise.

ARTICLE VI

BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of any or all of the Original Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1988 A Bonds, there shall first be deposited with the Commission in the Series 1988 A Bonds Sinking Fund, the amount, if any, specified in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 1988 A Bonds for the period commencing on the date of issuance of the Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 1988 A Bonds, there shall be deposited with the Commission in the Series 1988 A Bonds Reserve Account and from the proceeds of the Series 1988 B Bonds, there shall be deposited with the Commission in the Series 1988 B Reserve Account the respective sums, if any, set forth in the Supplemental Resolution for funding of the Reserve Accounts.

C. Next, from the proceeds of the Series 1988 A Bonds, there shall first be credited to the Bond Construction Trust Fund and then paid, any and all borrowings by the Issuer made for the purpose of temporarily financing a portion of the Costs of the Project, including interest accrued thereon to the date of such payment.

D. The remaining moneys derived from the sale of the Bonds shall be deposited with the Depository Bank in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02.

E. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Bond Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Bond Construction Trust Fund set forth in the Bond Legislation. Moneys in the Bond Construction Trust Fund shall be used solely to pay Costs of the Project and until so expended, are hereby pledged as additional security for the Series 1988 A Bonds, and thereafter for the Series 1988 B Bonds. In the event that Notes are issued, the disposition of funds in the Bonds Construction Trust Fund may be modified from that set forth herein, with the written consent of the Authority.

Section 6.02. Disbursements From the Bond Construction Trust Fund. Payments for Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Bond Construction Trust Fund, except for the costs of issuance of the Original Bonds which shall be made upon request of the Issuer, shall be made only after submission to the Depository Bank of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:

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

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

(C) That each of such costs has been otherwise properly incurred; and

(D) That payment for each of the items proposed is then due and owing.

In case any contract provides for the retention of a portion of the contract price, the Depository Bank shall disburse from the Bond Construction Trust Fund only the net amount remaining after deduction of any such portion. All payments made from the Bond Construction Trust Fund shall be presumed by the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from the Bond Construction Trust Fund. The Consulting Engineers shall from time to time file with the Depository Bank written statements advising the Depository Bank of its then authorized representative.

Pending such application, moneys in the Bond Construction Trust Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

After completion of the Project, as certified by the Consulting Engineers, the Depository Bank shall transfer any moneys remaining in the Bond Construction Trust Fund to the Series 1988 A Bonds Reserve Account, and when fully funded to the Series 1988 B Bonds Reserve Account, and when both Reserve Accounts are fully funded, shall return such remaining moneys to the Issuer for deposit in the Revenue Fund. The Issuer shall thereafter, apply such moneys

in full, first to the next ensuing interest payments, if any, due on the respective Series of Bonds and thereafter to the next ensuing principal payments due thereon. Notwithstanding the foregoing, if the Authority tenders any of its Series 1988 B Bonds to the Issuer pursuant to the provisions of the Supplemental Loan Agreement, such moneys shall be applied to the purchase of such Series 1988 B Bonds.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of said Bonds or the interest thereon is Outstanding and unpaid.

Until the payment in full of the principal of and interest on the Notes when due, and to the extent they do not materially adversely affect Bondholders, the covenants, agreements and provisions contained in this Bond Legislation shall, where applicable, also inure to the benefit of the Holders of the Notes and the Trustee therefor and constitute valid and legally binding covenants of the Issuer, enforceable in any court of competent jurisdiction by the Trustee or any Holder or Holders of said Notes as prescribed in the Indenture; provided, that Section 7.04 and Section 7.09 shall not be applied to the Notes.

Section 7.02. Bonds and Notes not to be Indebtedness of the Issuer. Neither the Bonds nor the Notes shall be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Bonds or Notes, shall ever have the right to compel the exercise of the taxing power of the Issuer to pay said Bonds or Notes or the interest thereon.

Section 7.03. Bonds Secured by Subordinate Pledge of Gross Revenues. The payment of the debt service of the Series 1988 A Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on the Gross Revenues derived from the operation of the System junior and subordinate to the lien in favor of the Holders of the Prior Bonds and payment of the debt service of the Series 1988 B Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on said Gross Revenues, junior and subordinate to the lien on said Gross Revenues in favor of the Holders of both the Prior Bonds and the Series 1988 A Bonds. The revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Bonds and to

make the payments into the Sinking Funds, including the Reserve Accounts therein, and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to the payment of the principal of and interest on the Bonds as the same become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the ordinance of the Issuer enacted April 18, 1988.

Section 7.05. Sale of the System. 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 Bonds and Notes, if any, Outstanding, or to effectively defease this Ordinance in accordance with Section 10.01 hereof and, if entered into and not previously defeased, the Indenture in accordance with Section 8.01 thereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Bonds, immediately be remitted to the Commission for deposit in the Sinking Funds, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal at maturity of and interest on the Bonds. Any balance remaining after the payment of all the Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System. With respect to the Notes, such proceeds in an amount sufficient to pay the Notes in full shall be applied to the payment of the Notes, either at maturity or, if allowable under the Supplemental Resolution or Indenture, prior thereto.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the

Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $10,000 and not in excess of $50,000, shall with the written consent of the Authority, be remitted by the Issuer to the Commission for deposit in the Sinking Fund and shall be applied only to the purchase of the 1976 Bonds in accordance with the Prior Ordinance prices not greater than the par value thereof plus 3% of such par value or otherwise. Such payment of such proceeds into the Sinking Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of over 50% in amount of the Bonds then Outstanding and the Consulting Engineers. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and in Section 7.07B, so long as any of the Bonds are Outstanding, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds; provided, however, that additional Bonds on a parity with the Series 1988 B Bonds only may be issued as provided for in Section 7.07 hereof. All obligations issued by the Issuer after the issuance of the Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 1988 A Bonds and the Series 1988 B Bonds; provided, that no such subordinate obligations shall be issued

unless all payments required to be made into the Reserve Accounts and the Renewal and Replacement Fund at the time of the issuance of such subordinate obligations have been made and are current.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

Section 7.07. Parity Bonds. A. No Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of any Bonds pursuant to this Bond Legislation, except under the conditions and in the manner herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1988 B Bonds. No Parity Bonds shall be issued which shall be payable out of the revenues of the System on a parity with the Series 1988 A Bonds, unless the Series 1988 B Bonds are no longer outstanding.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the construction or acquisition of extensions, improvements or betterments to the System or refunding one or more series of Bonds issued pursuant hereto, or both such purposes.

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the City Clerk a written statement by the Independent Certified Public Accountants, based upon the necessary investigation and certification by the Consulting Engineers, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

(1) The Prior Bonds and Bonds then Outstanding;

(2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Ordinance then Outstanding; and

(3) The Parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates adopted by the Issuer, the period for appeal of which has expired prior to the date of delivery of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Consulting Engineers, which shall be filed in the office of the City Clerk prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12-consecutive-month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Consulting Engineers and the said Independent Certified Public Accountants, as stated in a certificate jointly made and signed by the Consulting Engineers and said Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer, the period for appeal of which has expired prior to issuance of such Parity Bonds.

Not later than simultaneously with the delivery of such Parity Bonds, the Issuer shall have entered into written contracts for the immediate construction or acquisition of such additions, betterments or improvements, if any, to the System that are to be financed by such Parity Bonds.

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and security for payment from said revenues, without preference of any Bond of one series over any other Bond of the same series. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

All Parity Bonds shall mature on the day of the years of maturities, and the semiannual interest thereon shall be payable on the days of each year, specified in a Supplemental Resolution.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 1988 A Bonds and the Series 1988 B Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 1988 A Bonds or the Series 1988 B Bonds.

No Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this Bond Legislation with respect to the Bonds then Outstanding, and any other payments provided for in this Bond Legislation, shall have been made in full as required to the date of delivery of such Parity Bonds, and the Issuer shall then be in full compliance with all the covenants, agreements and terms of this Bond Legislation.

B. Notwithstanding the foregoing, or any provision of Section 7.06 to the contrary, additional Bonds may be issued solely for the purpose of completing the Project as described in the application to the Authority submitted as of the date of the Loan Agreement without regard to the restrictions set forth in this Section 7.07, if there is first obtained by the Issuer the written consent of the Authority to the issuance of bonds on a parity with the Bonds.

Section 7.08. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds or of a Note or Notes issued pursuant to this Bond Legislation or the Trustee shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the Public Service Commission of West Virginia. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Governing Body. The Governing Body shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Governing Body shall be

reported to such agent of the Issuer as the Governing Body shall direct.

The Issuer shall file with the Consulting Engineers, the Trustee and the Authority, or any other original purchaser of the Bonds, and shall mail in each year to any Holder or Holders of Bonds or Notes, as the case may be, requesting the same, an annual report containing the following:

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

(B) A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation and the Indenture with respect to said Bonds or Notes, as the case may be, and the status of all said funds and accounts.

(C) The amount of any Bonds, Notes or other obligations outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of Bonds or Notes, as the case may be, and shall submit said report to the Trustee and the Authority, or any other original purchaser of the Bonds. Such audit report submitted to the Authority shall include a statement that the Issuer is in compliance with the terms and provisions of the Loan Agreement and this Bond Legislation.

Section 7.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the City Clerk, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in

effect shall be sufficient, together with other revenues of the System (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds; provided that, in the event that amounts equal to or in excess of the Reserve Requirements are on deposit respectively in the Reserve Accounts and reserve accounts for obligations prior to or on a parity with the Bonds are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds.

Section 7.10. Operating Budget and Audit. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated expenditures for operation and maintenance of the System during the succeeding Fiscal Year. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the Consulting Engineers, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Trustee and the Authority and to any Holder of any Bonds or Notes, as the case may be, who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Trustee and to any Holder of any Bonds or Notes, as the case may be, or anyone acting for and in behalf of such Holder of any Bonds or Notes, as the case may be.

In addition, the Issuer shall annually cause the records of the System to be audited by an independent certified public accountant, the report of which audit shall be submitted to the Authority and which audit report shall include a statement that the

Issuer is in compliance with the terms and provisions of this Bond Legislation and the Loan Agreement.

Section 7.11. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 7.12. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules of the Issuer, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of the System until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law.

Section 7.13. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department,

agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.14. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as any of the Bonds or the Notes remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for said Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreement, during construction of the Project in the full insurable value thereof, such insurance to be made payable to the order of the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

(2) PUBLIC LIABILITY INSURANCE, with limits of not less than $1,000,000 per occurrence to protect the Issuer from claims for bodily injury and/or death and not less than $100,000 per occurrence from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract and to be required of each contractor contracting directly with the Issuer, and such

payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

(4) FLOOD INSURANCE, to the extent available at reasonable cost to the Issuer.

(5) BUSINESS INTERRUPTION INSURANCE, to the extent available at reasonable cost to the Issuer.

B. The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project. Such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

Section 7.15. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30 day notice of the availability of the System, pay the rates and charges established therefor.

Any such house, dwelling or building from which emanates sewage or water-borne waste matter and which is not so connected with the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the Issuer and a public nuisance which shall be abated to the extent permitted

by law and as promptly as possible by proceedings in a court of competent jurisdiction.

Section 7.16. Completion of Project. The Issuer will complete the Project and operate and maintain the System in good condition.

Section 7.17. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 1988 A Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 1988 A Bonds during the term thereof is, under the terms of the Series 1988 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) in the event that both (A) in excess of 5% of the Net Proceeds of the Series 1988 A Bonds are used for a Private Business Use, and (B) in excess of 5% of the principal or 5% of the interest due on the Series 1988 A Bonds during the term thereof is, under the terms of the Series 1988 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 1988 A Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 1988 A Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of 5% of the Net Proceeds of the Series 1988 A Bonds are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 1988 A Bonds to be

"federally guaranteed" within the meaning of Section 149(b) of the Code and Regulations promulgated thereunder.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 1988 A Bonds and the interest thereon, including without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including those deemed necessary by the Authority) so that the interest on the Series 1988 A Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions (including those determined by the Authority) which would adversely affect such exclusion.

Section 7.18. Statutory Mortgage Lien. For the further protection of the Holders of the Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Bonds and shall be for the equal benefit of all Holders of each respective series of Bonds, provided however, that the statutory mortgage lien in favor of the Holders of the Series 1988 A Bonds shall be senior to the statutory mortgage lien in favor of the Holders of the Series 1988 B Bonds, and provided however, that such statutory mortgage lien shall be junior and subordinate to the statutory mortgage lien in favor of the holders of the Prior Bonds.

ARTICLE VIII

INVESTMENT OF FUNDS; NON ARBITRAGE

Section 8.01. Investments. Any moneys held as a part of the funds and accounts created by this Bond Legislation or the Indenture, other than the Revenue Fund, shall be invested and reinvested by the Commission, the Trustee, if any, the Depository Bank, or such other bank or national banking association holding such fund or account, as the case may be, at the written direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Bond Legislation, and the Indenture, if any, the need for such moneys for the purposes set forth herein and in the Indenture, if any, and the specific restrictions and provisions set forth in this Section 8.01 and in the Indenture.

Except as provided in the Indenture, if any, any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission, the Trustee, if any, the Depository Bank, or such other bank or national banking association, as the case may be, shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Trustee, if any, the Depository Bank, or such other bank or national banking association, as the case may be, may make any and all investments permitted by this section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

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

respect to the Bonds) so that the interest on the Bonds will be and remain excluded from gross income for Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. Rebate of Excess Investment Earnings to the United States. In accordance with Section 148(f)(4)(C) of the Code, the Issuer covenants that it is a governmental unit with general taxing powers; that the Bonds are not private activity bonds as defined in Section 141 of the Code; that 95% or more of the Net Proceeds of the Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and that the aggregate face amount of all the tax-exempt obligations (other than private activity bonds as defined in Section 141 of the Code) issued by the Issuer during the calendar year in which the Bonds are issued will not exceed $5,000,000, determined in accordance with Section 148(f)(4)(C) of the Code and the Regulations promulgated thereunder. For purposes of this Section 8.03 and for purposes of applying Section 148(f)(4)(C) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a subordinate entity shall, for purposes of applying this Section 8.03 and Section 148(f)(4)(C) of the Code to any other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(C) of the Code and all other entities benefiting thereby shall be treated as one issuer.

Notwithstanding the foregoing, if in fact the Issuer is subject to the rebate requirements of Section 148(f) of the Code, and not exempted from such requirements, the Issuer shall take the following actions:

A. CREATION OF FUNDS. There are hereby created, to be held by the Depository Bank as separate funds distinct from all other funds and accounts held by the Depository Bank under this Bond Legislation, the Earnings Fund and the Rebate Fund. All interest earnings and profits on amounts in all funds and accounts established under this Bond Legislation, other than (i) interest earnings and profits on any funds referenced in Subsection C(5) of this Section if such earnings in any Bond Year are less than $100,000, (ii) interest earnings and profits on amounts in funds and accounts which do not constitute Gross Proceeds, and (iii) interest earnings and profits on the Rebate Fund shall, upon receipt by the Depository Bank, be deposited in the Earnings Fund. In addition, all interest earnings and profits on Gross Proceeds in funds held by the Issuer shall, upon receipt, be paid to the Depository Bank for

deposit in the Earnings Fund. Annually, on or before the 30th day following the end of each Bond Year or on the preceding business day in the event that such last day is not a business day, or such earlier date as may be required under the Code, the Depository Bank shall transfer from the Earnings Fund to the Rebate Fund for purposes of ultimate payment to the United States an amount equal to Excess Investment Earnings, all as more particularly described in this Section. Following the transfer referenced in the preceding sentence, the Depository Bank shall transfer all amounts remaining in the Earnings Fund to be used for the payment of Debt Service on the next interest payment date and for such purpose, Debt Service due from the Issuer on such date shall be credited by an amount equal to the amount so transferred.

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

C. CALCULATION OF EXCESS INVESTMENT EARNINGS. Within 30 days following the last day of the first Bond Year, the Issuer shall calculate, and shall provide written notice to the Authority and Depository Bank of, the Excess Investment Earnings referenced in clause (A) of the definition of Excess Investment Earnings. Thereafter, within 15 days following the last day of each Bond Year and within 15 days following the date of the retirement of the Bond, the Issuer shall calculate, and shall provide written notice to the Authority and Depository Bank of, the amount of Excess Investment Earnings. Said calculations shall be made or caused to be made by the Issuer in accordance with the following:

(1) Except as provided in (2), in determining the amount described in clause A(i) of the definition of Excess Investment Earnings, the aggregate amount earned on Nonpurpose Investments shall include (i) all income realized under federal income tax accounting principles (whether or not the person earning such income is subject to federal income tax) with respect to such Nonpurpose Investments and with respect to the reinvestment of investment receipts from such Nonpurpose Investments (without regard to the transaction costs incurred in acquiring, carrying, selling or redeeming such Nonpurpose Investments), including, but not limited to, gain or loss realized on the disposition of such Nonpurpose Investments (without regard to when such gains are taken into account under Section 453 of the Code relating to taxable year of inclusion of gross income), and income under Section 1272 of the Code (relating to original issue discount) and

(ii) any unrealized gain or loss as of the date of retirement of the Bonds in the event that any Nonpurpose Investment is retained after such date.

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

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

(4) In determining the amount described in clause (B) of the definition of Excess Investment Earnings, all income attributable to the excess described in clause (A) of said definition must be taken into account, whether or not that income exceeds the Yield of the Bond, and no amount may be treated as "negative arbitrage."

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

D. PAYMENT TO THE UNITED STATES. The Issuer shall direct the Depository Bank to pay from the Rebate Fund an amount equal to Excess Investment Earnings to the United States in installments with the first payment to be made not later than 30 days after the end of the 5th Bond Year and with subsequent payments to be made not later than 5 years after the preceding payment was due. The Issuer shall assure that each such installment is in an amount equal to at least 90% of the Excess Investment Earnings with respect to the Gross Proceeds as of the close of the

computation period. Not later than 60 days after the retirement of the Bonds, the Issuer shall direct the Depository Bank to pay from the Rebate Fund to the United States 100% of the theretofore unpaid Excess Investment Earnings in the Rebate Fund. In the event that there are any amounts remaining in the Rebate Fund following the payment required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States at the address prescribed by the Regulations as the same may be in time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required by this Subsection D, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor.

E. FURTHER OBLIGATIONS OF ISSUER. The Issuer shall assure that Excess Investment Earnings are not paid or disbursed except as required in this Section. To that end the Issuer shall assure that investment transactions are on an arm's length basis and that Nonpurpose Investments are acquired at their fair market value. In the event that Nonpurpose Investments consist of certificates of deposit or investment contracts, investment in such Nonpurpose Investments shall be made in accordance with the procedures described in applicable Regulations as from time to time in effect. The Depository Bank shall keep the moneys in the Earnings Fund and Rebate Fund invested and reinvested to the fullest extent practicable in Government Obligations with maturities consonant with the required use thereof and investment profits and earnings shall be credited to the account of such fund on which earned.

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

G. INDEPENDENT CONSULTANTS. In order to provide for the administration of this Section 8.03, the Issuer, the Authority and the Depository Bank (at the expense of the Issuer) may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer or the Depository Bank may deem appropriate.

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

I. REPORTING TO AUTHORITY. The Issuer shall 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 or a certificate to the effect that the Issuer is not subject to arbitrage rebate for such fiscal year, and, at any time, any additional information relating thereto as may be requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. A. Each of the following events shall constitute an "Event of Default" with respect to the Notes:

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

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Notes set forth in this Bond Legislation, any supplemental resolution, the Indenture or in the Notes, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Trustee, any other bank or banking association holding any fund or account hereunder or a Holder of a Note; or

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

B. Each of the following events shall constitute an "Event of Default" with respect to any series of Bonds:

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

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Note

or Bond, as the case may be, 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 Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Notes or Bonds, as the case may be, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Notes or Bonds, as the case may be, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Notes or Bonds, or the rights of such Registered Owners, provided however, that no remedy herein stated may be exercised by a Noteholder in a manner which adversely affects any remedy available to the Bondholders, and provided further, that all rights and remedies of the Holders of the Series 1988 B Bonds shall be subject to those of the Holders of the Series 1988 A Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

Whenever all that is due upon the Bonds and interest thereon and under any covenants of this Bond Legislation for Reserve, Sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Bond Legislation shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Registered Owner of any Bonds shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance of Series 1988 A Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1988 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1988 A Bonds only, the pledge of Gross Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1988 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1988 A 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 Agents at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Series 1988 A Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1988 A 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 there shall have been deposited with the Commission or its agent, 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 the principal installments of and interest due and to become due on said Series 1988 A Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1988 A Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or

its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

Section 10.02. Defeasance of Series 1988 B Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1988 B Bonds, the principal due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1988 B Bonds only, the pledge of Gross Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1988 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1988 B 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 Agents at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date the principal installments of such Series 1988 B Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1988 B 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 there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of 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 the principal installments of said Series 1988 B Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of said Series 1988 B Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

Section 10.03. Defeasance of Notes. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Notes, the principal of and interest due or to become due thereon, at the times and in the manner set forth in the Indenture, then with respect to the Notes only, this Bond Legislation, the Indenture, if any, and the pledges of Grant Receipts and other moneys and securities pledged thereby, and all covenants, agreements and other obligations of the Issuer to the Holders of the Notes shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. No material modification or amendment of this Bond Legislation, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the Notes or Bonds shall be made without the consent in writing of the Registered Owners of 66-2/3% or more in principal amount of the Notes, the Prior Bonds, the Series 1988 A Bonds or the Series 1988 B Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or any Note or Notes or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein respectively pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds or Notes respectively, required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder or Noteholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest on the Bonds and the Notes from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Bonds and Notes, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution, the Indenture, if any, the Bonds or the Notes, if any.

Section 11.04. Headings, Etc. The headings and catchlines of the articles, sections and subsections hereof are for convenience of reference only, and shall not affect in any way the meaning or interpretation of any provision hereof.

Section 11.05. Conflicting Provisions Repealed. All ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed, provided that, in the event of any conflict between this Ordinance and the Prior Ordinance, the Prior Ordinance shall control (unless less restrictive), so long as the Prior Bonds or any portion thereof are Outstanding.

Section 11.06. Covenant of Due Procedure, Etc. The Issuer 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 enactment 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, City Clerk and members of the the Governing Body 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 11.07. Effective Date. This Ordinance shall take effect immediately following public hearing hereon.

Section 11.08. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Bond Legislation determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in The Intelligencer, a qualified newspaper of general circulation in the City of Chester, there being no newspaper published therein, together with a notice stating that this Bond Legislation has been adopted and that the Issuer contemplates the issuance of the Bonds and Notes, and that any person interested may appear before the City Council upon a date certain, not less than ten days subsequent to the date of the first publication of this Bond Legislation and notice, and present protests, and that a certified copy of the Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At

such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

Passed on First Reading	-	May 2, 1988
Passed on Second Reading	-	June 9, 1988
Passed on Final Reading Following Public Hearing	-	June 21, 1988

Ray Cashdollar
Mayor

Sally Ring
City Clerk

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the CITY OF CHESTER on the 21st day of June, 1988.

Dated: July 6, 1988.

[SEAL]

City Clerk

07/05/88
CHECO2/3-A/A

CITY OF CHESTER

Combined Waterworks and Sewerage System Revenue Bonds,
Series 1988 A and Series 1988 B

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES AND OTHER TERMS OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988 A AND SERIES 1988 B OF THE CITY OF CHESTER; AUTHORIZING, APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS

WHEREAS, the city council (the "Governing Body") of the City of Chester (the "Issuer"), has duly and officially enacted a bond ordinance, effective June 21, 1988 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF THE CITY OF CHESTER AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $1,800,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988 A, NOT MORE THAN $800,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988 B, AND NOT MORE THAN $2,000,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF BOND ANTICIPATION NOTES, GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES OR ANY COMBINATION OF THE FOREGOING; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; APPROVING AND

RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the Bond Ordinance provides for the issuance of Combined Waterworks and Sewerage System Revenue Bonds of the Issuer (the "Bonds"), in an aggregate principal amount not to exceed $2,600,000, to be issued in two series, the Series 1988 A Bonds to be in an aggregate principal amount of not more than $1,800,000 (the "Series 1988 A Bonds") and the Series 1988 B Bonds to be in an aggregate principal amount of not more than $800,000 (the "Series 1988 B Bonds"), and has preliminarily authorized the execution and delivery of a loan agreement relating to the Series 1988 A Bonds dated June 24, 1988, and a supplemental loan agreement relating to the Series 1988 B Bonds, also dated June 24, 1988 (sometimes collectively referred to herein as the "Loan Agreement"), by and between the Issuer and West Virginia Water Development Authority (the "Authority"), all in accordance with Chapter 8, Article 20 of the West Virginia Code, 1931, as amended (the "Act"); and in the Bond Ordinance it is provided that the form of the Loan Agreement and the exact principal amounts, maturity dates, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Loan Agreement has been presented to the Issuer at this meeting;

WHEREAS, the Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreement; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted and that the Loan Agreement be approved and entered into by the Issuer, that the exact principal amounts, the prices, the maturity dates, the redemption provisions, the interest rates and the interest and principal payment dates of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF CHESTER:

Section 1. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued:

(A) The Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 A, of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $1,133,851. The Series 1988 A Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2028, shall bear interest at the rate of 9.0% per annum, payable semiannually on April 1 and October 1 of each year, first interest payable October 1, 1988, shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1988 A Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached to the Series 1988 A Bonds and to the Loan Agreement and incorporated therein by reference.

(B) The Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 B, of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $283,463. The Series 1988 B Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2028, shall be interest free, shall be subject to redemption upon the written consent of the Authority, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1988 B Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached to the Series 1988 B Bonds and to the Supplemental Loan Agreement and incorporated therein by reference.

Section 2. All other provisions relating to the Bonds and the text of the Bonds shall be in substantially the forms provided in the Bond Ordinance.

Section 3. The Issuer does hereby approve, accept and ratify the Loan Agreement, copies of which are incorporated herein by reference, and the execution and delivery by the Mayor of the

Loan Agreement, and the performance of the obligations contained therein, on behalf of the Issuer are hereby ratified and approved. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon.

Section 4. The Issuer does hereby appoint and designate One Valley Bank, National Association, Charleston, West Virginia, as Registrar for the Bonds and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and One Valley Bank, National Association, in substantially the form attached hereto, and the execution and delivery by the Mayor of the Registrar's Agreement, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, approved and directed.

Section 5. The Issuer does hereby appoint and direct the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Bonds.

Section 6. The Issuer does hereby appoint First National Bank of Chester, Chester, West Virginia, as Depository Bank under the Bond Ordinance.

Section 7. Series 1988 A Bonds proceeds in the amount of $161,863 shall be deposited in the Series 1988 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 1988 A Bonds proceeds in the amount of $105,723 shall be deposited in the Series 1988 A Bonds Reserve Account and Series 1988 B Bonds proceeds in the amount of $7,279 shall be deposited in the Series 1988 B Bonds Reserve Account.

Section 9. The balance of the proceeds of the Bonds shall be deposited in or credited to the Bond Construction Trust Fund for payment of Costs of the Project, including costs of issuance of the Bonds and repayment of any borrowings previously incurred for the Project.

Section 10. The Issuer hereby determines to pay, on the date of delivery of the Bonds and receipt of proceeds thereof, all borrowings of the Issuer heretofore incurred for the purpose of temporarily financing a portion of the Costs of the Project, including, but not limited to, all borrowings from West Virginia Water Development Authority.

Section 11. The Mayor and City Clerk are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the

end that the Bonds may be delivered on or about July 6, 1988, to the Authority pursuant to the Loan Agreement.

Section 12. The financing of the Project in part with proceeds of the Bonds is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 13. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Bond Ordinance in the West Virginia "Consolidated Fund," and therefore the Issuer hereby directs the Depository Bank and the Paying Agent to take such actions as may be necessary to cause such moneys to be invested in the Consolidated Fund, until further directed in writing by the Issuer.

Section 14. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. They will take all actions necessary to comply with the Code and Treasury Regulations to be promulgated thereunder.

Section 15. The Issuer has general taxing powers to finance operations of or facilities of the nature of the System, and the Issuer and all subordinate entities reasonably expect to issue less than $5,000,000 aggregate principal amount of tax-exempt obligations during the calendar year 1988, being the calendar year in which the Bonds are to be issued.

Section 16. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 5th day of July, 1988.

CITY OF CHESTER

Roy Cashdollar
Mayor

07/05/88
CHECO1-K

ORDINANCE NO. ____

CITY OF CHESTER

Combined Waterworks and Sewerage System Revenue Bond, Series 1976

BOND ORDINANCE

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ORDINANCE NO. ____

CITY OF CHESTER

ORDINANCE AUTHORIZING THE ISSUANCE OF $1,879,000 COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BOND, SERIES 1976, OF THE CITY OF CHESTER TO FINANCE IMPROVEMENTS FOR ITS EXISTING WATERWORKS; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PROVIDING FOR RATES FOR THE SERVICES OF THE WATERWORKS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDER OF THE BOND; AND PROVIDING WHEN THIS ORDINANCE SHALL TAKE EFFECT

BE IT ORDAINED AND ENACTED BY THE COMMON COUNCIL OF THE CITY OF CHESTER:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for This Ordinance. This Ordinance is enacted pursuant to the provisions of Article 20, Chapter 8 of the West Virginia Code and other applicable provisions of law.

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

(A) The City of Chester (the "City"), in the County of Hancock, State of West Virginia, is now served by a combined waterworks and sewerage system (the "System") owned and operated by the City, duly heretofore established by the City. The inhabitants of the City and surrounding area served by the System urgently require that the System be improved as herein provided in order that adequate provision may be made for reliably and economically supplying sufficient quantities of potable water to users in the service area of the System.

(B) It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the said inhabitants, and, accordingly, it is hereby ordered that the City cause to be constructed and acquired additions and improvements for the existing waterworks of the City consisting of renewals and replacements of the distribution lines, metering of all customers, a new pumping station, water storage tanks and a new water treatment plant with all necessary appurtenant facilities (such additions and improvements being collectively called the "Project"), particular described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Recorder.

(C) It is necessary for the City to issue its revenue bond in the principal amount of $1,879,000 to finance the costs of acquisition and construction of the Project in the manner hereinafter provided.

(D) The estimated maximum cost of the acquisition and construction of the Project is $1,879,000, all of which will be obtained from the proceeds of sale of the Bond herein authorized.

(E) The costs of such acquisition and construction of the Project shall be deemed to include, without being limited to, the construction and acquisition of the additions and improvements referred to above; the acquisition of any necessary additional property, real or personal, or interest therein; interest on the 1976 Bond during and for six months after the estimated completion of such construction to the extent that revenues of the System (hereinafter defined) are not sufficient therefor; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and such other expenses as may be necessary or incidental to the acquisition and construction of the Project and the financing authorized hereby.

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

(G) There is outstanding a water and sewer revenue bond issue of the City, designated "Water and Sewer Revenue Bonds Series 1964," dated August 1, 1964 (the "Series 1964 Bonds"), in the original principal amount of $357,000, which will rank on a parity with the 1976 Bond as to liens and source of and security for payment and in all other respects.

(H) The Series 1964 Bonds were authorized and issued pursuant to an ordinance of the City enacted September 1, 1964, (the "1964 Ordinance"). The 1964 Ordinance provides in Subsection 2 of Section 9 thereof that prior to the issuance of additional bonds as a parity with the Series 1964 Bonds:

(a) There shall have been procured and filed with the City Clerk a statement by an independent certified public accountant not in the regular employ of the City reciting the opinion, based upon necessary investigation, that the net income and revenues of the combined waterworks and sewerage system of the City for twelve consecutive months out of the eighteen months preceding the issuance of such additional parity bonds were equal to at least 1.35 times the maximum amount that will become due in any succeeding calendar year for both principal and interest on tl bonds then outstanding and the bonds then proposed to be issued.

"Net income and revenues" as used above shall mean the gross income and revenues of the System less operating expenses, which shall include salaries, wages, cost of maintenance and operation, materials and supplies, pumping costs and insurance, as well as all other items that are normally and regularly so included under recognized accounting practices, exclusive of allowances for depreciation.

Such "net income and revenues" may be adjusted for the purposes of the computations referred to above to reflect any revisio in the schedule of rates or charges being imposed at the time of the issuance of any such additional parity bonds and also to reflect any increase in such net income and revenues by reason of the extensions and improvements to the System, the cost of which is to be paid through the issuance of such additional parity bonds.

The adjustment referred to above as to increase in such net income and revenues shall only be made of contracts for the immediate construction or acquisition of such extensions and improvements have been or will be entered into prior to the issuance of such additional parity bonds.

All such adjustments referred to above shall be based upon written certification of an independent consulting engineer or firm of consulting engineers of national reputation in the field of waterworks and sanitary engineering and licensed in West Virginia.

The interest payment dates for all such additional parity bonds shall be semiannually on April 1 and October 1 of each year, and the principal maturities thereof shall be on April 1 of the year in which any such principal is scheduled to become due.

All the foregoing provisions will be met prior to issuance of the 1976 Bond. Accordingly, the 1976 Bond will be on a parity as to liens, pledges and source of and security for payment, and in all other respects, with the Series 1964 Bonds outstanding.

The City is in full compliance with all provisions, requirements and covenants contained in the 1964 Ordinance and will be in such compliance on the date of issuance of the 1976 Bond.

The Waterworks Revenue Bonds of the City dated October 1, 1946, referred to in the 1964 Ordinance have been paid in full and none of such bonds remains outstanding.

Section 1.03. Ordinances to Constitute Contract. In consideration of the acceptance of the Bond authorized to be issued hereunder by the Holder from time to time, this Ordinance and the 1964 Ordinance, hereinafter defined, shall be deemed to be and shall constitute together a contract between the City and such Bondholder, and the covenants and agreements herein and in the 1964 Ordinance set forth to be performed by the City shall be for the equal benefit, protection and security of the legal holders of the Bonds.

Section 1.04. Definitions. The following terms have the following meanings herein unless the text otherwise expressly requires

"Act" means Article 20, Chapter 8 of the West Virginia Code.

"Bond" means the $1,879,000 Combined Waterworks and Sewerage System Revenue Bond, Series 1976, originally authorized to be issued pursuant to this Ordinance; and also includes any additional bonds hereafter issued on a parity with the 1976 Bond within the terms, restrictions and conditions contained in this Ordinance.

"Bonds" means the 1976 Bond and the Series 1964 Bond and any additional parity bonds.

"1976 Bond" means the Bond hereby authorized to be issued initially.

"City" means the City of Chester, in Hancock County, West Virginia, and where appropriate, also means the Common Council thereof and the Water-Sewerage Board of the City created to control and manage the System by Ordinance enacted concurrently with the 1964 Ordinance and hereby recognized as continuing and to continue so long as any Series 1964 Bonds are outstanding.

"City Clerk" means the Clerk of the City.

"Consulting Engineer" means Cerrone and Vaughn, Consulting Engineers, Wheeling, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the the City as Consulting Engineer for the System.

"Fiscal Year" means each year beginning on July 1 and ending on the succeeding June 30.

"Government" means United States of America, acting by and through the United States Department of Agriculture, Farmers Home Administration.

"Herein" means in this Ordinance.

"Holder of the Bonds" or "Bondholder" or any similar term means any person who shall be the bearer or owner of any outstanding Bond or Bonds.

"Mayor" means the Mayor of the City.

"Net Revenues" means the balance of the gross revenues, as defined below, remaining after deduction only of operating expenses as defined below.

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the City relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting practices, but such term shall not include depreciation charged to the System or debt service on the Bonds.

"1964 Ordinance" means the ordinance of the City providing for issuance of the Series 1964 Bond, enacted September 1, 1964.

"Original Purchaser" means the purchaser, directly from the City, of any series of Bonds issued pursuant hereto, or any part of any such series.

"Project" shall have the meaning stated above in Section 1.02(B).

"Reserve Requirement" means twice the maximum annual aggregate amount of interest and principal which will fall due on the Bonds outstanding.

"Revenues" or "gross revenues" means all rates, rents, fees, charges or other income received by the City, or accrued to the City, or to The Water-Sewerage Board of the City, from the operation of the System, and all parts thereof, all as calculated in accordance with sound accounting practices.

"Series 1964 Bonds" means the Water and Sewer Revenue Bonds, Series 1964, dated August 1, 1964, described in Section 1.02(G above.

"System" means the existing combined waterworks and sewerage system of the City as expanded by the Project, and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the combined waterworks and sewerage system; and shall also include any and all additions, extensions, improvements, properties, or other facilities at any time acquired or constructed for the combined waterworks and sewerage system after completion of the Project.

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

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUANCE OF 1976 BOND

Section 2.01. Authorization of 1976 Bond. Subject and pursuant to the provisions hereof, a Bond of the City to be known as "Combined Waterworks and Sewerage System Revenue Bond, Series 1976" is hereby authorized to be issued in the aggregate principal amount of not exceeding One Million Eight Hundred Seventy-Nine Thousand Dollars ($1,879,000) for the purpose of financing the costs of the construction and acquisition of the Project.

Section 2.02. Description of 1976 Bond. The 1976 Bond shall be issued in negotiable form, without coupons, and shall be dated on the date of delivery thereof. The 1976 Bond shall bear interest from date at the rate of five per centum (5%) per annum, payable semiannually each April 1 and October 1.

The minimum price for the 1976 Bond shall be the par value thereof.

Prepayments of principal of the 1976 Bond may be made at any time without penalty in inverse order of annual principal maturities.

The principal amount of the 1976 Bond shall be payable in years and amounts stated below at the National Finance Office of the Government through the State Sinking Fund Commission of West Virginia, on April 1 of each year:

Year	Amount	Year	Amount	Year	Amount
1980	$ 18,000	1993	$ 33,000	2006	$ 62,000
1981	18,000	1994	35,000	2007	65,000
1982	19,000	1995	36,000	2008	68,000
1983	20,000	1996	38,000	2009	72,000
1984	22,000	1997	40,000	2010	75,000
1985	22,000	1998	42,000	2011	79,000
1986	23,000	1999	44,000	2012	83,000
1987	25,000	2000	46,000	2013	87,000
1988	26,000	2001	49,000	2014	92,000
1989	27,000	2002	51,000	2015	96,000
1990	28,000	2003	54,000	2016	101,000
1991	30,000	2004	56,000	2017	106,000
1992	32,000	2005	59,000		

Section 2.03. Execution of 1976 Bond. The 1976 Bond shall be executed in the name of the City by the Mayor and the corporate seal of the City shall be affixed thereto and attested by the City Clerk. The 1976 Bond may be signed and sealed on behalf of the City by such person as at the actual time of the execution thereof shall hold the proper office in the City, although at the date of such Bond such person may not have held such office or may not have been so authorized.

Section 2.04. Negotiability. The 1976 Bond shall be and have all the qualities and incidents of a negotiable instrument under the laws of the State of West Virginia.

Section 2.05. Bond Mutilated, Destroyed, Stolen or Lost. In case the 1976 Bond shall become mutilated or destroyed, stolen or lost, the City may, in its discretion, issue and deliver a new Bond of like tenor as the 1976 Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the holder's furnishing the City proof of his ownership thereof and complying with such other reasonable regulations and conditions as the City may require. If any such 1976 Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the City may pay the same and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 2.06. 1976 Bond Secured by Pledge of Revenues. The payment of the debt service of the 1976 Bond shall be secured forthwith by a lien on the revenues derived from the System. The

revenues derived from the System in an amount sufficient to pay the principal of land interest on the 1976 Bond and the Series 1964 Bond, and to make the payments as hereinafter and in the 1964 Ordinance provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due as herein provided.

Section 2.07. Form of 1976 Bond. Subject to the provisions hereof, the text of the 1976 Bond shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted by this Ordinance or any subsequent ordinance or resolution enacted or adopted prior to the issuance thereof:

(Form of Bond)

COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BOND
SERIES 1976

CITY OF CHESTER

$1,879,000

Date: _____

FOR VALUE RECEIVED, the CITY OF CHESTER (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (herein called the "Government") at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, through The State Sinking Fund Commission of West Virginia, Charleston, West Virginia, the principal sum of One Million Eight Hundred Seventy-Nine Thousand Dollars ($1,879,000), plus interest on the unpaid principal balance at the rate of five per cent (5%) per annum, payable semiannually each April 1 and October 1. The principal amount hereof shall be paid in annual installments on April 1 in years and amounts as follows:

Year	Amount	Year	Amount	Year	Amount
1980	$ 18,000	1993	$ 33,000	2006	$ 62,000
1981	18,000	1994	35,000	2007	65,000
1982	19,000	1995	36,000	2008	68,000
1983	20,000	1996	38,000	2009	72,000
1984	22,000	1997	40,000	2010	75,000
1985	22,000	1998	42,000	2011	79,000
1986	23,000	1999	44,000	2012	83,000
1987	25,000	2000	46,000	2013	87,000
1988	26,000	2001	49,000	2014	92,000
1989	27,000	2002	51,000	2015	96,000
1990	28,000	2003	54,000	2016	101,000
1991	30,000	2004	56,000	2017	106,000
1992	32,000	2005	59,000		

The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the reverse hereof.

Each payment received hereon shall be applied first to the interest then due hereon and next to the principal hereof

Prepayments of scheduled principal installments, or any portion thereof, may be made at any time in inverse order of maturiti at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the principal installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government, as collection agent for the holder, through The State Sinking Fund Commission of West Virginia.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government

remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower, and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of construction and acquisition of additions for the combined waterworks and sewerage system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System prior to any payment from such revenues of the reasonable current costs of operation and maintenance of the System. This Bond does not in any

manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation. A statutory mortgage lien exists in favor of the holder of this Bond.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, includin among others, Article 20 of Chapter 8 of the West Virginia Code (herein called the "Act"), and with an Ordinance of the City duly enacted.

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

This Bond is on a parity as to liens, pledges and source of and security for payment, and in all other respects, with the Series 1964 Bonds of the City defined in the aforesaid Ordinance.

[CORPORATE SEAL]

CITY OF CHESTER
(Name of Borrower)

(Signature of Executive Official)

Mayor
(Title of Executive Official)

ATTEST:

(Signature of Attesting Official)

City Clerk
(Title of Attesting Official)

Municipal Building
(Post Office Box No. or Street Addres

Chester, West Virginia 26034
(City, State and Zip Code)

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$		(6)	$	
(2)	$		(7)	$	
(3)	$		(8)	$	
(4)	$		(9)	$	
(5)	$		(10)	$	

TOTAL $_____

Pay to the Order of _____

_____

UNITED STATES OF AMERICA
FARMERS HOME ADMINISTRATION

By _____

_____
(Title)

ARTICLE III

1976 BOND PROCEEDS; REVENUES AND APPLICATION THEREOF

Section 3.01. 1976 Bond Proceeds; Project Construction Account. All moneys received from the sale of the 1976 Bond and all moneys received under any construction loan shall be deposited on receipt by the City in Hancock County Fed. Savings & Loan Assoc., Chester West Virginia, a member of Federal Savings & Loan Insurance Corporation (FSLIC), in a special account hereby now established and designated as "City of Chester 1976 Waterworks Construction Account" (herein called the "Project Construction Account"). The moneys in the Project Construction Account in excess of the amount insured by FSLIC shall be secured at all times by such bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Moneys in the Project Construction Account shall be expended by the City solely for the purposes provided herein.

Until completion of construction of the Project, the City will pay from the Project Construction Account such sums as shall be from time to time required to pay the interest becoming due on the 1976 Bond.

If the City shall determine at any time that all funds on deposit in the Project Construction Account exceed the estimated disbursements on account of the Project for the ensuing 90 days, the City may invest such excess funds in direct obligations of, or obligations the principal of and interest on which are guaranteed by the United States of America, which shall mature not later than eighteen months after the date of such investment. All such investments and the income therefrom shall be carried to the credit of the Project Construction Account.

When construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance remaining in the Project Construction Account shall be promptly used in accordance with the regulations of the Government.

Section 3.02. Covenants as to Revenues and Funds.

A. So long as the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Sinking Fund established by the 1964 Ordinance and hereby continued, a sum sufficient to pay the entire principal of the Bonds remaining unpaid together with interest accrued thereon, the City further covenants with the holders of the Bonds that it will make the payments and deposits and transfers of funds in accordance with the provisions of the 1964 Ordinance and this Ordinance for the 1976 Bond and the Series 1964 Bonds as hereinafter stated. The gross revenues of the System shall be deposited in the "Water and Sewer Revenue Fund" (the "Revenue Fund") established by the 1964 Ordinance, now on deposit with said Bank and hereby continued. Moneys in the Revenue Fund shall be used only as hereinafter provided and in the order and priority set forth below.

B. The City shall first, each month, from the Revenue Fund, pay and remit to The State Sinking Fund Commission of West Virginia (the "Sinking Fund Commission") for deposit into the "Water and Sewer Revenue Bond, Series 1964," and Interest Sinking Fund (the "Sinking Fund") established by the 1964 Ordinance and hereby continued, the sum of $1,549, the monthly amount (changed from quarterly amount of $4,646) required by the 1964 Ordinance on account of the Series 1964 Bonds, and interest only on the 1976

Bond for the first 24 months after the issuance of the 1976 Bond and thereafter, the sum of $11,072 until there has been accumulated in the Sinking Fund, together with moneys heretofore accumulated therein on account of the Series 1964 Bonds, a sum, in addition to the amounts required for then current payments of principal of and interest on the Bonds, equal to the Reserve Requirement. After the Reserve Requirement has been accumulated in The Sinking Fund, and so long as it is maintained therein, monthly payments into The Sinking Fund on account of the 1976 Bond may be reduced to not less than $9,226. In the event that the Reserve Requirement is at any time not maintained in the Sinking Fund, the City shall resume monthly payments of $11,072 on account of the 1976 Bond and shall make monthly payments of $1,859 on account of the Series 1964 Bonds, until the Reserve Requirement has again been accumulated in the Sinkir Fund.

Moneys in the Sinking Fund shall be used solely and only and are hereby pledged exclusively for the purpose of paying the interest on and the principal of the Bonds.

C. The City shall next, each month, transfer and deposit from the Revenue Fund into the "Depreciation Fund;"

established by the 1964 Ordinance and now on deposit with said Bank, and hereby continued, 10% of the gross revenues collected in each month, less the above provided payments into the Sinking Fund for such month, until the amount in the Depreciation Fund is in the sum of not less than $280,000, and thereafter, when such sum falls below $280,000, such payments into the Depreciation Fund shall be resumed.

D. The City shall next, each month, transfer and deposit from the Revenue Fund into the "Operation and Maintenance Fund," established by the 1964 Ordinance and now on deposit with said Bank, and hereby continued, one-third of the amount determined to be necessary and sufficient to pay the reasonable and current expenses of operating and maintaining the System for the then current quarter; provided, that further deposits into the Operation and Maintenance Fund may be made in like manner, but only if and to the extent it may be found to be necessary to pay expenses actually accrued and payable.

E. When all the transfers and payments above provided have been made, any balance remaining in the Revenue Fund in excess of estimated amounts to be transferred and paid into the Sinking Fund, the Depreciation Fund and the Operation and Maintenance Fund during the succeeding six months shall be deemed and considered surplus revenues, and all or any part of such surplus revenues may be paid into the Sinking Fund or may be used for extensions and improvements to the System, but shall not be available for any other purpose.

Surplus revenues deposited in the Sinking Fund, so long as the Reserve Requirement is maintained in the Sinking Fund, may be used by the City to prepay principal installments of the 1976 Bond as herein provided or, with the written consent of the Government obtained in advance, to purchase any available Series 1964 Bonds at a discount.

All moneys in the Revenue Fund, the Depreciation Fund and the Operation and Maintenance Fund shall constitute trust funds in favor of the bondholders and until used as herein provided the bondholders shall have a lien thereon for further securing payment of the Bonds and the interest thereon but the aforesaid Bank shall not be a trustee as to such funds. The moneys in excess of the sum insured by FSLIC in such funds shall at all times be secured to the full extent thereof in excess of such insured sum in a manner lawful for securing deposits of state and municipal funds under the laws of the State of West Virginia.

If on any payment date the revenues are insufficient to make the payments and transfers as hereinabove provided, the deficiency shall be made up in the subsequent payments and transfers in addition to those which would otherwise be required to be made on such subsequent payment dates.

The City shall direct the said Bank to keep moneys in the Depreciation Fund invested and reinvested to the fullest extent practicable in direct obligations of or obligations the payment of the principal of and interest on which are guaranteed by the United States of America and having maturities not exceeding two years. Earnings upon moneys in the Depreciation Fund shall be credited to that Fund.

ARTICLE IV

GENERAL COVENANTS

Section 4.01. General Statement. So long as the Bonds shall be outstanding and unpaid, the covenants and agreements contain herein and in the 1964 Ordinance as hereby amended shall be and constitute valid and legally binding covenants between the City and the Bondholders.

Section 4.02. Sale of the System. The System may not be sold, mortgaged, leased or otherwise disposed of without the prior written consent of the Government. Such consent will specify the use of the proceeds of any such disposition.

Section 4.03. Covenant Against Encumbrances. The City will not issue any obligations whatsoever payable from the revenues of the System without the prior written consent of the Government.

Section 4.04. Issuance of Additional Parity Bonds. No additional parity Bonds payable out of the revenues of the System shall be issued after the issuance of the 1976 Bond pursuant hereto, except upon prior written consent of the Government.

Section 4.05. Insurance and Bonds. The City hereby covenants and agrees that, so long as the Series 1976 Bond remains outstanding, it will, as an expense of operation and maintenance of the System, procure, carry and maintain insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(a) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project from the contractor, on all above-ground structures of the System in an amount equal to the actual cost thereof. In the event of any damage to or destruction of any portion of the System, the City will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The City will itself, or will require that each contractor

dealing directly with the City ("prime contractor"), obtain and maintain builder's risk insurance to protect the interests of the City during construction of the Project in the full insurable value thereof.

(b) Public Liability Insurance, with limits of not less than $500,000 for persons injured or killed in one accident to protect the City from claims for bodily injury and/or death, and not less than $200,000 from claims for damage to property of others which may arise from the City's operation of the System, such insurance to be procured at the commencement of construction of the Project.

(c) Vehicular Public Liability Insurance, in the event the City owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the City is operated for the benefit of the City, with limits of not less than $500,000 for one or more persons injured or killed in one accident to protect the City from claims for bodily injury and/or death, and not less than $200,000 from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle.

(d) Workmen's Compensation Coverage for all Employees of the City Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds will be filed with the Clerk of the County Commission of said County prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

(E) Fidelity Bonds will be provided as to every member of the Council and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the City in an amount at least equal to the total funds in the custody of any such person at any one time, provided, however, that no bond shall be required insofar as custody of the Project Construction Account is concerned.

(f) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Series 1976 Bond is outstanding, the City will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the City, and during such construction will require each prime contractor to carry insurance, of such types and in such amounts as the Government may specify, with insurance carriers or bonding companies acceptable to the Government.

Section 4.06. Provisions of Certain Sections of 1964 Ordinance Apply. Sections 6, 7, 8, 9, 10, 11, 12, 13 and 14 of the 1964 Ordinance, except as herein modified, amended or supplemented, shall continue to apply so long as any Bonds are outstanding.

Section 4.07. Initial Connections. The Bond will not be issued until there are not less than 1322 bona fide customers connected with the waterworks of the System.

Section 4.08. Arbitrage Covenant. The proceeds of the 1976 Bond will not be invested in such a way as to violate the operating rules in the regulations of the Internal Revenue Service or of the Treasury Department of the United States of America in connection with the arbitrage provisions of Section 103(c) of the Internal Revenue Code of 1954, as amended.

Section 4.09. Statutory Mortgage Lien. A statutory mortgage lien upon the System is granted and created by the Act in favor of the Bonds, which statutory mortgage lien is hereby recognized and declared to be valid and binding.

ARTICLE V

RATES, ETC.

Section 5.01. Initial Schedule of Rates and Charges; Rules. A. The initial schedule of rates and charges for the services and facilities of the System shall be as follows:

SCHEDULE NO. 1

AVAILABILITY OF SERVICE

Available for all domestic and commercial use.

RATE

First	10,000 gallons used per month	$2.10	per 1,000 gallo
Next	40,000 gallons used per month	1.90	per 1,000 gallo
Next	75,000 gallons used per month	1.60	per 1,000 gallo
Next	375,000 gallons used per month	.95	per 1,000 gallo
All Over	500,000 gallons used per month	.58	per 1,000 gallo

MINIMUM CHARGE

The above schedule is subject to a minimum charge of six and 30/100 dollars ($6.30) per month.

PROMPT PAYMENT DISCOUNT

The above schedule, including minimum charge, is subject to a teb percent (10%) penalty if account is not paid in full within twenty (20) days of date of bill.

FAILURE TO PAY

If any bill is not paid within thirty (30) days after date, water service to the Customer will be discontinued. Water Service will not be restored until all past due water bills have been paid in full and all accrued penalties plus a reconnection charge have been paid.

MULTIPLE OCCUPANCY

On apartment buildings, or other multiple occupancy buildings, each family or business unit shall be required to pay not less than the minimum monthly charge herein established for a five-eighths inch meter. Motels and hotels shall pay according to the size of meter installed.

TRAILER COURTS

House trailer courts shall be provided with a master meter. No bill shall be rendered for less than six dollars ($6.00) multiplied by the number of units situated on the court site at the time the meter is read or the actual charge for the size meter installed, whichever is greater. House trailer (as used hereinabove) shall include both mobile and immobile units.

House trailers, either mobile or immobile, located on sites other than a park or court, shall be billed in the same manner as any other family or business unit.

SCHEDULE NO. 2

Applicable in entire territory served.

AVAILABILITY OF SERVICE

Available for industrial service.

RATE

First	10,000 gallons used per month	$2.10	per 1,000 gallor
Next	40,000 gallons used per month	1.90	per 1,000 gallor
Next	75,000 gallons used per month	1.60	per 1,000 gallor
Next	375,000 gallons used per month	.95	per 1,000 gallor
All Over	500,000 gallons used per month	.58	per 1,000 gallor

MINIMUM CHARGE

No bill will be rendered for less than the following amounts, according to the size of the meter installed, to-wit:

5/8 inch meter	$ 6.30	per month
1 inch meter	16.10	per month
1-1/2 inch meter	30.30	per month
2 inch meter	64.50	per month
3 inch meter	145.15	per month
4 inch meter	258.05	per month
6 inch meter	580.60	per month

PROMPT PAYMENT DISCOUNT

The above schedule including minimum charge, is subject to a ten percent (10%) penalty if account is not paid in full within twenty (20) days of date of bill.

FAILURE TO PAY

If any bill is not paid within thirty (30) days after date, water service to the Customer will be discontinued. Water service will not be restored until all past due water bills have been paid in full and all accrued penalties plus a reconnection charge have been paid.

SCHEDULE NO. 3

Applicable in entire territory served.

AVAILABILITY OF SERVICE

Available for public fire protection.

RATE

Seventy Dollars ($70.00) per hydrant per annum.

PROMPT PAYMENT DISCOUNT OR DELAYED PAYMENT PENALTY

None.

SCHEDULE NO. 4

Applicable in entire territory.

AVAILABILITY OF SERVICE

Available for private fire protection.

RATE

Each Hydrant	$100.00 per year
Sprinkler Service and inside hose connections	
1 1/2 inch connection	114.00 per year
2 inch connection	192.00 per year
4 inch connection	286.00 per year
6 inch connection	500.00 per year
8 inch connection	800.00 per year

PROMPT PAYMENT DISCOUNT OR DELAYED PAYMENT PENALTY

None

SCHEDULE NO. 5

CONNECTION CHARGE

Prior to Award of Construction Contract - $50.00

Subsequent to Award of Construction Contract - There shall be a charge for connection to the system of one hundred dollars ($100.00), or actual cost of installation, including materials and labor, whichever is greater. A deposit of $250.00 will be required before the connection is made.

RECONNECTION CHARGE

$5.00

B. The City will not render or cause to be rendered any free services of any nature by the System nor any of the facilities; and in the event that the City or any department, agency, officer or employee thereof should avail itself or themselves of the services of facilities of the System, the same fees, rates and charges applicable to other customers receiving like services under similar circumstances shall be charged, such charges shall be paid as they accrue, and revenues so received shall be deposited and accounted for in the same manner as other revenues of the System.

C. The City may require any applicant for any service by the System to deposit a reasonable and equitable amount to insure payment of all charges for the services rendered by the System, which deposit shall be handled and disposed of under the applicable rules and regulations of the Public Service Commission of West Virginia.

D. No allowance or adjustment in any bill for use of the services and facilities of the System shall be made for any leakage occurring on the customer's side of any water meter.

E. The City shall not be liable to any customer for any damage resulting from bursting or breakage of any line, main, pipe, valve, equipment or part or from discontinuance of the operation of any part of the System or from failure of any part thereof for any cause whatsoever.

F. In case of emergency, the City shall have the right to restrict the use of any part of the System in any reasonable manner for the protection of the System and the inhabitants of the City.

G. The fees, rates and charges above provided will be increased whenever such increase is necessary in order to comply fully with all provisions hereof, and the City shall always be obligated to and shall fix, establish and collect fees, rates and charges for the services and facilities of the System which shall at all times be sufficient to provide net revenues to meet its obligations hereunder, but not less than 135% of the average annual debt service on the Bonds so long as the Series 1964 Bonds are outstanding, and thereafter not less than 110%.

H. The City will not accept payment of a water or a sewer bill separately, when the customer concerned owes for both water and sewer services. For non-payment of charges for water or sewer services, or both, the City, after notice of discontinuance in accordance with the applicable Public Service Commission rules and regulations, will shut off water service and lock the meter, and will restore service only upon payment of all water and sewer charges and accrued penalties.

ARTICLE VI

MISCELLANEOUS

Section 6.01. Modification or Amendment. No material modification or amendment of this Ordinance, or of any ordinance amendatory hereof or supplemental hereto, may be made without the consent in writing of the Government.

Section 6.02. Award of 1976 Bond. The 1976 Bond is hereby awarded to the Government.

Section 6.03. Severability of Invalid Provision. If any one or more of the covenants, agreements or provisions of this Ordinance should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions, and shall in no way affect the validity of all the other provisions hereof or the Bonds or coupons appertaining thereto.

Section 6.04. Conflicting Provisions Repealed. All ordinances, resolutions and orders, or parts thereof, in conflict

with the provisions hereof are, to the extent of such conflicts, hereby repealed, including provisions of the 1964 Ordinance but not the Series 1964 Bond. It is hereby determined that the changes in the procedures prescribed in the the 1964 Ordinance contemplated hereby are advantageous to the holders of the Series 1964 Bonds and in no way detrimental to the interests or security of such holders. The provisions of this section shall not apply to the form FmHA 442-47 Loan Resolution (Public Bodies) adopted by the City.

Section 6.05. 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 6.06. Effective Time. This Ordinance shall take effect following public hearing hereon in accordance with the Act.

Section 6.07. Statutory Notice and Public Hearing. Upon enactment hereof, an abstract of this Ordinance determined by the Council to contain sufficient information of the contents of this Ordinance, shall be published once a week for two successive weeks within a period of fourteen consecutive days, with a least six full days intervening between each publication, in The Panhandle Press, a newspaper published and of general circulation in the City, together with a notice stating that this Ordinance has been enacted and that a certified copy of this Ordinance is on file with the Council in the office of the City Clerk for review by interested persons during office hours of the City Clerk, and that the City contemplates the issuance of the 1976 Bond, and that any person interested may appear before the Council upon a date

certain, not less than ten days subsequent to the date of the second publication of the said Ordinance and notice, and present protests. At such hearing, all objections and suggestions shall be heard and the Council shall take such action as it shall deem proper in the premises.

Passed on First Reading November 15, 1977

Passed on Second and Final Reading December 13, 1977

Effective following public hearing held on the date of Second and Final Reading stated above.

Frank Decapio
Mayor

John Fred Morris
City Clerk

AN ORDINANCE providing for the issuance of Water and Sewer Revenue Bonds, Series 1964, of the City of Chester, West Virginia, to the amount of $357,000 for the purpose of constructing extensions and improvements to the combined waterworks and sewerage system; setting forth the terms and conditions upon which such bonds and any additional bonds payable from the revenues of said consolidated and combined works and system shall be issued and outstanding, and providing for the payment of such bonds and interest thereon from such revenues.

* * * * * *

WHEREAS the works and facilities supplying water for public, domestic and commercial purposes and supplying sewer services in and to the City of Chester, West Virginia are owned and operated by said city and have been heretofore combined and consolidated into a combined waterworks and sewerage system, and in that connection said city has heretofore issued and presently has outstanding:

> $156,000 principal amount of 2% Waterworks Revenue Bonds, dated October 1, 1946, pursuant to ordinance adopted September 4, 1946, which by their terms are payable from and secured by the revenues derived from the portion of said combined waterworks and sewerage system supplying water services in and to said city;

and for the security of which a redemption account and reserve is being maintained in the amounts and manner as prescribed by said ordinance; and

WHEREAS it is deemed advisable and for the best interests of said city that essential extensions and improvements to said consolidated and combined system be constructed, and in that connection there be issued Water and Sewer Revenue Bonds, Series 1964, of said city in the principal amount of Three Hundred Fifty-Seven Thousand Dollars ($357,000), which will be subject to the vested rights and priorities in favor of the outstanding Waterworks Revenue Bonds, dated October 1, 1946, all as permitted and provided by Article 13 of Chapter 8 of the West Virginia Code, and as hereinafter provided; and

WHEREAS the necessary extensions and improvements to said sewerage system are briefly described as installation of interceptor sewers, lift stations, pump stations, and a sewage treatment plant with all necessary appurtenances, which extensions and improvements

are more fully described in the report dated July 8, 19__, of A. R. Todd Associates, Inc., Consulting Engineers, now on file with the City Clerk; and

WHEREAS the period of usefulness of the contemplated project consisting of said combined waterworks and sewerage system, including the extensions and improvements, is determined to be not less than forty years from the adoption of this ordinance; and

WHEREAS it is the desire and intention that provision be made in and by this ordinance for the issuance of such Water and Sewer Revenue Bonds, Series 1964, to the amount of Three-Hundred Fifty-Seven Thousand Dollars ($357,000) to pay the cost thereof not otherwise provided, with the balance of such cost to be paid from funds to be made available pursuant to a federal grant, and to prescribe restrictions and conditions whereunder similar bonds may be subsequently issued ranking on a parity therewith;

NOW, THEREFORE, Be It Ordained by the Common Council of the City of Chester, West Virginia, as follows:

Section 1. That all proceedings heretofore taken relating to the combining of the existing waterworks system and sewerage system into a consolidated and combined waterworks and sewerage system as permitted by Article 13 of Chapter 8 of the West Virginia Code, be and the same are hereby ratified and confirmed, and all proceedings heretofore taken by or on behalf of the City of Chester with regard to the construction of the extensions and improvements to said combined waterworks and sewerage system as hereinbefore set forth including engineering, are hereby ratified and confirmed and declared to be the acts of the City of Chester.

Section 2. That for the purpose of paying the cost, not otherwise provided, of constructing the extensions and improvements, all as referred to in the preamble hereof, there are hereby authorized to be issued under the provisions of the Constitution and laws of the State of West Virginia, including Article 13 of

Chapter 8 of the West Virginia Code, Water and Sewer Revenue Bonds, Series 1964, of said city in the principal amount of $357,000 dated August 1, 1964, consisting of 357 bonds numbered consecutively from 1 to 357, inclusive, of the denomination of $1,000, and maturing in numerical order on April 1 of the respective years as follows:

Year	Amount	Year	Amount
1966	$4,000	1986	$ 9,000
1967	4,000	1987	9,000
1968	4,000	1988	10,000
1969	5,000	1989	10,000
1970	5,000	1990	10,000
1971	5,000	1991	11,000
1972	5,000	1992	11,000
1973	5,000	1993	12,000
1974	5,000	1994	12,000
1975	6,000	1995	12,000
1976	6,000	1996	12,000
1977	6,000	1997	13,000
1978	6,000	1998	14,000
1979	7,000	1999	15,000
1980	7,000	2000	15,000
1981	7,000	2001	16,000
1982	7,000	2002	16,000
1983	8,000	2003	16,000
1984	8,000	2004	16,000
1985	8,000		

provided, that said bonds numbered 43 to 357, inclusive (maturities of 1975 to 2004, inclusive), shall be optional for redemption by said city on any interest payment date prior to maturity on or after April 1, 1974, in whole, or from time to time in part in the inverse order of their maturity (less than all of a single maturity to be selected by lot), upon terms of par and accrued interest plus a redemption premium of three per cent (3%) of the principal amount thereof. Redemption as aforesaid of any or all of said bonds shall be effective upon notice identifying the bonds to be redeemed having been published at least once not less than thirty days prior to such redemption date in a newspaper or financial journal of general circulation published in the City of New York, New York.

Said bonds numbered 1 to 110, inclusive, shall bear interest from the date thereof at the coupon rate of four per cent (4%) per annum, and bonds numbered 111 to 357, inclusive, at the coupon rate

of four and one-quarter per cent (4-1/4%) per annum. All interest at the coupon rate shall be evidenced by proper interest coupons attached to each of said bonds and to be payable October 1, 1964 and semiannually thereafter on the first days of April and October in each year.

Both principal and semi-annual interest shall be payable in lawful money of the United States of America at the office of the State Sinking Fund Commission of West Virginia, in the City of Charleston, West Virginia, or at the option of the holders of the respective bonds and interest coupons at the principal office of the First National City Bank in the City of New York, New York. Said bonds shall be signed by the Mayor and sealed with the corporate seal of said city and attested by the City Clerk and the interest coupons attached to said bonds shall be executed with the facsimile signatures of said Mayor and said City Clerk and said officials, by the execution of said bonds, shall adopt as and for their own proper signatures their respective facsimile signatures on said coupons. All of said bonds, together with the interest thereon, and any additional bonds ranking on a parity therewith that may be hereafter issued under the conditions and restrictions hereinafter set forth, shall be payable only out of the Water and Sewer Revenue Bonds, Series 1964, and Interest Sinking Fund hereinafter created and shall be a valid claim of the holder thereof only against said fund and the fixed portion or amount of the revenues of the combined waterworks and sewerage system pledged to such fund, all subject, however, to the priorities and vested rights in favor of the security and payment from the income and revenues of that portion of the combined waterworks and sewerage system furnishing water services of the presently outstanding Waterworks Revenue Bonds, dated October 1, 1946. The City of Chester as a municipality shall not be obligated to pay any of said bonds hereby authorized or any interest thereon, except from said fund.

Section 3. That upon presentation at the office of the City Clerk of said city of any of said bonds same may be registered as to principal in the name of the owner on the books in his office, such registration to be noted on the reverse side of the bonds by the City Clerk and thereafter the principal of such registered bonds shall be payable only to the registered holder, his legal representatives or assigns. Such registered bonds shall be transferable to another registered holder or back to bearer only upon presentation to the City Clerk with a legal assignment duly acknowledged or proved. Registration of any of such bonds shall not affect the negotiability of the coupons thereto attached but such coupons shall be transferable by delivery merely.

Section 4. That said bonds and coupons and provisions for registration shall be in substantially the following form:

(Form of Bond)

UNITED STATES OF AMERICA

STATE OF WEST VIRGINIA

COUNTY OF HANCOCK

CITY OF CHESTER

WATER AND SEWER REVENUE BOND

SERIES 1964

Number _____ $1,000

KNOW ALL MEN BY THESE PRESENTS that the City of Chester, in the County of Hancock and State of West Virginia for value received, hereby promises to pay to bearer or, if this bond be registered, to the registered holder hereof, as hereinafter provided, out of the special fund hereinafter referred to, the sum of One Thousand Dollars ($1,000) on the first day of April _____, and in like manner to pay from said fund interest on said sum from the date hereof until paid at the rate of _____ per cent (_____%) per annum, payable October 1, 1964 and semiannually thereafter on the first days of April and October in each year,

except as the provisions hereinafter set forth with respect to redemption prior to maturity may be and become applicable hereto; all such interest accruing on and prior to the maturity date of this bond to be paid upon presentation and surrender of the annexed interest coupons as the same severally mature, both principal and interest being payable in lawful money of the United States of America at the office of the State Sinking Fund Commission of West Virginia, in the City of Charleston, West Virginia, or at the option of the holder hereof, at the principal office of the First National City Bank in the City of New York, New York.

This bond is one of an authorized series numbered 1 to 357, inclusive, in the aggregate principal amount of Three Hundred Fifty-Seven Thousand Dollars ($357,000) authorized by ordinance adopted by the Common Council of said city, for the purpose of constructing extensions and improvements to the consolidated and combined municipal waterworks and sewerage system of said city, and this bond has been issued pursuant to and in accordance with the laws of the State of West Virginia including, among others, Article 13 of Chapter 8 of the West Virginia Code.

The bonds of said series numbered 43 to 357, inclusive, shall be optional for redemption by said city prior to maturity on any interest payment date on or after April 1, 1974, in whole, or from time to time in part in the inverse order of their maturity (less than all of a single maturity to be selected by lot), upon terms of par and accrued interest plus a redemption premium of three per cent (3%) of the principal amount thereof. In order to effect such redemption notice thereof identifying the bonds to be redeemed will be published at least once not less than thirty days prior to such redemption date in a newspaper or financial journal of general circulation published in the City of New York, New York. Each and all of said bonds when so called for redemption shall cease to bear

interest on such redemption date, provided funds for redeeming such bonds and paying the accrued interest shall have been duly provided.

This bond and the issue of which it forms a part, and including interest thereon, together with any additional bonds ranking on a parity therewith that may be issued under the conditions and restrictions set forth in said ordinance, are payable only from a special fund for that purpose identified as the "Water and Sewer Revenue Bond, Series 1964, and Interest Sinking Fund", derived from and secured by the income and revenues of the combined waterworks and sewerage system of said city, subject, however, to the vested rights and priorities in favor of the security and payment from the income and revenues of that portion of the combined waterworks and sewerage system furnishing water service for payment of the presently outstanding Waterworks Revenue Bonds dated October 1, 1946. This bond and the series of which it forms a part does not constitute an indebtedness of the City of Chester within the meaning of any constitutional or statutory limitation, nor shall said city be obligated to pay said bonds except from said income and revenues. Said city covenants and recognizes its legal obligation to fix such rates for service of said combined waterworks and sewerage system and account for income and revenues therefrom sufficient to promptly pay the interest and redemption fund requirements for said Waterworks Revenue Bonds, dated October 1, 1946, payable from and secured by prior charges and pledges aforesaid so that there will remain a balance sufficient to promptly pay the principal of and interest on this bond and the issue of which it forms a part.

This bond shall be fully negotiable but may be registered as to principal only in the name of the holder on the books of said city in the office of its City Clerk, such registration being noted hereon by the City Clerk after which no transfer shall be valid unless made on said books and similarly noted on the bond, but may be discharged from such registration by being transferred to bearer, after which it shall be transferable by delivery but may

again be registered as before. The registration of this bond as to principal shall not restrain the negotiability of the coupons by delivery merely.

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

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 portion of the revenues of said consolidated and combined waterworks and sewerage system, after allowance for the vested rights and priorities aforesaid, has been pledged to and will be set aside into said special fund by said city for the payment of this bond and the issue of which it forms a part and interest thereon as the same become due.

IN WITNESS WHEREOF the City of Chester, in the State of West Virginia, has caused this bond to be signed by its Mayor and its corporate seal to be hereunto affixed, attested by its City Clerk and the coupons hereto attached to be executed with the facsimile signatures of said Mayor and said City Clerk, which officials by the execution of this bond do adopt as and for their own proper signatures their respective facsimile signatures appearing on said coupons, and this bond to be dated the first day of August, 1964.

_____
Mayor

Attest:

_____
City Clerk

(Form of Coupon)

Number_____ $_____

On the first day of _____, 19___, the City of Chester, West Virginia, will pay to bearer_____ _____ Dollars ($_____) out of its "Water and Sewer Revenue Bond, Series 1964, and Interest Sinking Fund" at the office of the State Sinking Fund Commission of West Virginia, in the City of Charleston, West Virginia, or at the option of the holder hereof, at the principal office of the First National City Bank in the City of New York, New York, as provided in and being interest then due on its Water and Sewer Revenue Bond, Series 1964, dated August 1, 1964, Number _____.

_____
Mayor

Attest:

_____
City Clerk

(Form of Registration Certificate)

Date of Registration	In Whose Name Registered	Signature of City Clerk

Section 5. That the bonds hereby authorized be executed as herein provided as soon after the adoption of this ordinance as may be and shall thereupon be sold and delivered to Magnus & Company pursuant to the agreement heretofore entered into under date of February 14, 1964 for the purchase of said bonds the terms and conditions of which are in all respects hereby ratified and confirmed and found to be for the best interests of said city and to represent a sale of said bonds upon a net interest cost basis of less than the statutory maximum of six per cent per annum. The proceeds of the bonds hereby authorized, exclusive of accrued interest, shall be

applied to the extent necessary in paying the cost, not otherwise provided, of constructing the extensions and improvements to the combined waterworks and sewerage system as referred to in the preamble hereof. The proceeds of said bonds thus set apart for construction costs shall be paid out only upon certification by the engineer employed by the city to supervise the construction of the aforesaid extensions and improvements to the effect that the respective amounts of such expenditures represent amounts due and payable for materials furnished or work or services performed in accordance with the plans and specifications therefor. Pending expenditure such proceeds shall be deposited in a bank or banks, and each such deposit to the extent it causes the aggregate deposits by said city in any such bank to be in excess of $10,000 shall be secured by a surety bond or bonds furnished by a surety company or companies qualified or authorized to do business in West Virginia, or by pledge of direct obligations or by guaranteed bonds or securities of the United States of America having a market value equivalent to such excess. If it be determined at any time that the amount of bond proceeds being held for construction costs is in excess of the amount necessary to be disbursed therefrom for the authorized purpose during the ensuing six months such excess may be invested in interest bearing bonds or other direct and general obligations of the United States of America having a maturity date or being subject to retirement at the option of the holder not more than one year subsequent to the date of such investment, and all such investments as well as all income therefrom shall be carried to the credit of such construction fund. Any surplus remaining after accomplishing the aforesaid purposes shall be converted into the "Water and Sewer Revenue Bond, Series 1964, and Interest Sinking Fund", hereinafter identified. All accrued interest which may be received from the sale of the bonds hereby authorized shall be converted into said "Water and Sewer Revenue Bond, Series 1964, and Interest Sinking Fund."

Section 6. That all proceedings preliminary to and in connection with the issuance of said presently outstanding Waterworks Revenue Bonds dated October 1, 1946 whereby provision was made for the operation of that portion of said combined waterworks and sewerage system furnishing water service on a revenue producing basis and for the segregation, allocation, custody, and application of revenues derived from the operation thereof and for the enforcement and payment of said bonds, except as in this ordinance otherwise provided, are hereby ratified and confirmed and shall continue in force and inure to the security and benefit of the bonds herein authorized to the same extent and with like force and effect as if such provision and proceedings were herein set out in full, provided, that from and after the issuance of any of the bonds herein authorized the income and revenues of said combined waterworks and sewerage system shall be set aside into a separate and special fund to be designated as the "Water and Sewer Revenue Fund"; provided, further, that so long as there are outstanding and unpaid Waterworks Revenue Bonds dated October 1, 1946 a separate accounting shall be kept of the amount of the income and revenues from that portion of said combined waterworks and sewerage system supplying water services, and out of such separate accounting there shall be set apart at the times and in the manner prescribed by the ordinance adopted September 4, 1946, and the amount to be so set aside into "The Waterworks Bond and Interest Redemption Account" to be not less than $17,057.50 in each year in equal quarterly installments, for the interest on said bonds dated October 1, 1946, and to accomplish the retirement thereof at or before maturity. Subject to the foregoing the income and revenues of said combined waterworks and sewerage system shall be used and apportioned as follows:

A. There shall be and there is hereby created an account or fund to be known and designated as "Water and Sewer Revenue Bond, Series 1964, and Interest Sinking Fund" (hereinafter sometimes

referred to as "sinking fund") in which there shall be set aside on or before ~~September~~ December 15, 19[illegible] and quarterly thereafter the sum of not less than $5,575; provided that when there shall have been accumulated and so long as there is being maintained a balance in said sinking fund equal to the maximum amount of principal and interest becoming due in any two years for account of the bonds then outstanding which by their terms are payable from said sinking fund, such quarterly payments into said sinking fund may be reduced to not less than the sum of $4,646.

The amount by which any such payment in any year exceeds the amount of interest and principal as it becomes due shall be held in said account as a reserve for contingencies and used solely as herein provided.

At or before the time of issuance of any additional bonds ranking on a parity with the bonds herein authorized under the conditions and restrictions hereinafter set forth provision shall be made for the payment into said sinking fund for meeting the interest and principal requirements of such additional bonds and for increasing the amount of the reserve for contingencies in said sinking fund to an amount equal to the maximum amount of principal and interest becoming due in any two years for account of the bonds hereby authorized and such additional bonds which by their terms are payable from said redemption account.

No further payments need be made into said sinking fund after such amount of the bonds shall have been retired that the amount then held in such fund (including the reserve for contingencies) is equal to the entire amount of the interest and principal and premium (if any) that will be payable at the time of their maturity or redemption on all of the bonds then remaining outstanding.

If for any reason the town shall fail to make any such payments into such sinking fund, as aforesaid, any sums then held as a reserve for contingencies shall be used for the payment of any

portion of the interest or principal as to which there would otherwise be default, but such reserve shall be reimbursed therefor from the first available payments made into the sinking fund in the following quarter or quarters in excess of the required payment. All moneys in said sinking fund shall be remitted to the State Sinking Fund Commission of West Virginia with appropriate instructions and restrictions that same be used and applied to the payment of the interest on and retirement of said bonds.

Such payments into said fund shall be made in equal quarterly installments on or before the 15 days of September, December, March and June of each year, except that when the 15 day of any such month shall be a Sunday or a legal holiday then such payments shall be made on the next succeeding secular day.

The Water and Sewer Revenue Bond, Series 1964, and Interest Sinking Fund aforesaid, shall be used solely and only and is hereby pledged exclusively for the purpose of paying the interest on and accomplishing retirement of the bonds herein authorized to be issued and any additional bonds ranking on a parity therewith that may be hereafter issued under the conditions and restrictions hereinafter set forth at or before maturity.

B. From the balance of the income and revenues of said combined waterworks and sewerage system remaining after the aforesaid payments into the sinking fund there shall be set aside annually in equal quarterly installments ten per cent (10%) of such balance into a fund to be known as the "Depreciation Fund". The required minimum level for this fund shall be at least $50,000. Whenever withdrawals are made from said fund reducing the balance therein to less than $50,000, the aforesaid prescribed payments shall continue to be made therein so as to restore the amount to at least $50,000. Said Depreciation Fund shall be used for the purpose of paying the cost of renewals to and replacements of properties of said combined water works and sewerage system or to the extent not required for such

purpose for the purpose of paying the cost of additions to and extensions of such properties, and provided also that withdrawals and disbursements shall be made from said Depreciation Fund to meet the payment of the principal of or interest on any revenue bonds payable from said sinking fund to whatever extent and if for any reason funds in said sinking fund are insufficient for that purpose. No withdrawals shall be made from said fund except for purposes authorized by this paragraph.

All funds in the Depreciation Fund shall be kept apart from all other municipal funds and shall be deposited in banks and each such deposit which causes the aggregate deposits of said town in any one bank to be in excess of $10,000 shall be continuously secured by a surety bond or bonds furnished by a surety company or companies qualified or authorized to do business in West Virginia, or by a valid pledge of direct obligations of the United States having an equivalent market value, or may be invested in direct obligations or guaranteed bonds or securities of the United States of America having a maturity date or being subject to redemption at the option of the holder not more than ten years from the date of investment therein, and all such investments as well as income therefrom shall be carried to the credit of said fund.

C. There shall be and there is hereby created a fund known as the "Operation and Maintenance Fund", and from the balance of the income and revenues remaining after the aforesaid payments into the sinking fund and the Depreciation Fund there shall be set aside on the 15 day of each quarter into said fund such amount as may be determined to be necessary and sufficient to pay the reasonable and current expenses of operating and maintaining said combined waterworks and sewerage system for the current quarter. After said 15 day of each quarter further transfers may be made in like

manner but only if and to the extent it may be found to be necessary to pay such expenses actually accrued and payable.

When all the specified and required transfers and payments into the special funds hereinbefore provided have been made, if there is a balance of income and revenues remaining in said "Water and Sewer Revenue Fund" in excess of estimated amounts to be so transferred and paid into said special funds during the succeeding six months, such excess shall be deemed and considered surplus revenues, and all or any part of such excess may be paid into the sinking fund or may be used for extensions and improvements to said combined waterworks and sewerage system, and such surplus shall not be available for any other purpose.

Section 7. That said city acting by and through its Council or other governing body, or through the State Sinking Fund Commission of West Virginia, hereby reserves the right from time to time to purchase any or all of the bonds hereby authorized and then outstanding and available for such purchase; provided, that no such purchases shall be made at prices exceeding the price at which the bonds thus purchased shall be redeemable in the same year, and provided further, that unless all of the bonds outstanding are to be retired no such purchases or redemption shall be made of bonds prior to maturity from funds in said Water and Sewer Revenue Bond, Series 1964, and Interest Sinking Fund which will reduce the balance in said account to less than an amount equal to the maximum amount of principal and interest becoming due in any two years for account of the bonds then outstanding which by their terms are payable from said sinking fund.

Section 8. While any of the bonds authorized hereunder remain outstanding and unpaid it is further covenanted and agreed by said city with the holders thereof that it will perform all duties with reference to said combined system required hereunder and by the Constitution and the Statutes of the State of West Virginia,

and said city hereby irrevocably covenants, binds and obligates itself not to sell, lease, or in any manner dispose of said combined system or abandon the same until all the bonds issued hereunder shall have been paid in full, both principal and interest, or unless and until provision shall have been made for the payment of said bonds and the interest thereon in full, and said city further covenants and agrees with the holders of said bonds to maintain in good condition and to operate said combined system and establish and maintain just and equitable rates or charges for the use and service rendered thereby, so that the aggregate of such rates and charges shall always be sufficient at all times to meet the payments provided for in Section 6 hereof.

Section 9. The bonds authorized to be issued hereunder and from time to time outstanding shall not be entitled to priority one over the other in the application of the revenues of said combined system, regardless of the time or times of their issuance, it being the intention of the Council that there shall be no priority among the bonds authorized to be issued under the provisions of this ordinance, regardless of the fact that they may be actually issued and delivered at different times.

Said city hereby reserves the rights and privilege of issuing additional bonds from time to time payable from the revenues of said combined waterworks and sewerage system ranking on a parity with the bonds herein authorized, subject to the conditions and restrictions set forth in either of the following numbered paragraphs of this section:

1. Such additional parity bonds may be issued to pay the balance of the cost of the extensions and improvements to the combined system, as hereinbefore identified, in the event the proceeds derived from the issuance and sale of the bonds herein authorized are insufficient for that purpose; provided that prior to the issuance of any such additional parity bonds under the provisions of

this numbered paragraph there shall have been procured and filed with the City Clerk a certificate of A. R. Todd Associates, Inc., Consulting Engineers, or some other engineer or firm of engineers of national reputation in the field of sanitary engineering, and licensed in West Virginia, generally explaining the reason for the deficiency in the bond proceeds and recommending the issuance of the additional bonds in the amount proposed and provided further and in no event shall more than $1,000 principal amount or 3% of the principal amount of the additional parity bonds issued under the provisions of this numbered paragraph (whichever amount is the greater) be scheduled to mature on any principal maturity date prior to and including April 1, 2004.

2. Such additional parity bonds may be issued in order to pay the costs of future extensions and improvements to said combined waterworks and sewerage system; provided that before any such additional parity bonds are issued under the provisions of this numbered paragraph, there shall have been procured and filed with the City Clerk a statement by an independent certified public accountant not in the regular employ of the city reciting the opinion based upon necessary investigation that the net income and revenues of said combined system for twelve consecutive months out of the eighteen months preceding the issuance of said additional parity bonds were equal to at least 1.35 times the maximum amount that will become due in any succeeding calendar year for both principal and interest on the bonds then outstanding and the bonds then proposed to be issued. "Net income and revenues" as herein used are defined as gross income and revenues less operating expenses, which shall include salaries, wages, cost of maintenance and operation, materials and supplies, pumping costs and insurance, as well as all other items that are normally and regularly so included under recognized accounting practices, exclusive of allowances for depreciation. The "net income and revenues" may be adjusted for the purpose of the foregoing

computations to reflect any revision in the schedule of rates or charges being imposed at the time of the issuance of any such additional parity bonds and also to reflect any increase in such net income and revenues by reason of the extensions and improvements to said combined waterworks and sewerage system, the cost of which is to be paid through the issuance of such additional parity bonds, but such latter adjustment shall only be made if contracts for the immediate construction or acquisition of such extensions and improvements have been or will be entered into prior to the issuance of such additional parity bonds. So long as any of said Waterworks Revenue Bonds, dated October 1, 1946, are outstanding, the annual interest and principal requirements for account thereof shall be included in making the foregoing computations. All such adjustments shall be based upon written certification of an independent consulting engineer or firm of consulting engineers of national reputation in the field of waterworks and sanitary engineering and licensed in West Virginia.

The interest payment dates for all such additional parity bonds shall be semiannually on April 1 and October 1 of each year, and the principal maturities thereof shall be on April 1 of the year in which any such principal is scheduled to become due.

The additional parity bonds (sometimes herein referred to as "permitted" to be issued), the issuance of which is restricted and conditioned by this section, shall be understood to mean bonds payable from the income and revenues of said combined waterworks and sewerage system on a parity with the bonds herein specifically authorized and shall not be deemed to include or prohibit the issuance of other obligations, the security and source of payment of which is subordinate and subject to the priority of the payments into the sinking fund for account of the bonds authorized or permitted to be issued hereunder. So long as any of the bonds authorized by this ordinance or any additional parity bonds remain outstanding no

other bonds or other obligations may be issued or incurred having any priority or preference and except as permitted and provided by this section no other bonds or obligations may be incurred ranking on a parity therewith.

Section 10. In so far as consistent with the laws of West Virginia, said city agrees that so long any of the bonds hereby authorized remain outstanding it will keep proper books of record and account, separate from all other municipal records and accounts, showing complete and correct entries of all transactions relating to said combined system, and will cause such books of record and account to be audited annually by an independent certified public accountant. A copy of each such audit shall be furnished to the original purchaser of the bonds hereby authorized and copies thereof shall be made available for any bondholder requesting same. The holders of any of said bonds shall have the right at all reasonable times to inspect the combined system and all records, accounts and data relating thereto. The city hereby further agrees to furnish quarterly to the original purchaser of the bonds hereby authorized, on such forms as may be supplied by said purchaser, a copy of each letter of transmittal from the city to the State Sinking Fund Commission accompanying the remittance of said city of its quarterly payment into the sinking fund, as hereinbefore provided, and a quarterly financial report in reasonable detail compiled by persons in the regular employ of the city covering the operation of said combined system and the income and disbursements for account of said combined system for such period.

Said city hereby covenants and agrees with the holder or holders of the bonds herein authorized to be issued or any of them that it will keep the operation of the combined system and the property constituting it insured in responsible insurance companies to the extent similar insurance would ordinarily be carried if the combined system and property was privately owned. All expenses

and costs of insurance shall be an expense of operation and maintenance.

Section 11. While the bonds authorized hereunder or any of them remain outstanding and unpaid the rates for all services rendered by the said combined waterworks and sewerage system to said city and to its citizens, corporations or others whose property is connected thereto, shall be reasonable and just, taking into account and consideration the cost and value of said combined system and the cost of maintaining and operating the same and the proper and necessary allowances for depreciation thereof, and the amounts necessary for the retirement of all bonds and the accruing interest on all such bonds, and there shall be charged against all such citizens, corporations and others and including said city, such rates and amounts for water and for sewer service as shall be adequate to meet the requirements of this and the preceding sections hereof. Compensation for any services rendered to said city shall be charged against the city and payment for same from the corporate funds shall be made quarterly into the special fund created by this ordinance as other income and revenues, and shall be apportioned to operation and maintenance, depreciation, bond and interest redemption funds and sinking funds as such other income and revenues.

Section 12. That for the further protection of the holders of the bonds herein authorized to be issued and the coupons thereto attached, a statutory mortgage lien upon said combined waterworks and sewerage system and all properties connected therewith and extensions thereof and belonging thereto is granted and created by Article 13 of Chapter 8 of the West Virginia Code, which said statutory mortgage lien is hereby recognized and declared to be valid and binding upon the City of Chester, and all the property constituting the combined waterworks and sewerage system of said city as provided by law, and shall take effect immediately upon the delivery of any bonds authorized to be issued under the provisions of

this ordinance, all subject, however, to the priorities and vested rights in favor of said presently outstanding Waterworks Revenue Bonds dated October 1, 1946. Any holder of said bonds or of any of the coupons may, either at law or in equity, by suit, action, mandamus, or other proceedings, protect the statutory mortgage lien hereby conferred, and may by suit, action, mandamus, or other proceedings, enforce and compel performance of all duties required by law and this ordinance, including the making and collecting of sufficient rates and segregation of the income and revenues and the application thereof.

If there be any default in the payment of the principal of or interest on any of said bonds then, upon the filing of suit by any holder of said bonds or of any of the coupons, any court having jurisdiction of the action may appoint a receiver to administer said combined system on behalf of the city with power to charge and collect rates sufficient to provide for the payment of any bonds or obligations outstanding against said combined system, and for the payment of the operating expenses, and to apply the income and revenues in conformity with this ordinance and the provisions of said statutory laws of West Virginia aforesaid.

Section 13. That for the purpose of assuring the original purchasers and any subsequent holder or holders of the bonds authorized or permitted to be issued hereunder as may be outstanding from time to time of an efficient management, control and operation of said combined waterworks and sewerage system said city hereby covenants and agrees that so long as any of said bonds are outstanding, the management, control and operation of said combined system will be vested in and carried out by a Water-Sewerage Board of the City of Chester created, appointed and functioning pursuant to an ordinance adopted concurrently with this ordinance and which ordinance shall not be repealed or amended so long as any of said bonds are outstanding.

Section 14. The provisions of this ordinance shall constitute a contract between the city and the holders of the bonds herein authorized to be issued, and after the issuance of any of the bonds no change, variation or alteration of any kind of the provisions of this ordinance shall be made in any manner except as herein provided until such time as all of said bonds issued hereunder and the interest thereon have been paid in full.

Section 15. That all acts heretofore performed and proceedings heretofore taken not inconsistent with the provisions of this ordinance with respect to the operation of the combined system as a self-liquidating and revenue producing municipal public works and enterprise, are hereby ratified and confirmed as applicable to the bonds hereby authorized, and it is certified that all acts required to be performed and proceedings required to be taken for the issuance and delivery of bonds as herein contemplated, have been duly and legally performed and taken in the manner and form required by law, and particularly Article 13 of Chapter 8 of the West Virginia Code. All provisions of law and proceedings of the Common Council of said city inuring to the security and to the source and enforcement of payment of the bonds hereby authorized shall prevail and be applicable to said bonds although such provisions may not be set out in this ordinance.

Section 16. If any section, paragraph, clause or provision of this ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this ordinance.

Section 17. All ordinances, resolutions and orders, or parts thereof in conflict with the provisions of this ordinance are, to the extent of such conflict, hereby repealed.

Section 18. That inasmuch as there is no newspaper published in the City of Chester, the City Clerk upon adoption of this ordinance, is hereby authorized and directed to cause this

ordinance to be posted in at least three public places in the City of Chester, and if no petition or protest be filed as permitted and provided by law, this ordinance shall be in full force and effect ten (10) days after such posting.

Introduced, Aug. 25, 1964.

Adopted and approved, Sept. 1, 1964.

Harry Abrams
Mayor

Attest:

Ray Caldwell
City Clerk

Recorded:

Sept. 1, 1964

Ray Caldwell
City Clerk

WDA-5
(March 1988)

LOAN AGREEMENT

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

CITY OF CHESTER

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 of or interest on the Local Bonds, the right to obtain the appointment of a receiver to administer the System or construction of the Project, or both, as provided by law;

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

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

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant 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.

CITY OF CHESTER

[Proper Name of Governmental Agency]

(SEAL)

By Roy Cashdollar

Its MAYOR

Attest:

Its CLERK

Date: MAY 9 1988

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

By _____
Director

Attest:

_____
Secretary-Treasurer

Date: June 24, 1988

WDA-5X
(March 1988)

SCHEDULE X
DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds $ 1,133,851.00

Purchase Price of Local Bonds $ 1,133,851.00

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 9 % 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:

ANALYSIS OF 7.50% BORROWING COST FOR LOCAL ISSUER
-------- 1988 SERIES A BONDS ----------

PERIOD ENDING 10/1	COUPON	PRIN.	INTEREST	DEBT SERVICE
1988	9.00		24,094.34	24,094.34
1989	9.00		102,046.59	102,046.59
1990	9.00	3,669	102,046.59	105,715.59
1991	9.00	3,999	101,716.38	105,715.38
1992	9.00	4,359	101,356.47	105,715.47
1993	9.00	4,751	100,964.16	105,715.16
1994	9.00	5,178	100,536.57	105,714.57
1995	9.00	5,644	100,070.55	105,714.55
1996	9.00	6,152	99,562.59	105,714.59
1997	9.00	6,707	99,008.91	105,715.91
1998	9.00	7,310	98,405.28	105,715.28
1999	9.00	7,968	97,747.38	105,715.38
2000	9.00	8,685	97,030.26	105,715.26
2001	9.00	9,467	96,248.61	105,715.61
2002	9.00	10,319	95,396.58	105,715.58
2003	9.00	11,248	94,467.87	105,715.87
2004	9.00	12,259	93,455.55	105,714.55
2005	9.00	13,362	92,352.24	105,714.24
2006	9.00	14,565	91,149.66	105,714.66
2007	9.00	15,876	89,838.81	105,714.81
2008	9.00	17,305	88,409.97	105,714.97
2009	9.00	18,863	86,852.52	105,715.52
2010	9.00	20,560	85,154.85	105,714.85
2011	9.00	22,411	83,304.45	105,715.45
2012	9.00	24,428	81,287.46	105,715.46
2013	9.00	26,626	79,088.94	105,714.94
2014	9.00	29,023	76,692.60	105,715.60
2015	9.00	31,634	74,080.53	105,714.53
2016	9.00	34,482	71,233.47	105,715.47
2017	9.00	37,585	68,130.09	105,715.09
2018	9.00	40,968	64,747.44	105,715.44
2019	9.00	44,656	61,060.32	105,716.32
2020	9.00	48,674	57,041.28	105,715.28
2021	9.00	53,055	52,660.62	105,715.62
2022	9.00	57,826	47,885.67	105,711.67
2023	9.00	63,034	42,681.33	105,715.33
2024	9.00	68,708	37,008.27	105,716.27
2025	9.00	74,891	30,824.55	105,715.55
2026	9.00	81,632	24,084.36	105,716.36
2027	9.00	88,979	16,737.48	105,716.48
2028	9.00	96,993	8,729.37	105,722.37
		1,133,851	3,115,190.96	4,249,041.96

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. "EPA" means the United States Environmental Protection Agency and any successors to the functions thereof.

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

3. "System" means a sewage collection system and/or 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 and EPA.

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

3. As a condition precedent to the Authority's making the Loan, the Governmental Agency shall have obtained, among other permits required, permits from the EPA and the West Virginia Department of Natural Resources and approval of the "Part B" supplement to its EPA grant agreement.

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

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

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

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

7. 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.

WDA-Supp. 5
(March 1988)

SUPPLEMENTAL LOAN AGREEMENT

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

CITY OF CHESTER

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 Projec , 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 otherwised 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 CHESTER

[Proper Name of Governmental Agency]

(SEAL)

By Ray Cashdollar
Its MAYOR

Attest:

Date: MAY 3, 1988

Its CLERK

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By Edgar N. Henry
Director

Attest:

Date: June 24, 1988

Secretary-Treasurer

WDA-Supp. 5X
(March 1988)

SCHEDULE X
DESCRIPTION OF SUPPLEMENTAL BONDS

Principal Amount of Supplemental Bonds	$ 283,463.00
Purchase Price of Supplemental Bonds	$ 283,463.00

Principal of the Supplemental Bonds is payable on October 1 in each year as set forth on Exhibit 1 attached hereto and incorporated herein by reference. 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:

------1988 SERIES A BONDS -------

	ZERO COUPON BONDS
1988	
1989	
1990	7,268.00
1991	7,268.00
1992	7,268.00
1993	7,268.00
1994	7,268.00
1995	7,268.00
1996	7,268.00
1997	7,268.00
1998	7,268.00
1999	7,268.00
2000	7,268.00
2001	7,268.00
2002	7,268.00
2003	7,268.00
2004	7,268.00
2005	7,268.00
2006	7,268.00
2007	7,268.00
2008	7,268.00
2009	7,268.00
2010	7,268.00
2011	7,268.00
2012	7,268.00
2013	7,268.00
2014	7,268.00
2015	7,268.00
2016	7,268.00
2017	7,268.00
2018	7,268.00
2019	7,268.00
2020	7,268.00
2021	7,268.00
2022	7,268.00
2023	7,268.00
2024	7,268.00
2025	7,268.00
2026	7,268.00
2027	7,268.00
2028	7,279.00
	283,463.00

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. "EPA" means the United States Environmental Protection Agency and any successors to the functions thereof.

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

3. "System" means 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 and EPA.

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

3. As a condition precedent to the Authority's making the Supplemental Loan, the Governmental Agency shall have obtained, among other permits required, permits from the EPA and the West Virginia Department of Natural Resources and approval of the "Part B" supplement to its EPA grant agreement.

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

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

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

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

CITY OF CHESTER

Combined Waterworks and Sewerage System Revenue Bonds,
Series 1988 A and Series 1988 B

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

The undersigned, DANIEL B. YONKOSKY, Secretary-Treasurer of West Virginia Water Development Authority, for and on behalf of West Virginia Water Development Authority (the "Authority") and ROY CASHDOLLAR, Mayor of the City of Chester (the "Issuer"), hereby certify as follows:

1. On the 6th day of July, 1988, the Authority received the entire original issue of $1,417,314 in aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 A and Series 1988 B (collectively, the "Bonds"), issued as a single, fully registered Bond of each Series, numbered AR-1 and BR-1, respectively, both dated July 6, 1988, the Series 1988 A Bond being in the principal amount of $1,133,851 and the Series 1988 B Bond being in the principal amount of $283,463.

2. At the time of such receipt of the Bonds upon original issuance, all of the Bonds had been executed by Roy Cashdollar, as Mayor of the Issuer, by his manual signature, and by Sally Riley, as City Clerk of the Issuer, by her manual signature, and the official seal of the Issuer had been affixed upon the Bonds.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Bonds, of the proceeds of the Series 1988 A Bonds in the aggregate amount of $1,133,851 and proceeds of the Series 1988 B Bonds in the aggregate principal amount of $283,463 (100% of par value), there being no interest accrued on either series.

IN WITNESS WHEREOF, Daniel B. Yonkosky duly signed and delivered this receipt on behalf of WEST VIRGINIA WATER DEVELOPMENT AUTHORITY and the CITY OF CHESTER has caused this receipt to be duly executed and delivered by its Mayor, as of this 6th day of July, 1988.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By _____
Secretary-Treasurer

CITY OF CHESTER

By _____
Mayor

07/05/88
CHEC01-L

CITY OF CHESTER

Combined Waterworks and Sewerage System Revenue Bonds,
Series 1988 A and Series 1988 B

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

One Valley Bank, National Association
Charleston,
West Virginia

Ladies and Gentlemen:

There are delivered to you herewith:

(1) Bond No. AR-1, constituting the entire original issue of the City of Chester Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 A, in the principal amount of $1,133,851 and Bond No. BR-1, constituting the entire original issue of the City of Chester Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 B, in the principal amount of $283,463 both dated July 6, 1988 (collectively, the "Bonds"), executed by the Mayor and City Clerk of the City of Chester (the "Issuer") and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond Ordinance and Supplemental Resolution duly enacted and adopted by the Issuer (collectively, the "Local Act");

(2) A copy of the Local Act authorizing the above Bond issue, duly certified by the City Clerk of the Issuer;

(3) Executed counterparts of the loan agreement and the supplemental loan agreement, both dated June 24, 1988, by and between the West Virginia Water Development Authority (the "Authority") and the Issuer (collectively, the "Loan Agreement");

(4) A signed opinion of nationally recognized bond counsel regarding the validity of the Loan Agreement and Bonds.

You are hereby requested and authorized to deliver the Bonds to the Authority upon payment to the account of the Issuer of the sum of $1,417,314, representing the agreed aggregate purchase price of the Bonds, there being no accrued interest thereon. Prior to such delivery of the Bonds, you will please cause the Bonds to be

authenticated by an authorized officer, as Bond Registrar, in accordance with the forms of Certificate of Authentication and Registration thereon.

Dated this 6th day of July, 1988.

CITY OF CHESTER

By Ray Caldwell
Mayor

07/05/88
CHECO1-M

(SPECIMEN BOND - SERIES 1988 A)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHESTER
SEWER REVENUE BOND, SERIES 1988 A

No. AR-1 $1,133,851

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF CHESTER, a municipal corporation and political subdivision of the State of West Virginia in Hancock County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of ONE MILLION ONE HUNDRED THIRTY-THREE THOUSAND EIGHT HUNDRED FIFTY-ONE DOLLARS ($1,133,851), 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 with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest rate on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year, beginning October 1, 1988. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, 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 (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 next 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 upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated June 24, 1988.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing combined waterworks and sewerage facilities of the Issuer (the "Project"); (ii) to pay interest on the bonds of this series (the "Bonds") during the construction of the Project and for approximately four months thereafter; (iii) to fund a reserve account for the Bonds; and (iv) 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 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance and Supplemental Resolution, duly enacted and adopted by the Issuer on June 21 and July 5, 1988, respectively (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation 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 Bond Legislation.

This Bond is issued concurrently with the Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 B, of the Issuer (the "Series 1988 B Bonds"), issued in the aggregate principal amount of $283,463, which Series 1988 B Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Bonds.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO THE ISSUER'S OUTSTANDING WATER AND SEWER REVENUE BONDS, SERIES 1964, DATED AUGUST 1, 1964, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $357,000 AND COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1976, DATED DECEMBER 16, 1977, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,879,000 (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System after there has first been paid from said Gross Revenues all payments then due and owing on account of the Prior Bonds, moneys in the Reserve Account (the "Series 1988 A Bonds Reserve Account") created under the Bond Legislation for the Bonds, and unexpended proceeds of the Bonds and the Series 1988 B Bonds. Such Gross 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 Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the moneys in the Series 1988 A Bonds Reserve Account and unexpended proceeds of this Bond and the Series 1988 B Bond. Pursuant to the Bond Legislation, the Issuer 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, together with other revenues of the System, 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 Series 1988 B Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds or the Series 1988 B Bonds, including the Prior Bonds, provided however, that so long as there exists in the Series 1988 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for the Series 1988 B Bonds and any other obligations outstanding prior to or on a parity with the Bonds or the Series 1988 B Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books 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 Bond Registrar duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, 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 the Project described in the Bond Legislation, and

there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the 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 the Issuer, 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 Issuer for the prompt payment of the principal of and interest on this Bond.

All provisions of the Bond Legislation, 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 CHESTER has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed hereon and attested by its City Clerk, and has caused this Bond to be dated July 6, 1988.

[SEAL]

_____
Mayor

ATTEST:

_____
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1988 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: July 6, 1988

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

ANALYS OF 7.50% BORROWING COST FOR LOCAL SUER

----------1988 SERIES A BONDS ----------

PERIOD ENDING 10/1	COUPON	PRIN.	INTEREST	DEBT SERVICE
1988	9.00		24,094.34	24,094.34
1989	9.00		102,046.59	102,046.59
1990	9.00	3,669	102,046.59	105,715.59
1991	9.00	3,999	101,716.38	105,715.38
1992	9.00	4,359	101,356.47	105,715.47
1993	9.00	4,751	100,964.16	105,715.16
1994	9.00	5,178	100,536.57	105,714.57
1995	9.00	5,644	100,070.55	105,714.55
1996	9.00	6,152	99,562.59	105,714.59
1997	9.00	6,707	99,008.91	105,715.91
1998	9.00	7,310	98,405.28	105,715.28
1999	9.00	7,968	97,747.38	105,715.38
2000	9.00	8,685	97,030.26	105,715.26
2001	9.00	9,467	96,248.61	105,715.61
2002	9.00	10,319	95,396.58	105,715.58
2003	9.00	11,248	94,467.87	105,715.87
2004	9.00	12,259	93,455.55	105,714.55
2005	9.00	13,362	92,352.24	105,714.24
2006	9.00	14,565	91,149.66	105,714.66
2007	9.00	15,876	89,838.81	105,714.81
2008	9.00	17,305	88,409.97	105,714.97
2009	9.00	18,863	86,852.52	105,715.52
2010	9.00	20,560	85,154.85	105,714.85
2011	9.00	22,411	83,304.45	105,715.45
2012	9.00	24,428	81,287.46	105,715.46
2013	9.00	26,626	79,088.94	105,714.94
2014	9.00	29,023	76,692.60	105,715.60
2015	9.00	31,634	74,080.53	105,714.53
2016	9.00	34,482	71,233.47	105,715.47
2017	9.00	37,585	68,130.09	105,715.09
2018	9.00	40,968	64,747.44	105,715.44
2019	9.00	44,656	61,060.32	105,716.32
2020	9.00	48,674	57,041.28	105,715.28
2021	9.00	53,055	52,660.62	105,715.62
2022	9.00	57,826	47,885.67	105,711.67
2023	9.00	63,034	42,681.33	105,715.33
2024	9.00	68,708	37,008.27	105,716.27
2025	9.00	74,891	30,824.55	105,715.55
2026	9.00	81,632	24,084.36	105,716.36
2027	9.00	88,979	16,737.48	105,716.48
2028	9.00	96,993	8,729.37	105,722.37

ASSIGNMENT

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

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

Dated: _____, _____.

_____

In the presence of:

_____

07/05/88
CHECO3-B

(SPECIMEN BOND - SERIES 1988 B)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHESTER
SEWER REVENUE BOND, SERIES 1988 B

No. BR-1 $283,463

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF CHESTER, a municipal corporation and political subdivision of the State of West Virginia in Hancock County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of TWO HUNDRED EIGHTY-THREE THOUSAND FOUR HUNDRED SIXTY-THREE DOLLARS ($283,463), in annual 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, without interest.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, 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 (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Supplemental Loan Agreement between the Issuer and the Authority, dated June 24, 1988.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing combined waterworks and sewerage facilities of the Issuer (the "Project"); (ii) to fund a reserve account for the Bonds of this Series (the "Bonds"); and (iii) 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 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance and Supplemental

Resolution, duly enacted and adopted by the Issuer on June 21 and July 5, 1988, respectively (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation 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 Bond Legislation.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO THE OUTSTANDING COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988 A, OF THE ISSUER (THE "SERIES 1988 A BONDS"), ISSUED CONCURRENTLY HEREWITH IN THE AGGREGATE PRINCIPAL AMOUNT OF $1,133,851 AND DESCRIBED IN THE BOND LEGISLATION.

THIS BOND IS ALSO JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO THE ISSUER'S OUTSTANDING WATER AND SEWER REVENUE BONDS, SERIES 1964, DATED AUGUST 1, 1964, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $357,000 AND COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1976, DATED DECEMBER 16, 1977, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,879,000 (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System after there has first been paid from said Gross Revenues all payments then due and owing on account of the Prior Bonds and the Series 1988 A Bonds and by all moneys in the Reserve Account (the "Series 1988 B Bonds Reserve Account") created under the Bond Legislation for the Bonds, and unexpended proceeds of the Bonds. Such Gross 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 Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Gross Revenues, the moneys in the Series 1988 B Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer 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, together with other revenues of the System, 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, if any, on the Bonds, the Series 1988 A Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 1988 A Bonds or the Bonds, including the Prior Bonds, provided however, that so long as there exists in the Series 1988 B Bonds Reserve Account and the reserve account established for the Series 1988 A Bonds, respectively, amounts at least equal to the maximum amount of principal and interest which will become due on the Bonds and the Series 1988 A Bonds in the then current or any succeeding year, and any reserve account for any such prior or parity obligations, including the Prior Bonds, is funded at least at the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (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 Bond Registrar duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements as set forth herein, 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 the Project described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owners of the Bonds, which lien is subordinate to the lien in favor of the registered owners of the Series 1988 A 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 Issuer, 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 Issuer for the prompt payment of the principal of this Bond.

All provisions of the Bond Legislation, 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 CHESTER has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed hereon and attested by its City Clerk, and has caused this Bond to be dated July 6, 1988.

[SEAL]

_____
Mayor

ATTEST:

_____
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1988 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: July 6, 1988

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

EXAMPLES OF 7.50% BORROWING COST FOR LOCAL ISSUER

--------1988 SERIES A BONDS ----- -----

	ZERO COUPON BONDS
1989	
1989	
1990	7,268.00
1991	7,268.00
1992	7,268.00
1993	7,268.00
1994	7,268.00
1995	7,268.00
1996	7,268.00
1997	7,268.00
1998	7,268.00
1999	7,268.00
2000	7,268.00
2001	7,268.00
2002	7,268.00
2003	7,268.00
2004	7,268.00
2005	7,268.00
2006	7,268.00
2007	7,268.00
2008	7,268.00
2009	7,268.00
2010	7,268.00
2011	7,268.00
2012	7,268.00
2013	7,268.00
2014	7,268.00
2015	7,268.00
2016	7,268.00
2017	7,268.00
2018	7,268.00
2019	7,268.00
2020	7,268.00
2021	7,268.00
2022	7,268.00
2023	7,268.00
2024	7,268.00
2025	7,268.00
2026	7,268.00
2027	7,268.00
2028	7,279.00

	283,463.00

ASSIGNMENT

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

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

Dated: _____, _____.

_____

In the presence of:

_____

07/05/88
CHEC03-C

STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

UNION NATIONAL CENTER EAST

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

TELECOPIER (304) 624-8183

CHARLESTON OFFICE
715 CHARLESTON NATIONAL PLAZA
P.O.BOX 1588
CHARLESTON, W. VA. 25326
(304) 342-2191
TELECOPIER (304) 342-0726

CHARLES W. YEAGER
CARL F. STUCKY, JR.
HERBERT G. UNDERWOOD
JACKSON L. ANDERSON
OTIS L. O'CONNOR
ROBERT G. STEELE
JAMES M. WILSON
PATRICK D. DEEM
ROBERT M. STEPTOE, JR.
ANNE R. WILLIAMS
JAMES R. WATSON
JAMES D. GRAY
VINCENT A. COLLINS
JAMES A. RUSSELL
FRANK E. SIMMERMAN, JR.
WILLIAM T. BELCHER
MICHAEL L. BRAY
DAVID C. CLOVIS
DANIEL R. SCHUDA
J. GREG GOODYKOONTZ
IRENE M. KEELEY
EVANS L. KING, JR.
WALTER L. WILLIAMS
SUSAN S. BREWER
SPRAGUE W. HAZARD
HERSCHEL H. ROSE III
RONALD H. HANLAN
C. DAVID MORRISON
HARRY R. WADDELL
CLEMENT D. CARTER III
W. HENRY LAWRENCE IV
WILLIAM E. GALEOTA
GORDON H. COPLAND

RANDALL C. LIGHT
CHRISTOPHER P. BASTIEN
STEVEN P. McGOWAN
RICHARD M. YURKO, JR.
GARY W. NICKERSON
W. RANDOLF FIFE, JR.
MARTIN R. SMITH, JR.
LOUIS E. ENDERLE
ROBERT J. SCHIAVONI
JOSEPH R. FERRETTI
MARK E. KINLEY
EDWARD R. KOHOUT
MARCIA J. POLLARD

OF COUNSEL
ROBERT W. LAWSON, JR.
RALPH BOHANNON
ERNEST C. SWIGER

WRITER'S DIRECT DIAL NUMBER

July 6, 1988

City of Chester
Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 A

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

Gentlemen:

We have acted as bond counsel in connection with the issuance by the City of Chester (the "Issuer"), a municipal corporation and political subdivision organized and existing under the laws of the State of West Virginia, of $1,133,851 Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 A, dated the date hereof (the "Local Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated June 24, 1988, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Issuer and the West Virginia Water Development Authority (the "Authority") and the Local Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are originally 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, commencing October 1, 1988, at the rate of 9.0% per annum, and with principal installments payable on October 1 in each of the years 1990 through 2028, inclusive, all as set forth in "Schedule X," attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

//

The Local Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 of the Code of West Virginia, 1931, as amended (the "Local Statute"), for the purposes of (i) permanently financing a portion of the costs of acquisition and construction of additions, betterments and improvements for the existing combined waterworks and sewerage facilities of the Issuer (the "Project"); (ii) to pay interest on the Local Bonds for a period of approximately 18 months; (iii) to fund a reserve account for the Local Bonds; and (iv) to pay certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of the Local Statute, the bond ordinance duly enacted by the Issuer on June 21, 1988, as supplemented by a supplemental resolution adopted July 5, 1988 (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement that has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

1. The Issuer is a duly organized and validly existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to construct and acquire the Project, 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.

2. The Loan Agreement has been duly authorized by and executed on behalf of the Issuer, is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof, and inures to the benefit of the Authority and cannot be amended so as to affect adversely the rights of the Authority or diminish the obligations of the Issuer without the consent of the Authority.

3. The Local Act and all other necessary ordinances and resolutions have been duly and effectively enacted and adopted by the Issuer and constitute valid and binding obligations of the Issuer enforceable upon the Issuer. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

4. The Local Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Gross Revenues of the System referred to in the Local Act and secured by a lien on and pledge

of the Gross Revenues of said System, junior and subordinate, however, with respect to lien, pledge and sources of and security for payment to the Issuer's outstanding Water and Sewer Revenue Bonds, Series 1964, dated August 1, 1964, issued in the original aggregate principal amount of $357,000 and Combined Waterworks and Sewerage System Revenue Bonds, Series 1976, dated December 16, 1977, issued in the original aggregate principal amount of $1,879,000 (collectively, the "Prior Bonds"), all in accordance with the terms of the Local Bonds and the Local Act.

5. The interest on the Local 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 opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Local 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 Local Bonds to be included in gross income retroactive to the date of issuance of the Local Bonds. The Issuer has covenanted to comply with all such requirements. We express no opinion regarding other federal tax consequences arising with respect to the Local Bonds.

6. The Local Bonds are, under the Local Statute, exempt from direct taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof, and the interest on the Local Bonds is exempt from personal and corporate income taxes imposed directly thereon by the State of West Virginia.

7. The Final Order of the Public Service Commission of West Virginia entered June 1, 1988 (Case No. 87-606-S-CN) granting to the Issuer a Certificate of Convenience and Necessity is not subject to appeal to the Supreme Court of Appeals of West Virginia by any customer, protestant or other person who has not been made a party to the original application.

It is to be understood that the rights of the holders of the Local Bonds and the enforceability of the Local Bonds and the Local Act may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

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

Very truly yours,

STEPTOE & JOHNSON

07/05/88
CHECO1-N

STEPTOE & JOHNSON
ATTORNEYS AT LAW
SIXTH FLOOR
UNION NATIONAL CENTER EAST
P. O. BOX 2190
CLARKSBURG, W. VA. 26302-2190
(304) 624-8000
TELECOPIER (304) 624-8183

CHARLESTON OFFICE
715 CHARLESTON NATIONAL PLAZA
P. O. BOX 1588
CHARLESTON, W. VA. 25326
(304) 342-2191
TELECOPIER (304) 342-0726

CHARLES W. YEAGER
CARL F. STUCKY, JR.
HERBERT G. UNDERWOOD
JACKSON L. ANDERSON
OTIS L. O'CONNOR
ROBERT G. STEELE
JAMES M. WILSON
PATRICK D. DEEM
ROBERT M. STEPTOE, JR.
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WALTER L. WILLIAMS
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RICHARD M. YURKO, JR.
GARY W. NICKERSON
W. RANDOLF FIFE, JR.
MARTIN R. SMITH, JR.
LOUIS E. ENDERLE
ROBERT J. SCHIAVONI
JOSEPH R. FERRETTI
MARK E. KINLEY
EDWARD R. KOHOUT
MARCIA J. POLLARD

OF COUNSEL
ROBERT W. LAWSON, JR.
RALPH BOHANNON
ERNEST C. SWIGER

WRITER'S DIRECT DIAL NUMBER

July 6, 1988

City of Chester
Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 B

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

Gentlemen:

We have acted as bond counsel in connection with the issuance by the City of Chester (the "Issuer"), a municipal corporation and political subdivision organized and existing under the laws of the State of West Virginia of $283,463 Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 B, dated the date hereof (the "Supplemental Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a supplemental loan agreement, dated June 24, 1988, including all schedules and exhibits attached thereto (the "Supplemental Loan Agreement"), between the Issuer and the West Virginia Water Development Authority (the "Authority") and the Supplemental Bonds, which are to be purchased by the Authority in accordance with the provisions of the Supplemental Loan Agreement. The Supplemental Bonds are originally 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 1990 through 2028, inclusive, all as set forth in "Schedule X," attached to the Supplemental Loan Agreement.

The Supplemental Loan Agreement is supplemental to a loan agreement also dated June 24, 1988, between the Issuer and the Authority (the "Loan Agreement"). The Supplemental Bonds are junior, subordinate and inferior as to lien, pledge and source of and security for payment to the bonds issued pursuant to the Loan Agreement and designated "Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 A" (the "Local Bonds"), which Local

Bonds are issued simultaneously herewith, and to the Issuer's outstanding Water and Sewer Revenue Bonds, Series 1964, dated August 1, 1964, issued in the original aggregate principal amount of $357,000 and Combined Waterworks and Sewerage System Revenue Bonds, Series 1976, dated December 16, 1977, issued in the original aggregate principal amount of $1,879,000 (collectively, the "Prior Bonds").

The Supplemental Bonds are issued, together with the Local Bonds, under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 of the Code of West Virginia, 1931, as amended (the "Local Statute"), for the purposes of (i) permanently financing a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing combined waterworks and sewerage facilities of the Issuer (the "Project"); (ii) funding a reserve account for the Supplemental Bonds; and (iii) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of the Local Statute, the bond ordinance duly enacted by the Governmental Agency on June 21, 1988, as supplemented by a supplemental resolution adopted July 5, 1988 (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Supplemental Bonds are authorized and issued, and the Supplemental Loan Agreement that has been undertaken. The Supplemental Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Supplemental Loan Agreement.

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

1. The Issuer is a duly organized and validly existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Supplemental Loan Agreement and to issue and sell the Supplemental Bonds, all under the Local Statute and other applicable provisions of law. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Supplemental Loan Agreement.

2. The Supplemental Loan Agreement has been duly authorized by and executed on behalf of the Issuer, is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof, and inures to the benefit of the Authority and cannot be amended so as to affect adversely the rights of the Authority or diminish the obligations of the Issuer without the consent of the Authority.

3. The Local Act and all other necessary ordinances and resolutions have been duly and effectively enacted and adopted by the Issuer and constitute valid and binding obligations of the Issuer enforceable upon the Issuer.

4. The Supplemental Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Gross Revenues of the System referred to in the Local Act and secured by a lien on and pledge of the Gross Revenues of said System, junior and subordinate only to the Local Bonds and the Prior Bonds, all in accordance with the terms of the Supplemental Bonds and the Local Act.

5. The Issuer has reserved the right to issue additional bonds ranking on a parity with the Supplemental Bonds, as provided in the Local Act.

6. The Supplemental Bonds are, under the Local Statute, exempt from direct taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

7. The Final Order of the Public Service Commission of West Virginia entered June 1, 1988 (Case No. 87-606-S-CN) granting to the Issuer a Certificate of Convenience and Necessity is not subject to appeal to the Supreme Court of Appeals of West Virginia by any customer, protestant or other person who has not been made a party to the original application.

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 similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

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

Very truly yours,

Steptoe & Johnson

STEPTOE & JOHNSON

07/05/88
CHEC01-O

STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

UNION NATIONAL CENTER EAST

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

TELECOPIER (304) 624-8183

CHARLESTON OFFICE
715 CHARLESTON NATIONAL PLAZA
P. O. BOX 1588
CHARLESTON, W. VA. 25326
(304) 342-2191
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MARK E. KINLEY
EDWARD R. KOHOUT
MARCIA J. POLLARD

OF COUNSEL
ROBERT W. LAWSON, JR.
RALPH BOHANNON
ERNEST C. SWIGER

WRITER'S DIRECT DIAL NUMBER

July 6, 1988

City of Chester
Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 A

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

Gentlemen:

We have examined a transcript of proceedings relating to the issuance of $1,133,851 aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 A (the "Local Bonds"), of the City of Chester (the "Issuer"), and a Certificate as to Arbitrage executed by the Mayor of the Issuer on this date.

Based upon such Certificate as to Arbitrage, we are of the opinion that the facts, estimates and circumstances set forth in the Certificate as to 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 Local Bonds are not "arbitrage bonds" as therein defined. No matters have come to our attention which make unreasonable or incorrect such statements, expectations or representations.

Accordingly, it is our opinion that, under existing statutes, regulations, rulings and court decisions, the Local Bonds are not "arbitrage bonds" as so defined. It is our further opinion, based upon such Certificate as to Arbitrage and under existing statutes, regulations, rulings and court decisions, that proceeds of the Local Bonds are not subject to the arbitrage rebate requirements set forth in Section 148(f) of the Code.

The opinion set forth above is subject to the condition that the Issuer comply with all requirements of the Code relating to arbitrage that must be satisfied subsequent to the issuance of the Local Bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the Local Bonds to be so included in gross income retroactive to the date of issuance of the Local Bonds. The Issuer has covenanted to comply with all such requirements.

Very truly yours,

Steptoe & Johnson

STEPTOE & JOHNSON

07/05/88
CHECO1-P

LAW OFFICES
SELLITTI & NOGAY
SUITE 7, PROFESSIONAL PLAZA
3125 PENNSYLVANIA AVENUE
POST OFFICE BOX 2540
WEIRTON, WEST VIRGINIA 26062
(304) 723-1400

JAMES J. SELLITTI •
MICHAEL EDWARD NOGAY •
JOSEPH G. NOGAY ••
DONALD C. SINCLAIR II •••

BRANCH OFFICE
FIFTH & CAROLINA AVENUES
POST OFFICE BOX 356
CHESTER, WEST VIRGINIA 26034
(304) 387-3834

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July 6, 1988

☐ PLEASE REPLY TO ADDRESS ABOVE IF INDICATED IN BOX

City of Chester
Combined Waterworks and Sewerage System Revenue Bonds,
Series 1988 A and Series 1988 B

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

Steptoe & Johnson
Post Office Box 2190
Clarksburg, WV 26301

Gentlemen:

I am counsel to the City of Chester, in Hancock County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinions of Steptoe & Johnson, as bond counsel, a loan agreement and supplemental loan agreement, both dated June 24, 1988, by and between the West Virginia Water Development Authority (the "Authority") and the Issuer (collectively, the "Loan Agreement"), the Local Act (as defined therein) and other documents relating to the above-captioned Bonds of the Issuer. Terms used in said opinions, Local Act and Loan Agreement and not otherwise defined herein have the same meanings herein.

I am of the opinion that:

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

2. The Issuer and the Water Sewerage Board of the City of Chester, West Virginia, have been duly created and the Mayor, and the City Clerk and the members of the council of the Issuer have been duly and properly elected or appointed, have taken the requisite oaths, and are authorized to act on behalf of the Issuer.

3. The Local Act has been duly enacted and adopted by the Issuer and is in full force and effect.

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

5. The issuer has received all permits, licenses, approvals and authorizations necessary for the issuance of the Bonds, construction of the Project, operation of the System and imposition of rates and charges, including, without limitation, the receipt of all requisite orders and approvals from the Public Service Commission of West Virginia, and has taken any other action required for the imposition of such rates and charges, including, without limitation, the enactment of an ordinance prescribing such rates and charges. The time for appeal of such rate ordinance has expired prior to the date hereof without any appeal. The time for appeal of the Final order of the Public Service Commission of West Virginia entered June 1, 1988, (Case No. 87-606-SCN) granting to the Issuer a Certificate of Convenience and Necessity with respect to the Project has expired prior to the date hereof.

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

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

Very truly yours,

Joseph G. Nogay

JGN/slm

CITY OF CHESTER

Combined Waterworks and Sewerage System Revenue Bonds,
Series 1988 A and Series 1988 B

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. CERTIFICATION OF COPIES OF DOCUMENTS
6. INCUMBENCY AND OFFICIAL NAME
7. LAND AND RIGHTS-OF-WAY
8. MEETINGS, ETC.
9. CONTRACTORS' INSURANCE, ETC.
10. GRANTS, ETC.
11. LOAN AGREEMENT
12. RATES
13. SIGNATURES AND DELIVERY
14. BOND PROCEEDS
15. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE
16. PRIVATE USE OF FACILITIES
17. NO FEDERAL GUARANTY
18. IRS INFORMATION RETURN
19. SPECIMEN BONDS

We, the undersigned MAYOR and CITY CLERK of the City of Chester, in Hancock County, West Virginia (the "Issuer"), and the undersigned ATTORNEY for the Issuer, hereby certify in connection with the $1,417,314 aggregate principal amount of the City of Chester Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 A and Series 1988 B (collectively, the "Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined shall have the same meaning as in the Bond Ordinance of the Issuer enacted June 21, 1988, and a Supplemental Resolution adopted July 5, 1988 (collectively, the "Local Act").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Bonds, construction of the Project, operation of the System, receipt of the

Gross Revenues, or in any way contesting or affecting the validity of the Bonds or any proceedings of the Issuer taken with respect to the issuance or sale of the Bonds, the pledge or application of the Gross Revenues or any other moneys or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, construction of the Project, operation of the System, or such pledge or application of moneys and security or the collection of the Gross Revenues or pledge thereof.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals and certificates required by law for construction of the Project, operation of the System and issuance of the Bonds have been obtained and remain in full force and effect, and competitive bids for construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the Official West Virginia Code of 1931, as amended, which bids remain in full force and effect.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the approval and execution and delivery by the Issuer of the Loan Agreement, and the Issuer has met all conditions prescribed in the Loan Agreement entered into between the Issuer and the Authority. Except for the Prior Bonds, there are no outstanding debt obligations of the Issuer, or obligations for which full and irrevocable provision for payment has not been made, which are secured by revenues or assets of the System.

5. CERTIFICATION OF COPIES OF DOCUMENTS: The copies of the below-listed documents hereto attached or delivered herewith or heretofore delivered are true, correct and complete copies of the originals of the documents of which they purport to be copies, and such original documents are in full force and effect and have not been repealed, rescinded, amended or changed in any way unless modification appears from later documents also listed below:

Charter of the City of Chester.

Bond Ordinance.

Prior Bond Ordinances.

Ordinance Creating Water and Sewerage Board

Petition of Water and Sewerage Board

Supplemental Resolution.

Rate Ordinance.

Affidavit of Publication of Abstract of Bond Ordinance and Notice of Hearing.

Affidavit of Publication of Rate Ordinance and Notice of Public Hearing.

Minutes on Enactment of Bond Ordinance and Adoption of Supplemental Resolution.

Loan Agreement.

Public Service Commission Order entered June 1, 1988.

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is the "City of Chester." The Issuer is a municipal corporation in Hancock County and presently existing under the laws of, and a political subdivision of, the State of West Virginia. The governing body of the Issuer is its Council consisting of a Mayor and 5 councilmembers whose names and dates of commencement and termination of current terms of office are as follows:

Name		Date of Commencement of Office	Date of Termination of Office
Roy Cashdollar	- Mayor	July 1, 1988	July 1, 1990
Jerry DeAngelo	- Councilmember	July 1, 1988	July 1, 1990
Frank DaCapio	- Councilmember	July 1, 1988	July 1, 1990
William Tuttle	- Councilmember	July 1, 1988	July 1, 1990
James Handley	- Councilmember	July 1, 1988	July 1, 1990
James Paulauskas	- Councilmember	July 1, 1988	July 1, 1990

The names of the duly appointed and acting members of the Water and Sewerage Board of the Issuer are as follows:

Chairman	-	Roy Cashdollar
Member	-	Gary Stevens (Engineer)
Member	-	Robert Murray
Member	-	Tom Thayer

The duly appointed and acting City Clerk is Sally Riley. The duly appointed and acting counsel to the Issuer is Joseph Nogay, Weirton, West Virginia.

7. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the construction of the Project and operation and maintenance of the System have been acquired or can and will be acquired by purchase, or, if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Bonds.

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

9. CONTRACTORS' INSURANCE, ETC.: All contractors have been required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Local Act. All insurance for the System required by the Ordinance is in full force and effect. The System is not presently covered by policies of flood or business interruption insurance, but will be if such coverages are available at reasonable cost.

10. GRANTS, ETC: As of the date hereof, the EPA has committed to the Issuer a grant in the approximate amount of $2,001,170 and the State of West Virginia (Small Cities Block Grant) has committed to the issuer a grant in the amount of $750,000. Such grants are in full force and effect as of the date hereof.

11. LOAN AGREEMENT: As of the date hereof, (i) the representations of the Issuer contained in the Loan Agreement are true and correct in all material respects as if made on the date hereof; (ii) the Loan Agreement does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and (iii) to the best knowledge of the undersigned, no event affecting the Issuer has occurred since the date of the Loan Agreement which

should be disclosed for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information in the Loan Agreement not misleading.

12. RATES: The Issuer has duly enacted a rate ordinance on April 18, 1988, setting rates and charges for the services of the System. Such rate ordinance is presently in full force and effect, the period for appeal of such rate ordinance has expired and there has been no appeal thereof.

13. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Mayor did officially sign all of the Bonds of the aforesaid issue, all dated July 6, 1988, by his manual signature, and the undersigned City Clerk did officially cause the official seal of the Issuer to be affixed upon each of said Bonds and to be attested by her manual signature, and the Registrar did officially authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreement. Said official seal is also impressed above the signatures appearing on this certificate.

14. BOND PROCEEDS: On the date hereof the Issuer received from the Authority the agreed purchase price of the Bonds, being $1,417,314 (100% of par value), there being no interest accrued thereon.

15. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE: Upon adoption of the Bond Ordinance, an abstract thereof, determined by the Governing Body to contain sufficient information as to give notice of the contents thereof, was published once each week for 2 successive weeks, with not less than 6 full days between each publication, the first such publication occurring not less than 10 days before the date stated below for the public hearing, in a newspaper published and of general circulation in the City of Chester, together with a notice to all persons concerned, stating that the Bond Ordinance had been adopted and that the Issuer contemplated the issuance of the Bonds described in such Ordinance, stating that any person interested may appear before the Council at the public hearing held at a public meeting of Council on the 21st day of June 1988, at 7:30 p.m., in the Council Chambers of the City Hall of the City of Chester and present protests, and stating that a certified copy of the Ordinance was on file at the office of the Recorder of the Issuer for review by interested parties during the office hours of the Recorder. At such hearing all objections and suggestions were heard by the Governing Body and the Bond Ordinance became finally adopted, enacted and effective as of the date of such public hearing, and remains in full force and effect.

16. PRIVATE USE OF FACILITIES: The Issuer shall at all times take, and refrain from taking, and shall not fail to take, any and all actions necessary in order to assure the initial and continued tax-exempt status of the Bonds and the interest thereon. Less than 10% of the proceeds of the Bonds will be used, directly or indirectly, for any private business use, and less than 10% of the payment of principal of, or the interest on, such issue, under the terms of such issue or any underlying arrangement, is, directly or indirectly, secured by any interest in property used or to be used for a private business use, payments in respect of such property, or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use. None of the proceeds of the Bonds will be used, directly or indirectly, for any private business use which is not related to the governmental use of the proceeds of the Bonds, including the disproportionate related business use of the proceeds of the Bonds, and none of the payment of principal on, or the interest on, such issue, under the terms of any underlying arrangement, is, directly or indirectly, secured by any interest in property used, or to be used for a private business use, payments in respect of such property or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use with respect to such private business use, which is not related to any government use of such proceeds, including the disproportionate business use of the issue of the Bonds. None of the proceeds of the issue of the Bonds will be used, directly or indirectly, to make or finance loans to persons other than governmental units. For purposes of this paragraph, private business use means use, directly or indirectly, in a trade or business carried on by any person other than a governmental unit, other than use as a member of the general public. All of the foregoing shall be determined in accordance with and within the meaning of the Internal Revenue Code of 1986, as amended, including any successor provisions and rules and regulations thereunder.

17. NO FEDERAL GUARANTY: The Bonds are not, in whole or part, and will not be, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

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

19. SPECIMEN BONDS: Delivered concurrently herewith are true and accurate specimens of the Bonds.

WITNESS our signatures and the official seal of the CITY OF CHESTER on this 6th day of July, 1988.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
Ray Cashdollar	Mayor
Nancy Ruley	City Clerk
	Counsel to Issuer

~~07/05/88~~
CHECO1-R

CITY OF CHESTER

Combined Waterworks and Sewerage System Revenue Bonds,
Series 1988 A

CERTIFICATE AS TO ARBITRAGE

I, ROY CASHDOLLAR, Mayor of the City of Chester, in Hancock County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of $1,133,851 aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 A, of the Issuer, dated July 6, 1988 (the "Local Bonds"), hereby certify as follows:

1. This certificate is being executed and delivered pursuant to Section 148 of the Internal Revenue Code of 1986 and applicable regulations (the "Code"). I am one of the officers of the Issuer charged with the responsibility of issuing the Local 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 Issuer.

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

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

4. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on July 6, 1988, the date on which the Local 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 Issuer set forth herein are reasonable.

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

6. The Local Bonds and the Series 1988 B Bonds (the "Supplemental Bonds"), which bear no interest, were sold on July 6, 1988, to the West Virginia Water Development Authority (the "Authority") for an aggregate purchase price of $1,417,314 (100% of par).

7. The Local Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing combined waterworks and sewerage facilities of the Issuer (the "Project"), capitalizing interest on and funding a reserve account for the Local Bonds and paying costs of issuance thereof.

8. The Issuer shall, within 30 days following delivery of the Local Bonds, enter into agreements which require the Issuer 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 constituting capitalized interest and proceeds deposited in a reserve account for the Local Bonds, all of the proceeds from the sale of the Local Bonds, together with any investment earnings thereon, will be expended for payment of Costs of the Project on or before October, 1989. Construction of the Project is expected to be completed by September, 1989.

9. The total cost of the Project (including all costs of issuance of the Bonds) is estimated at $4,217,299. Sources and uses of funds for the Project are as follows:

Sources

Gross proceeds of Local Bonds	$1,133,851
Gross proceeds of Supplemental Bonds	283,463
EPA Grant	2,001,170
State Grant	750,000
Local Funds	48,815
Total Sources	$4,217,299

Uses

Design, Acquisition and Construction of Project	$3,928,934
Capitalized interest on Local Bonds	161,863
Funded Reserve for Local Bonds	105,723
Funded Reserve for Supplemental Bonds	7,279
Other Costs of Issuance	13,500
Total Uses	$4,217,299

The amount of Project costs not expected to be reimbursed or paid from grants, Supplemental Bond proceeds and funds of the Issuer lawfully available therefor is estimated to be at least equal to the Gross proceeds of the Local Bonds. Except for the proceeds of the Local Bonds, the Supplemental Bonds, the EPA Grant, the State Grant and Local Funds of $48,815, no other funds of the Issuer 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 V of the Local Act, the following special funds or accounts have been created or continued:

(1) Revenue Fund;

(2) Renewal and Replacement Fund;

(3) Bond Construction Trust Fund;

(4) Series 1988 A Bonds Sinking Fund, and within the Series 1988 A Bonds Sinking Fund the Series 1988 A Bonds Reserve Account; and

(5) Series 1988 B Bonds Sinking Fund, and within the Series 1988 B Bonds Sinking Fund the Series 1988 B Bonds Reserve Account.

11. Pursuant to the Local Act the proceeds of the Local Bonds (and the Supplemental Bonds) will be deposited as follows:

(1) Local Bonds proceeds in the amount of $161,863 will be deposited in the Sinking Fund as capitalized interest.

(2) Local Bonds proceeds in the amount of $105,723 and Supplemental Bonds proceeds in the amount of $7,279 will be deposited in the Series 1988 A Bonds Reserve Account and the Series 1988 B Bonds Reserve Account, respectively.

(3) Local Bonds proceeds in the amount of $190,367 will be applied to payment of certain advances made to the Issuer for the purpose of temporarily financing a portion of the Costs of the Project.

(4) The balance of the proceeds of the Local Bonds and the Supplemental 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 Series 1988 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Local Bonds and will not be available to meet costs of construction of the Project. All investment earnings on moneys in the Series 1988 A Bonds Sinking Fund and Series 1988 A Bonds Reserve Account will be 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 Revenue Fund, and such amounts will be applied in full, first to the next ensuing interest payment, if any, due on the Series 1988 A Bonds, and then to the next ensuing principal payment due thereon.

13. Except for the Series 1988 A Bonds Sinking Fund, there are no other funds or accounts established or held by the Issuer which are reasonably expected to be used to pay debt service on the Local Bonds or which are pledged as collateral for the Local Bonds and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Local Bonds, if the Issuer encounters financial difficulties. The Issuer does not expect that moneys in the Renewal and Replacement Fund will be used or needed for payments upon the Local 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 Local Bonds have been or will be pledged to payment of the Local Bonds. None of the moneys received from the sale of the Local Bonds will be deposited in the Series 1988 A Reserve Account or any other reserve or replacement fund. The amounts deposited in the Series 1988 A Reserve Account from time to time by the Issuer will not exceed the maximum annual principal and interest on the Local Bonds and will not exceed 125% of average annual principal and interest on the Local Bonds. Amounts in the Series 1988 A Reserve

Account, not to exceed 10% of the proceeds of the Local Bonds, if invested, will be invested without yield limitation. The establishment of the Series 1988 A Reserve Account is required by the Authority, is vital to its purchase of the Local Bonds and is reasonably required to assure payments of debt service on the Local Bonds.

14. The Issuer 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 14 months.

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

18. With the exception of the amounts deposited in the Series 1988 A Bonds Sinking Fund for payment of interest on the Local Bonds, and amounts deposited in the Series 1988 A Reserve Account, all of the proceeds of the Local Bonds will be expended on the Project within 15 months from the date of issuance thereof.

19. Any money deposited in the Series 1988 A Bonds Sinking Fund for payment of the principal of or interest on the Local Bonds (other than the Series 1988 A Bonds 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 Series 1988 A Bonds Sinking Fund (other than in the Revenue Account therein) will be spent within a 1-year period beginning the date of receipt.

20. All the proceeds of the Local Bonds which were used for the payment of costs of the Project will be expended for such purposes within three years of April 28, 1988.

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

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

23. The Issuer shall file Form 8038-G or 8038-GC in a timely fashion with the Internal Revenue Service Center, Philadelphia, Pennsylvania, 19255.

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

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

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

27. The Issuer shall not permit at any time or times any of the proceeds of the Local Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Local Bonds from treatment afforded by Section 103(a) of the Code by reason of classification of the Local Bonds as "private activity bonds" within the meaning of the Code. The Issuer 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 Local Bonds is excludable from gross income for federal income tax purposes.

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

29. The Issuer has general taxing powers to finance operations of or facilities of the nature of the System, and the Issuer and all subordinate entities reasonably expect to issue less than $5,000,000 of tax-exempt obligations during the calendar year 1988, excluding "Private Activity Bonds" as such term is defined in the Code.

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

31. The Issuer will rebate to the United States the amount required by the Code and to take all steps necessary to make

such rebates. In the event the Issuer fails to make such rebates as required, the Issuer 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 Local Bonds.

32. The Issuer 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 Local Bonds.

33. The Issuer shall comply with the yield restriction on Local Bond proceeds as set forth in the Code.

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

35. The Issuer shall submit to the Issuer within 15 days following the end of the Issuer's bond year a certified copy of its rebate calculation or if the Issuer qualifies for the small governmental issuer exception to rebate, then the Issuer shall submit 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 Local Bonds subject to rebate.

36. Steptoe & Johnson 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 Local Bonds.

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

IN WITNESS WHEREOF, I have set my hand this 6th day of July, 1988.

CITY OF CHESTER

By Roy Ashdollar
Mayor

07/26/88
CHECO1-S

CITY OF CHESTER

Combined Waterworks and Sewerage System Revenue Bonds,
Series 1988 A and Series 1988 B

ENGINEER'S CERTIFICATE

I, _____, Registered Professional Engineer, West Virginia License No. _____, of Vaughn Consultants, Inc., consulting engineers, of St. Clairsville, Ohio, hereby certify as follows:

1. My firm is engineer for the construction and acquisition of certain additions, betterments and improvements (the "Project") for the existing combined waterworks and sewerage system of the City of Chester in Hancock County, West Virginia (the "Issuer"). Certain costs of such construction and acquisition are being financed by proceeds of the above-captioned bonds (the "Bonds") anticipated to be purchased by the West Virginia Water Development Authority (the "Authority"), funds of the Issuer and certain grant proceeds from the Environmental Protection Agency.

2. I hereby certify that (i) the Project will be constructed in accordance with the approved plans, specifications and designs prepared by my firm, or amendments thereto and as described in the Application submitted to the Authority and approved by all necessary governmental bodies and is situate wholly or chiefly within the boundaries of the City of Chester; (ii) the Project is adequate for the purpose for which it was designed and all necessary governmental approvals for the construction thereof have been obtained; (iii) I have examined and reviewed all plans, specifications, bid documents and construction contracts relating to the Project and all bids for construction of the Project have been received in an amount and are otherwise compatible with the plan of financing described in said Application and I will ascertain that all contractors have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds will be verified for accuracy and completeness prior to commencement of construction of the Project; (iv) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States of America necessary for construction of the Project; (v) the construction and funding for the Project should proceed to a successful conclusion within the time schedules proposed; (vi) the useful life of the facilities constituting the Project is not less than 40 years; (vii) the rates

and charges for the sewerage system of the Issuer comply with the applicable provisions of the Loan Agreement and Supplemental Loan Agreement by and between the Authority and the Issuer; (viii) the net proceeds of the Bonds, together with the proceeds of grants and other moneys on deposit or to be simultaneously deposited and irrevocably committed therefor, will be sufficient to pay the costs of acquisition and construction of the Project as set forth in the application submitted to the Authority as of the date of the Loan Agreement; and (ix) 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 6th day of July, 1988.

VAUGHN CONSULTANTS, INC.

By _____

07/05/88
CHECO1-T

DATE: July 6, 1988

AMENDED SCHEDULE A

NAME OF GOVERNMENTAL AGENCY: W. VA W.D.A.

TOTAL COST OF PROJECT AND SOURCES OF FUNDS

A. Cost of Project

1.	Construction	$ 3,007,226	
2.	Technical Services	$ 592,120	
3.	Legal and Fiscal	$ 26,000	
4.	Administrative	$ 58,000	
5.	Site and Other Lands	$ 15,500	
6.	Step I and/or Step II Design or Other Loan Repayment (Specify Type: WDA Step I)	$ 13,888	
7.	Interim Financing Costs	$ 31,300	
8.	Contingency	$ 184,900	
9.	Total of Lines 1 through 8		$ 3,928,934

B. Sources of Funds

10.	Federal Grants:[1] (Specify Source) EPA Step 2/3 Grant	$ 2,001,170	
11.	State Grants:[1] (Specify Source) CDB Grant	$ 750,000	
12.	Other Grants:[1] (Specify Source)	$	
13.	Any Other Source[2] (Specify) Interim Rate Revenue	$ 48,815	
14.	Total of Lines 10 through 13		$ 2,799,985
15.	Proceeds Required from Bond Issue (Line 9 less Line 14)		$ 1,128,949

C. Cost of Financing

16.	Capitalized Interest (construction period plus six months)	$ 161,863	
17.	Funded Reserve Account[3]	$ 113,002	
18.	Other Costs[4]	$ 13,500	
19.	Total Cost of Financing		$ 288,365
20.	Size of Bond Issue (Line 15 plus Total from Line 19)		$ 1,417,314

Vaughn Consultants Inc
by Donald R Vaughn
7/6/88

Roy Cashdollar, Mayor
7/6/88

R. BARRY BOYD, CPA
Certified Public Accountant
P.O. Box 2045
2131 National Road
Wheeling, WV 26003
(304) 242-6640

July 6, 1988

City of Chester
Combined Waterworks and Sewerage System Revenue Bonds,
Series 1988 A and Series 1988 B

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25065

Gentlemen:

Based upon the rates and charges as set forth in the ordinance of the City of Chester enacted April 18, 1988, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by Vaughn Consultants, Inc., consulting engineers, it is our opinion that (i) such rates and charges will be sufficient to provide revenues which, together with other revenues of the combined waterworks and sewerage system of the City of Chester, will pay all repair, operation and maintenance expenses and leave a balance each year equal to at least 110% of the maximum amount required in any year for debt service on the Sewer Revenue Bonds, Series 1988 A and Series 1988 B, to be issued to West Virginia Water Development Authority and all other obligations secured by or payable from the revenues of the System prior to or on a parity with such Bonds,including the City's Combined Waterworks and Sewerage System Revenue Bonds, Series 1976 (the "1976 Bonds"), and Water and Sewer Revenue Bonds, Series 1964 (the "1964" Bonds"); (ii) the coverage requirements of the ordinances authorizing issuance of the 1976 and 1964 Bonds are satisfied; (iii) the funds and accounts established by the ordinances authorizing the 1976 and 1964 Bonds are funded at least at the minimum amount required under such ordinances; and (iv) the City will have sufficient revenues to make all payments required by such ordinances and the ordinance authorizing issuance of the Sewer Revenue Bonds, Series 1988 A and Series 1988 B.

Very truly yours,

R. Barry Boyd

R. Barry Boyd,
Certified Public Accountant

DATE: July 6, 1988

AMENDED SCHEDULE A

NAME OF GOVERNMENTAL AGENCY: W. VA W.D.A.

TOTAL COST OF PROJECT AND SOURCES OF FUNDS

A. Cost of Project

1.	Construction	$ 3,007,226	
2.	Technical Services	$ 592,120	
3.	Legal and Fiscal	$ 26,000	
4.	Administrative	$ 58,000	
5.	Site and Other Lands	$ 15,500	
6.	Step I and/or Step II Design or Other Loan Repayment (Specify Type: WDA Step I)	$ 13,888	
7.	Interim Financing Costs	$ 31,300	
8.	Contingency	$ 184,900	
9.	Total of Lines 1 through 8		$ 3,928,934

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10.	Federal Grants:[1] (Specify Source) EPA Step 2/3 Grant	$ 2,001,170	
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		$	
		$	
		$	
12.	Other Grants:[1]	$	
	(Specify Source)	$	
13.	Any Other Source[2] (Specify) Interim Rate Revenue	$ 48,815	
		$	
14.	Total of Lines 10 through 13		$ 2,799,985
15.	Proceeds Required from Bond Issue (Line 9 less Line 14)		$ 1,128,949

C. Cost of Financing

16.	Capitalized Interest (construction period plus six months)	$ 161,863	
17.	Funded Reserve Account[3]	$ 113,002	
18.	Other Costs[4]	$ 13,500	
		$	
19.	Total Cost of Financing		$ 288,365
20.	Size of Bond Issue (Line 15 plus Total from Line 19)		$ 1,417,314

Vaughn Consultants Inc
by Richard R Vaughn
7/6/88

Roy Cashdollar, Mayor
7/6/88

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: July 6, 1988

(See Reverse for Instructions)

ISSUE: CITY OF CHESTER COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988A

ADDRESS: City Hall, Chester, WV 26034 COUNTY: Hancock

PURPOSE OF ISSUE: New Money X / Refunding ____ Refunds issue(s) dated: ____

ISSUE DATE: July 6, 1988 CLOSING DATE: July 6, 1988

ISSUE AMOUNT: $ 1,133,851 RATE: 9.0%

1st DEBT SERVICE DUE: October 1, 1988 1st PRINCIPAL DUE: October 1, 1990

1st DEBT SERVICE AMOUNT: 24,094.34 PAYING AGENT: W. Va. Mun. Bond Comm.

ISSUERS

BOND COUNSEL: Steptoe & Johnson

Contact Person: Vincent A. Collins

Phone: (304) 624-8161

CLOSING BANK: First Nat. Bank of Chester

Contact Person: Robert L. Gessford

Phone: 387-3500

KNOWLEDGEABLE ISSUER CONTACT

Contact Person: Betty Nagy

Position: Waterworks Clerk

Phone: 387-0114

UNDERWRITERS

BOND COUNSEL: Jackson & Kelly

Contact Person: T. W. Miller

Phone: (304) 340-1317

ESCROW TRUSTEE: ____

Contact Person: ____

Phone: ____

OTHER: ____

Contact Person: ____

Function: ____

Phone: ____

DEPOSITS TO MBC AT CLOSE:

By ____ Wire
X Check

____	Accrued Interest:	$ ____
X	Capitalized Interest:	$ 161,863
X	Reserve Account:	$ 105,723
____	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: ____

28A

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: July 6, 1988

(See Reverse for Instructions)

ISSUE: CITY OF CHESTER COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988

ADDRESS: City Hall, Chester, WV 26034 COUNTY: Hancock

PURPOSE OF ISSUE: New Money X
Refunding ____ Refunds issue(s) dated: ____

ISSUE DATE: July 6, 1988 CLOSING DATE: July 6, 1988

ISSUE AMOUNT: $ 283,463 RATE: 0%

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

1st DEBT SERVICE AMOUNT: 7,268 PAYING AGENT: W. Va. Mun. Bond Comm.

ISSUERS

BOND COUNSEL: Steptoe & Johnson
Contact Person: Vincent A. Collins
Phone: (304) 624-8161

CLOSING BANK: First Nat. Bank of Chester
Contact Person: Robert L. Gessford
Phone: 387-3500

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Betty Nagy
Position: Waterworks Clerk
Phone: 387-0114

UNDERWRITERS

BOND COUNSEL: Jackson & Kelly
Contact Person: T. W. Miller
Phone: (304) 340-1317

ESCROW TRUSTEE: ____
Contact Person: ____
Phone: ____

OTHER: ____
Contact Person: ____
Function: ____
Phone: ____

DEPOSITS TO MBC AT CLOSE:

By ____ Wire
X Check

____ Accrued Interest: $ ____
____ Capitalized Interest: $ ____
X Reserve Account: $ 7,279
____ 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: ____

28B

CITY OF CHESTER

Combined Waterworks and Sewerage System Revenue Bonds,
Series 1988 A and Series 1988 B

ACCEPTANCE OF DUTIES OF REGISTRAR

ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association with its principal office in the City of Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the City of Chester Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 A and Series 1988 B, all dated July 6, 1988, in the aggregate principal amount of $1,417,314 and agrees to perform all duties of Registrar in connection with such Bonds, all as set forth in the Local Act authorizing issuance of the Bonds.

Dated this 6th day of July, 1988.

ONE VALLEY BANK, NATIONAL ASSOCIATION

By _____
Its Trust Administrative Officer

07/05/88
CHEC01-V

CITY OF CHESTER

Combined Waterworks and Sewerage System Revenue Bonds,
Series 1988 A and Series 1988 B

CERTIFICATE OF REGISTRATION OF BONDS

I, Charlotte S. Morgan, Trust Administrative Officer of One Valley Bank, National Association, as Registrar under the Local Act and Registrar's Agreement providing for the $1,417,314 aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 A and Series 1988 B, of the City of Chester (the "Issuer"), hereby certify that on the 6th day of July, 1988, the single fully registered Series 1988 A Bond of the Issuer in the principal amount of $1,133,851 designated "Combined Waterworks and Sewerage System Revenue Bond, Series 1988 A," numbered AR-1, and the single fully registered Series 1988 B Bond of the Issuer in the principal amount of $283,463 designated "Combined Waterworks and Sewerage System Revenue Bond, Series 1988 B," numbered BR-1, were registered as to principal and interest (the Series 1988 B Bond being registered as to principal only) in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of the One Valley Bank, National Association, as Registrar.

WITNESS my signature as of this 6th day of July, 1988.

ONE VALLEY BANK, NATIONAL ASSOCIATION

By Charlotte S. Morgan
Its Trust Administrative Officer

07/05/88
CHECO1-Y

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 6th day of July, 1988, by and between the CITY OF CHESTER, a municipal corporation and political subdivision of the State of West Virginia (the "Issuer"), and ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $1,417,314 aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 A and Series 1988 B, in fully registered form (collectively, the "Bonds"), pursuant to a Bond Ordinance enacted June 21, 1988, and a Supplemental Resolution adopted July 6, 1988 (collectively, the "Local Act");

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 Local Act, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Local Act provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Local Act and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Local Act and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Local Act, 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 exemption of interest on the Bonds from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or

by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

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

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Local Act with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Local Act, the terms of the Local Act shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Local Act 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 addresses:

ISSUER: City of Chester
City Hall
375 Carolina Avenue
Chester, West Virginia 26034
Attention: Mayor

REGISTRAR: One Valley Bank, National Association
Post Office Box 1793
One Valley Square
Charleston, West Virginia 25326
Attention: Corporate Trust Department

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

IN WITNESS WHEREOF, the CITY OF CHESTER 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.

CITY OF CHESTER

By _____
Mayor

ONE VALLEY BANK, NATIONAL ASSOCIATION

By _____
Its _____

07/05/88
CHECO1-X

EXHIBIT A

[Included in transcript as Document No. 1]

GE Capital

General Electric Capital Corporation
3535 Briarpark Drive #155
P.O. Box 420250, Houston, TX 77242-0250
800 426-4936

June 22, 1988

Vincent A. Collins
Steptoe and Johnson
P. O. box 2190
Clarksburg, WV 26302-2190

RE: CITY OF CHESTER
ACCOUNT NUMBER 1217521

Dear Mr. Collins,

You are hereby advised that the City of Chester's request to borrow up to $1,430,000.00 from the West Virginia Water Development Authority on a junior lien basis to the loan held by the Community Program Loan Trust 1987 A has been granted. Feel free to call if you have any questions.

Sincerely,

Kevin A. Chandler
Customer Relations Manager

KAC/daw/3273

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 Combined Waterworks and Sewerage System Revenue Bond, Series 1988 A, of the City of Chester in the principal amount of $1,133,851, numbered AR-1, standing in the name of West Virginia Water Development Authority on the books of said Issuer.

Dated: July 6, 1988.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Authorized Representative

07/05/88
CHEC01-Z

CITY OF CHESTER
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2018 (WESBANCO)

GENERAL CERTIFICATE ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. SIGNATURES AND DELIVERY
6. RATES
7. INCUMBENCY AND OFFICIAL NAME
8. MEETINGS
9. INSURANCE
10. COMMITMENT LETTER
11. FINANCIAL AND REPORTING REQUIREMENTS
12. DEBT SERVICE REQUIREMENTS
13. RESERVE ACCOUNT REQUIREMENT
14. SPECIMEN BOND
15. BOND PROCEEDS
16. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE
17. LAND AND RIGHTS-OF-WAY
18. CONFLICTS OF INTEREST
19. PROCUREMENT OF ENGINEERING SERVICES
20. VERIFICATION OF SOURCES AND USES SCHEDULE
21. COUNTERPARTS

We, the undersigned MAYOR and the undersigned CITY CLERK of the City of Chester in Hancock County, West Virginia (the "Issuer"), and the undersigned ATTORNEY for the Water-Sewerage Board the Issuer, hereby certify in connection with the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 (WesBanco), numbered AR-1, dated the date hereof, in the principal amount of $1,425,000 (the "Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning set forth in the Bond Ordinance duly passed by the Issuer on September 18, 2017, as supplemented by a Supplemental Resolution duly adopted by the Issuer on February 5, 2018 (collectively, the "Ordinance"), and the Commitment Letter issued by WesBanco Bank, Inc. (the "Purchaser"), dated February 5, 2018, 2018 (the "Commitment Letter").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting in any manner the authorization, issuance, sale and delivery of the Bonds, the

acquisition and construction of the Project as described in the Ordinance (the "Project"), the operation of the Issuer's Combined Waterworks and Sewerage System (the "System"), the collection or use of the Gross Revenues, or the pledge and security of the Gross Revenues for the Bonds; nor affecting the validity of the Bonds or any provisions made or authorized for the payment thereof; nor questioning the existence of the Issuer or the title of the members or officers of the Issuer or the Governing Body; nor questioning any proceedings of the Issuer taken with respect to the authorization, issuance, sale or delivery of the Bonds, the acquisition and construction of the Project, the operation of the System, the collection or use of the Gross Revenues, or the pledge and security of the Gross Revenues for the Bonds.

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

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

The Bonds are issued on a parity with the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 A, and Combined Waterworks and Sewerage Revenue Bonds, Series 1988 B (collectively, the "Prior Bonds") with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has obtained (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consent of the registered owners of the Prior Bonds to the issuance of the Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with all the terms and provisions of the Prior Bonds and the Prior Ordinances.

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

did officially authenticate and deliver the Bonds to a representative of the Purchaser as the original purchaser of the Bonds under the Commitment Letter.

6. RATES: The Issuer has duly enacted a sewer rate ordinance on January 2, 2018, setting forth the sewer service rates and charges for the services of the System. The Issuer has complied with all requirements of the Act and the Public Service Commission of West Virginia (the "PSC") to make the rates valid and effective. The time for appeal of such rate ordinance has expired and there has been no appeal thereof and such rates are in full force and effect. The Issuer has also duly enacted a water rate ordinance on January 2, 2018, setting forth the water service rates and charges for the services of the System. The time for appeal of such rate ordinance has expired and there has been no appeal thereof and such rates are in full force and effect.

7. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is the "City of Chester." The Issuer is a municipal corporation presently existing under the laws of, and a political subdivision of, the State of West Virginia in Hancock County of said State. The governing body of the Issuer is its City Council, consisting of the Mayor, the City Clerk, and 5 council members duly elected, appointed, qualified and acting members, whose names and dates of termination of their current terms are as follows:

Name	Title	Date of Termination of Office
Larry Forsythe	Mayor	June 30, 2018
Marlene Fleming	City Clerk	June 30, 2018
Brad Anderson	Council Member	June 30, 2018
John Woodruff	Council Member	June 30, 2018
Michael Dotson, Sr.	Council Member	June 30, 2018
Ed Beaumont	Council Member	June 30, 2018
Steve Shuman	Council Member	June 30, 2018

The duly appointed Water-Sewerage Board members are as follows:

Larry Forsyth – Chairman	Brad Anderson – Member
Michael Dotson – Member	William E. Kell – Member
Steve Shuman – Member	Chuck Bailey – Member

The duly appointed and acting attorney for the Water-Sewerage Board of the Issuer is Vincent S. Gurrera, Esq., Weirton, West Virginia.

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

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

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

10. COMMITMENT LETTER: As of the date hereof, (i) the representations of the Issuer contained in the Commitment Letter are true and correct in all material respects as if made on the date hereof; (ii) the Commitment Letter does not contain any untrue statements of material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (iii) to the best knowledge of the undersigned, no event affecting the Issuer has occurred since the date of the Commitment Letter, which should be disclosed for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading; and (iv) the Issuer is in compliance with the Commitment Letter.

11. FINANCIAL AND REPORTING REQUIREMENTS: The Issuer covenants and agrees with the Purchaser that the Issuer shall comply at all times with the following affirmative covenants:

Operating Budget - The Issuer shall annually, at least 45 days preceding the beginning of each fiscal year, prepare and adopt a detailed budget of its estimated revenues and expenditures in form and content both legally compliant and reasonable acceptable to the Purchaser:

i. Annual year end audited financial statements prepared in accordance with Governmental Auditing Standards by a certified public accountant, no later than thirty (30) days after completion by the approved auditor as selected by the State of West Virginia Auditor, with the understanding that an audit schedule may or may not be on an annual basis; in compliance with the audit requirements set forth by the State of West Virginia.

ii. The Purchaser reserves, in its sole discretion, the right to waive an audit of the financial records of the Issuer and/or the Water-Sewerage Board and in lieu thereof accept unaudited financial statements and budget prepared in accordance with Governmental Auditing Standards, including, but not limited to, a balance sheet and all revenues and expenditures. No waiver is effective unless provided in written memorandum issued by the Purchaser.

iii. Authorization forms in form and content acceptable to the Purchaser authorizing the Purchaser to obtain copies of any of the Issuer's financial statements and budget; and

iv. Such other data and information (financial and otherwise) as the Purchaser, from time to time, may reasonably request, bearing upon or related to the Collateral or the Issuer's financial condition or results of operations.

The Water-Sewerage Board covenants and agrees with the Purchaser that the Issuer shall comply at all times with the following affirmative covenants:

(a) Water-Sewerage Board Affirmative Covenants and Reporting Requirements – The Issuer in cooperation with the Water-Sewerage Board will comply, at all times, with the following affirmative covenants and reporting requirements. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall submit to the Purchaser such document sand information as they may reasonably require in connection with the acquisition, construction and installation of the project, the operation and maintenance of the Water-Sewerage Board and the administration of the loan of any grants or other sources of financing for the Project.

(b) Operating Budget. The Issuer shall annually, at least 45 days preceding the beginning of each fiscal year, prepare and adopt a detailed balanced budget of their estimated revenues and expenditures of the Water-Sewerage Board in form and content, both legally compliant and reasonably acceptable, to the Purchaser.

(c) The Issuer shall cause the Water-Sewerage Board to annually adopt and provide to the Purchaser the following:

i. A statement of Gross Revenues, Operating Expenses, Net Revenues and Surplus Revenues derived from and relating to the System one hundred and twenty (120) days after year end.

ii. A balance sheet statement showing all deposits in all the funds and accounts provided for in the Ordinance, and the status of all said funds and accounts one hundred and twenty (120) days after year end.

iii. The amount of any Bonds, notes or other obligations outstanding.

iv. Annual year-end financial statements prepared in accordance with Governmental Auditing Standards by a certified public accountant, no later than one hundred twenty (120) days after the end of each fiscal year.

v. The Purchaser reserves, in its sole discretion, the right to waive an audit of the financial records of the Issuer and/or the Water-Sewerage

Board and in lieu thereof accept unaudited financial statements and budget prepared in accordance with Governmental Auditing Standards, including, but not limited to, a balance sheet and all revenues and expenditures. No waiver is effective unless provided in written memorandum issued by the Purchaser.

vi. Such other data and information (financial and otherwise) as the Purchaser, time, may reasonably request, bearing upon or related to the Collateral or the Issuer's financial condition or results of operations.

12. DEBT SERVICE REQUIREMENT: The Issuer is required to maintain annually a minimum debt service coverage ratio of 115% defined as Net Income plus Interest Expense plus Depreciation plus Amortization plus or minus Other Non-Cash or Extraordinary Items Divided by Prior Year Current Portion of Long Term Debt plus Interest Expense. Debt Service Compliance shall, based on the combined performance of the Issuer and the Water-Sewerage Board.

13. RESERVE ACCOUNT REQUIREMENT: The Issuer hereby verifies that it is in compliance with Section 24-1-1(K) of the Code of West Virginia, 1931, as amended, and hereby certifies that the working capital reserve funds are in place and funded to meet minimum statutory levels.

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

15. BOND PROCEEDS: On the date hereof, the Issuer received $175,291 from the Purchaser, being a portion of the principal amount of the Bonds and more than a de minimus amount of the proceeds of the Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer from time to time as acquisition and construction of the Project progresses.

16. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE: Upon adoption of the Ordinance, an abstract thereof, determined by the Governing Body to contain sufficient information as to give notice of the contents thereof, was published once each week for 2 successive weeks, with not less than 6 full days between each publication, the first such publication occurring not less than 10 days before the date stated below for the public hearing, in *The Weirton Daily Times* and the *Hometown News*, qualified newspapers of general circulation in the Issuer, together with a notice to all persons concerned, stating that the Ordinance had been adopted and that the Issuer contemplated the issuance of the Bonds described in the Ordinance, stating that any person interested may appear before the Governing Body at the public hearing held at a public meeting of the Governing Body on September 18, 2017, at 5:00 p.m., prevailing time, for the Ordinance, in the council chambers of the City Hall in Chester, West Virginia, and present protests, and stating that a certified copy of the Ordinance were on file at the office of the City Clerk of the Issuer for review by interested parties during the office hours of the Issuer. At such hearing all objections and suggestions were heard by the

Governing Body and the Ordinance became finally adopted, enacted and effective as of the date of such public hearing and remains in full force and effect.

17. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the acquisition and construction of the Project and the operation and maintenance of the System have been acquired or can and will be acquired by purchase, or, if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Bonds.

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

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

20. VERIFICATION OF SOURCES AND USES SCHEDULE: The final Schedule attached to the Certificate of Consulting Engineer, with the signature of the Mayor and the Consulting Engineers, accurately represents the estimated costs of the Project, the sources of funds available to pay the costs of the Project and the costs of financing of the Bonds.

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

[Remainder of page intentionally left blank]

WITNESS our signatures and the official corporate seal of the City of Chester on this 23rd day of February, 2018.

[SEAL]

Signature	Official Title
_____	Mayor
_____	City Clerk
_____	Attorney

WITNESS our signatures and the official corporate seal of the City of Chester on this 23rd day of February, 2018.

[SEAL]

Signature	Official Title
_____	Mayor
_____	City Clerk
_____	Attorney

EXHIBIT A

See Specimen Bond (Tab No. 11)

CITY OF CHESTER
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2018 (WESBANCO)

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

The undersigned duly elected City Clerk of the City of Chester (the "Issuer"), hereby certifies that the copies of the following documents being delivered in connection with the closing of the sale of the City of Chester Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 (WesBanco) (the "Bonds") are, as of the date hereof, true, complete and accurate copies of the originals of those documents maintained on file with the Issuer and delivered in the transcript of proceedings, that said documents have been duly adopted, enacted or entered by the Council of the Issuer, and that said documents are still in full force and effect as of the date hereof and have not been repealed, rescinded, superseded, amended or modified in any way unless the document effecting such repeal, rescission, supersedence, amendment or modification is also listed below:

1. Charter.

2. Oaths of Office of Mayor, City Clerk, Council Members and Water-Sewerage Board Members.

3. Ordinance Creating the Water-Sewerage Board of the City of Chester.

4. Evidence of Public Service Commission approval of adoption of rates.

5. Bond Ordinance.

6. Supplemental Resolution.

7. Minutes of Council Meetings regarding All Readings and Public Hearing of the Bond Ordinance and Adoption of the Supplemental Resolution.

8. Affidavit of Publication of the Notice of Public Hearing and Abstract of Bond Ordinance.

9. Prior Bond Ordinances.

10. WDA Consent to Issuance of Parity Bonds.

11. Evidence of Insurance.

WITNESS my signature and the official seal of the City of Chester on this 23rd day of February, 2018.

N. Marlene Fleming
City Clerk

[SEAL]

CITY OF CHESTER
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2018 (WESBANCO)

CERTIFICATE OF CONSULTING ENGINEER

I, Dallis G. Dawson, Registered Professional Engineer, West Virginia License No. 015148, of Dallis Dawson & Associates, Consulting Engineer, East Liverpool, Ohio, hereby certify as follows:

1. My firm is the engineer for the planning, design, acquisition and construction of certain additions, betterments and improvements (the "Project") to the existing public combined waterworks and sewerage system (the "System") of the City of Chester (the "Issuer"), to be constructed in Hancock County, West Virginia, which design, acquisition and construction are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer. All capitalized words used herein and not defined herein shall have the same meaning set forth in the Bond Ordinance adopted by the Issuer on September 18, 2017, and as supplemented by a Supplemental Resolution adopted February 5, 2018 (collectively, the "Bond Ordinance").

2. The Bonds are being issued for the purposes of (i) paying the costs of the Project; (ii) partially fund a debt service reserve account; and (iii) paying certain costs of issuance of the Bonds and related costs.

3. To the best of my knowledge, information and belief (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and any change orders approved by the Issuer and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least 15 years, if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B attached hereto as Exhibit A, and in reliance upon the opinion of Vincent S. Gurrera, Esq., of even date herewith and, all successful bidders have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the Issuer and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) all contractors to be awarded contracts for the construction of the

Project have submitted affidavits indicating such contractor has a drug free workplace plan pursuant to Chapter 21, Article 1D of the West Virginia Code of 1931, as amended; (x) in reliance upon the certificate of Abraham & Company PLLC, Certified Public Accountants, of even date herewith, as of the effective date thereof, the rates and charges for the System as enacted by the Issuer will be sufficient to comply with the provisions of the Bond Ordinance; and (xi) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto, are sufficient to pay the costs of acquisition and construction of the Project.

[Remainder of page intentionally left blank.]

WITNESS my signature and seal on this 23rd day of February, 2018.

[SEAL]



DALLIS DAWSON & ASSOCIATES

Dallis G. Dawson, P.E.
West Virginia License No. 015148

City of Chester - Combined Waterworks and Sewerage System Revenue Bonds
Series 2018 (WesBanco)
SOURCES AND USES SCHEDULE

A. Cost of Project	**Post Bid Budget**	**WesBanco Loan**	**City Contribution**
1. Construction			
a. James White Construction	$ 1,049,346	$ 1,049,346	
b. Handicap Ramps	$ 6,000	$ 6,000	
2. Technical Services - Dallis Dawson			
a. Engineering	$ 155,586	$ 68,856	$ 86,730
3. Legal & Fiscal			
a. Legal - Rate Ordinance	$ 7,500	$ 7,500	
b. Local Attorney	$ 1,000	$ 1,000	
c. Accounting	$ 40,000	$ 40,000	
4. Sites and Other Lands			
a. Land Acquisition & ROW's	$ 983	$ 983	
5. Miscellaneous			
a. Permits	$ 78	$ 78	
6. Construction Contingency	$ 124,507	$ 124,507	
7. Total of Lines 1 through 6	**$ 1,385,000**	**$ 1,298,270**	**$ 86,730**
B. Cost of Financing			
8. Other Costs			
a. Bond Counsel	$ 20,000	$ 20,000	
b. Bank Registrar and Finance Fees	$ 15,000	$ 15,000	
c. Bank Legal Counsel	$ 5,000	$ 5,000	
d. Funded Reserve	$ 127,802	$ 86,730	$ 41,072
Project Contingency			
9. Total Project Cost	**$ 1,552,802**	**$ 1,425,000**	**$ 127,802**
C. Sources of Funds			
10. Other Sources/Grants		$ -	
11. Total of Sources		$ -	
12. Size of Bond Issue		**$ 1,425,000**	

Signature of Authorized Representative

2/23/2018
Date

Signature of Consulting Engineer

2/23/18
Date

Abraham & Company, PLLC
Certified Public Accountants
400 Morton Avenue
Moundsville, WV 26041
(304)-845-7914
Fax (304)-843-1905

February 23, 2018

CITY OF CHESTER
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2018 (WESBANCO)

City of Chester
Chester, WV 26034

West Virginia Water Development Authority
Charleston, WV 25301

Wesbanco Bank, Inc.
Wheeling, WV 26062

Jackson Kelly PLLC
Charleston, WV 25301

Re: Certified Public Accountant Certificate

Ladies and Gentlemen:

We have reviewed the water service rates of the City of Chester (the "Issuer"), adopted by the Issuer on January 2, 2018, and the sewer service rates of the Issuer, adopted by the Issuer on January 2, 2018, and the projected operating expenses and anticipated customer usage provided by the Issuer. It is our opinion that such rates are sufficient (i) to provide for all operating expenses of the Combined Waterworks and Sewerage System of the Issuer (the "System"), and (ii) to leave a balance each fiscal year equal to at least 115% of the maximum amount required in any succeeding fiscal year for the payment of principal of and interest on the Issuer's proposed $1,425,000 Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 (Wesbanco) at an interest rate of 3.78% for a term of 15 years (the "Bonds") and all other obligations secured by or payable from revenues of the System on a parity with the Bonds, including the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 A, and Combined Waterworks and Sewerage Revenue Bonds, Series 1988 B (collectively, the "Prior Bonds").

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

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

Very truly yours,

E. Michael Abraham, CPA

E. Michael Abraham, CPA
Abraham & Company, PLLC

CITY OF CHESTER
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2018 (WESBANCO)

RECEIPT FOR BONDS

The undersigned authorized representative of the WesBanco Bank, Inc. (the "Purchaser"), for and on behalf of the Purchaser, hereby certifies as follows:

1. On the 23rd day of February, 2018, in Wheeling, West Virginia, the Purchaser received the entire original issue of $1,425,000 in aggregate principal amount of the Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 (WesBanco), of the City of Chester (the "Issuer"), dated February 23, 2018, issued in the form of one bond, fully registered to the Purchaser, and numbered AR-1 (the "Bonds").

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

WITNESS my signature on this 23rd day of February, 2018.

WESBANCO BANK, INC.

Authorized Representative

CITY OF CHESTER
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2018 (WESBANCO)

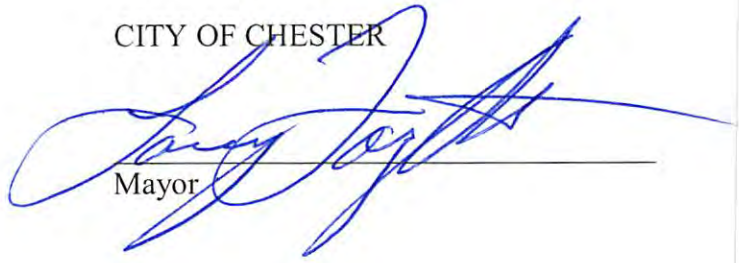
RECEIPT FOR BOND PROCEEDS

On this 23rd day of February, 2018, the undersigned Mayor of the City of Chester (the "Issuer"), for and on behalf of the Issuer, hereby certifies that the Issuer has received on the date hereof from WesBanco Bank, Inc. (the "WesBanco"), the sum of $175,291, being the first advance on the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 (WesBanco), dated the date hereof (the "Bonds"). The Issuer understands that the remaining proceeds of the Bonds will be advanced to the Issuer by WesBanco from time to time as construction progresses.

[Remainder of page intentionally left blank]

WITNESS my signature as of the date first written above.

CITY OF CHESTER



Mayor

CITY OF CHESTER
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2018 (WESBANCO)

REQUEST AND AUTHORIZATION TO
AUTHENTICATE AND DELIVER THE BONDS

February 23, 2018

WesBanco Bank, Inc., as Registrar
Wheeling, West Virginia

Ladies and Gentlemen:

We herewith hand to you, duly executed, the $1,425,000 Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 (WesBanco), in the form of one bond, numbered AR-1, dated February 23, 2018 (the "Bonds"), of the City of Chester (the "Issuer"), authorized to be issued under and pursuant to a Bond Ordinance duly passed by the Issuer on September 18, 2017, and a Supplemental Resolution duly adopted by the Issuer on February 5, 2018.

You are hereby requested and authorized to register, authenticate and deliver the Bonds on behalf of the Issuer to WesBanco Bank, Inc.

CITY OF CHESTER

Mayor

(SEAL)

Attest:

City Clerk

CITY OF CHESTER
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2018 (WESBANCO)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 23rd day of February, 2018, by and between the CITY OF CHESTER, a municipal corporation (the "Issuer"), and WESBANCO BANK, INC., Wheeling, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $1,425,000 Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 (WesBanco), in the form of one bond, numbered AR-1, in fully registered form (the "Bonds"), pursuant to a Bond Ordinance duly enacted by the Issuer on September 18, 2017, and a Supplemental Resolution duly adopted February 5, 2018 (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 provide for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuers desires to appoint, and by the Ordinance and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Ordinance and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Ordinance, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exclusion of interest, if any, on the Bonds from gross income for federal income tax purposes, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Ordinance with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Ordinance, the terms of the Ordinance shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Ordinance will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective address:

ISSUER:

City of Chester
600 Indiana Avenue
Chester, WV 26034
Attention: Mayor

REGISTRAR:

WesBanco Bank, Inc.
One Bank Plaza
Wheeling, WV 26003
Attention: Trust & Investment Services

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

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

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

CITY OF CHESTER

Mayor

WESBANCO BANK, INC.

Authorized Officer

EXHIBIT A

See Bond Ordinance (Tab No. 7)
See Supplemental Resolution (Tab No. 8)

CITY OF CHESTER
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2018 (WESBANCO)

CERTIFICATE OF REGISTRATION OF BONDS

WESBANCO BANK, INC., Wheeling, West Virginia, as Registrar (the "Registrar"), hereby certifies that on the date hereof, the single, fully registered Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 (WesBanco), of the City of Chester (the "Issuer"), dated February 23, 2018, in the principal amount of $1,425,000, and numbered AR-1, was registered as to principal and interest in the name of "WesBanco Bank, Inc." in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of the Registrar.

WITNESS my signature on this 23rd day of February, 2018.

WESBANCO BANK, INC., as Registrar

Authorized Officer

CITY OF CHESTER
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2018 (WESBANCO)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

First Choice American Community Federal Credit Union, Weirton, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Ordinance of the City of Chester (the "Issuer"), enacted by the Issuer on September 18, 2017, and a Supplemental Resolution adopted by the Issuer on February 5, 2018 (collectively, the "Ordinance"), authorizing the issuance of the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 (WesBanco), in the aggregate principal amount of $1,425,000, dated February 23, 2018, and agrees to serve as Depository Bank, all as set forth in the Resolution. First Choice American Community Federal Credit Union is not serving as either a financial advisor or municipal advisor to the Issuer.

Witness my signature on this 23rd day of February, 2018.

FIRST CHOICE AMERICAN COMMUNITY FEDERAL CREDIT UNION

Authorized Officer

February 5, 2018

WesBanco

City of Chester, West Virginia
Attention: Larry Forsythe, Mayor
600 Indiana Avenue
Chester, WV 26034

Gentlemen:

Please be advised that, subject to the terms and conditions hereinafter set forth, WesBanco Bank, Inc. (the "Bank") has approved the purchase of revenue bonds (the "Bond") to be issued by the City of Chester (the "City" or "Applicant") up to the maximum amount of One Million Four Hundred Twenty-Five Thousand Dollars ($1,425,000.00) to pay the costs of acquisition and construction to the existing Water Works and Sewage System of the City (the "System" or the "Project") and to pay certain costs of issuance of the Series 2018 Bonds (the "Bonds") on a parity with respect to the liens, pledges, sources of any security for payment with respect to the following bonds:

(I) Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 A, issued in the original aggregate principal amount of $1,113,851.00 dated July 6, 1988; and (II) Combined Waterworks and Sewerage Revenue Bonds, Series 1988 B, issued in the original aggregate principal amount of $293,463.00 dated July 6, 1988 (collectively, the "Prior Bonds").

The payment of the debt service of the Bonds shall be secured forthwith by a statutory first lien on the gross revenues derived from the system on a parity with the lien on such net revenues in favor of the holder the Prior Bonds. Such gross revenues in an amount sufficient to pay the principal and interest, if any, and other payments from the Bonds and the Prior Bonds and to make all other payments provided for in the bond legislation, are hereby irrevocably pledged to such payments as they become due.

This approval is contingent upon compliance with all the terms and conditions as outlined below:

Approval. This approval is based upon and shall remain contingent upon the continued validity and accuracy, without adverse material change, of all of the information and material submitted to the Bank by the City in connection with the application for the Bonds.

Approval of Project Contractor. As a condition precedent, Bank needs to approve the Project Contractor who must provide satisfactory evidence of liability insurance, builder's risk insurance ("Installment Floating"), a payment and performance bond and workers' compensation coverage as is hereinafter set forth.

WesBanco Bank, Inc.
Upper Ohio Valley Market
1 Bank Plaza
Wheeling, WV 26003-3565
(304) 234-9000

Construction Contract. The City shall provide to the Bank and its' counsel for approval, a copy of the proposed Construction Contract.

Consulting Engineer's Plans & Specifications. The City shall provide to the Bank, full and complete executed copies of all plans and specifications for the Project prepared by the Consulting Engineer, along with the contract, cost, itemizations and phases of construction.

Term. The Bonds shall be designated and dated such date or dates and shall be issued in one series not to exceed $1,425,000.00 in aggregate principal amount and shall mature on such date or dates not later than 15 years from the issue date (the "Closing").

Bond Form. Bond counsel shall provide to the Bank and its counsel, a copy of the proposed Bond, which is reasonably acceptable to the Bank and its counsel, which "inter alia" states it's a Bank Qualified Tax Exempt Obligation.

Ordinance Authorizing Acquisition and Construction of Improvements and Extensions Related to the Project Acceptable to the Bank and its Counsel (the "Ordinance"). The Ordinance and any supplemental ordinance related to the Project is subject and conditioned upon the reasonable approval of the Bank and its counsel.

West Virginia Public Service Commission. The City shall provide the Bank and its counsel all submissions made to the West Virginia Public Service Commission related to the approval of the proposed Water and Sewerage rate increase related to the Bonds. As a condition precedent to purchase of the Bonds, Bank and its counsel shall be provided with evidence that the West Virginia Public Service Commission has accepted the rate increase previously certified by the City Certified Public Account, certifying that the revenue generated by the City Water and Sewer Departments (the "System") are sufficient to meet legal and all debt service requirements.

Insurance Requirements. So long as the Bonds remain outstanding, the City will, at its expense, procure, carry and maintain insurance in amounts and coverages reasonably necessary to the Bank with reputable insurance companies with respect to the property as below set forth:

1. Fire, Lightning, Vandalism. Malicious Mischief and Extended Coverage Insurance, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damages or destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund. The City will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance

(fire and extended coverage) to protect the interests of the issuer, the prime contractor an all subcontractors as their respective interest may appear, in accordance with the Commitment Letter, during construction of the Project, such insurance to made payable to the order of the Purchaser, the Issuer, the contractors and subcontractors, as their interest may appear.

2. Public Liability Insurance, with limits of not less than $1,000,000 per occurrence to protect the Issuer from claims for bodily injury and/or death and not less than $500,000 per occurrence from claims for damage to property of other which may arise from the operation of the System, and insurance with the same limits to project the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.
3. Workers' Compensation Coverage for All Employees of or for the System Eligible Therefor; and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract and to be required of each contractor contracting directly with the Issuer, and such payment bonds will be filed with the Clerk of the County Commission of the county in which such work is to be performed prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.
4. Flood Insurance, if the facilities of the System are or will be located in designated special flood or mudslide-prone areas and to the extent available at reasonable cost to the Issuer.
5. Business Interruption Insurance, to the extent available at reasonable cost to the Issuer.
6. Fidelity Bonds will be provided as to every officer, member and employee of the Issuer or the Governing Body having custody of the revenues or of any other funds of the System, in an amount at least equal to the total funds in the custody of any such person at any one time.

Performance Bonds. The City shall require all contractors engaged in the construction of the Project to furnish a performance bond and a payment bond, each in an amount equal to 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. The City of Chester shall verify the existence of such bonds prior to commencement of construction and provide the Bank with complete copies.

The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project; provided, that the amounts and terms of such coverage are satisfactory to the Purchaser and the Issuer shall verify such insurance prior to commencement of construction. In the event the Commitment Letter so requires, such insurance shall be made payable to the order of the Purchaser, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

Depository Bank and Bond Registrar. WesBanco shall become the "Depository Bank" and holder of the Revenue Funds, the Renewal and Replacement Fund and the Series 2018 Bonds Construction Trust Fund. It shall also serve as Bond Registrar for a fee of $750.00.

Debt Reserve Account. The City, in compliance with current debt service requirements, shall fund, at Closing, the Debt Reserve Account with funds sufficient for payments of Bond principal and interest for one (1) year. This account shall be held at the WV Municipal Bond Commission.

Capital Reserve Account. The City, in compliance with current Public Service Commission requirements shall deposit and maintain a Capital Reserve Account with the Bank.

Construction Disbursements. The Bank, as the Depository Bank of the Bonds Construction Trust Fund to be applied towards payment of costs shall require requests for disbursement of funds to be supported by an AIA draw request form from the Project Engineer. Moreover, the Bank's Secured Credit Department shall also need to approve all draw requests prior to any disbursements.

Bond Interest Rate. The Bonds issued by the City of Chester shall provide for a 3.78% fixed rate, tax exempt, bank qualified rate. Interest shall be computed on the basis of a year of 365 days divided by 360. In the event, the Bond fails to qualify and maintain its tax exempt status. The Interest rate on the Bond shall be raised to 6.28% fixed rate per annum.

Bond Interest Only. During the initial six months from Closing, the City shall make interest only payments on the outstanding Bond principal.

Monthly Bond Payments. The Bonds shall be repaid in monthly payments of principal and interest in one hundred seventy four (174) substantially equal monthly payments commencing with the completion of construction but in no event later than six (6) months from date. In the event construction is not completed within six (6) months from date of delivery of the Bond to the Bank the entire unpaid and remaining construction funds shall be deposited in an escrow account for payment of principal and interest as required by the Bond and for funding the remaining construction..

Bond Term. The term of the Bonds shall be for fifteen (15) years.

Collateral. The Bonds shall be secured by a pledge of the Gross Revenues to be derived from the operation of the City of Chester Combined Water Works and Sewerage System (the "System") as evidenced by a statutory mortgage lien provided by Chapter 8 of the West Virginia Code, the Debt Reserve Account and other West Virginia laws.

Bond Counsel's Opinion. Purchase of the Bonds are conditioned upon an opinion of bond counsel, Jackson & Kelly, PLLC, which is in form and content acceptable to the Bank, which shall *inter alia* provide that:

(i) The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), for the purposes of (i) paying the costs of certain additions, betterments, and improvements to the existing public waterworks system of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

(ii) The Bond Ordinance duly initially enacted by the Issuer/City on the 18th day of September, 2017, as supplemented by a Supplemental Resolution and Conformed Ordinance duly adopted by the Issuer on February 5, 2018 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation of the Bonds are authorized and issued.

(iii) The City is a duly created and validly existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System, to enact the Bond Legislation and to issue and sell the Bonds, all under the Act and other applicable provides of the law.

(iv) The Bond Legislation and all other necessary ordinances and resolutions have been duly and effectively enacted and adopted by the Issuer in connection with the issuance and sale of the Bonds and constitute valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their terms.

(v) The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Bank/Purchaser and is valid, legally enforceable and binding special obligations of the Issuer, payment from the Gross Revenues of the System and secured by a first lien on and pledge of the Gross Revenues of the System, on a parity with the liens, pledge and source of and security for payment of the Prior Bonds.

(vi) Under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Bonds (a) is excludable from gross income of the owners thereof for federal income tax purposes pursuant to o Section 103 of the Internal Revenue Code of 1986, as amended and the regulations promulgated thereunder (the "Code") and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations under the Code.

(vii) That the Bonds are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof, and the interest on the Bonds, if any, is except from personal and corporate net income taxes imposed directly thereon by the State of West Virginia.

(viii) The Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the WV Code.

(ix) The Prior Bonds issued by the City in 1998 are in good standing.

Approval of Bank Bond Documents by Bank Counsel. All Bond documents are to be submitted for review and approval by Bank Counsel, George J. Anetakis, Esquire

Assignment of Construction Contracts. As additional security the City shall, at closing, assign to the Bank, all of its contracts for the acquisition and construction of the Project.

Default and Remedies. The City authorizing Bond Ordinance shall include both default and remedy provisions in form and content reasonably acceptable to the Bank, as well as all remedies available to it in law or in equity.

Opinion of Counsel to the City. Counsel representing the City shall provide an opinion in connection with the issuance of the Bonds, which is in form and content acceptable to the Bank and its counsel and which in pertinent part shall opine that the Bond Ordinance of the City was duly enacted September 18, 2017, as supplemented by the Supplemental Resolution and Conformed Ordinance of the Issuer duly adopted February 5th, 2018 (collectively, the "Ordinance") and such other documents relating to the Bond and that the action aforesaid taken legally support the issuance of the Bonds, consisting of:

(1) The Mayor and City Clerk, members of the Council of the issuer have been duly, lawfully and properly elected or appointed, as applicable, have taken the requisite oaths, and are authorized to act in their respective capacities on behalf of the City.
(2) The Ordinance has been duly adopted and enacted by the Issuer, is in full force and effect as of the date hereof and constitutes a valid and binding obligation of the City enforceable ink accordance with its terms.

Financial, Other Affirmative Covenants and Reporting Requirements (applicable to the City's entire operation).

(a) The City covenants and agrees with the Bank that the City shall comply at all times with the following affirmative covenants

i. City Operating Budget – The City shall annually, at least 45 days preceding the beginning of each fiscal year, prepare and adopt a detailed budget of its estimated revenues and expenditures in form and content both legally compliant and reasonable acceptable to the Bank:

1. Annual year end audited financial statements prepared in accordance with Governmental Auditing Standards by a certified public accountant, no later than thirty (30) days after completion

by the approved auditor as selected by the State of West Virginia Auditor, with the understanding that an audit schedule may or may not be on an annual basis; in compliance with the audit requirements set forth by the State of West Virginia.

2. The Bank reserves, in its sole discretion, the right to waive an audit of the financial records of the City and/or the Waterworks and/or the Sewage Department and in lieu thereof accept unaudited financial statements and budget prepared in accordance with Governmental Auditing Standards, including, but not limited to, a balance sheet and all revenues and expenditures. No waiver is effective unless provided in written memorandum issued by the Bank.

3. Authorization forms in form and content acceptable to the Bank authorizing the Bank to obtain copies of any of the City's financial statements and budget; and

4. Such other data and information (financial and otherwise) as the Bank, from time to time, may reasonably request, bearing upon or related to the Collateral or the City's financial condition or results of operations.

Financial and Other Affirmative Covenants and Reporting Requirements (applicable to the City Water and Sewage Departments (the "System").

Covenants and Reporting.

(a) Municipal Water and Sewer Departments Affirmative Covenants and Reporting Requirements – The City in cooperation with the Waterworks and Sewage Department will comply, at all times, with the following affirmative covenants and reporting requirements. The City shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The City shall submit to the Bank such document sand information as they may reasonably require in connection with the acquisition, construction and installation of the project, the operation and maintenance of the System and the administration of the loan of any grants or other sources of financing for the Project.

(b) Operating Budget. The City shall annually, at least 45 days preceding the beginning of each fiscal year, prepare and adopt a detailed balanced budget of their estimated revenues and expenditures of the System in form and content, both legally compliant and reasonably acceptable, to the Bank.

(c) The City shall cause the Waterworks and Sewage Board to annually adopt and provide to the Bank the following:

1. A statement of Gross Revenues, Operating Expenses, Net Revenues and Surplus Revenues derived from and relating to the System one hundred and twenty(120) days after year end.

2. A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation, and the status of all said funds and accounts one hundred and twenty (120) days after year end.

3. The amount of any Bonds, notes or other obligations outstanding.

4. Annual year-end financial statements prepared in accordance with Governmental Auditing Standards by a certified public accountant, no later than one hundred twenty (120) days after the end of each fiscal year.

5. The Bank reserves, in its sole discretion, the right to waive an audit of the financial records of the City and/or the Waterworks and/or the Sewage Department and in lieu thereof accept unaudited financial statements and budget prepared in accordance with Governmental Auditing Standards, including, but not limited to, a balance sheet and all revenues and expenditures. No waiver is effective unless provided in written memorandum issued by the Bank.

6. Such other data and information (financial and otherwise) as the Bank, time, may reasonably request, bearing upon or related to the Collateral or the Issuer's financial condition or results of operations.

Performance Covenants.

i. Debt Service – The City is required to maintain annually a minimum debt service coverage ratio of 1.15 defined as [Net Income plus Interest Expense plus Depreciation plus Amortization plus or minus Other Non-Cash or Extraordinary Items] Divided by [Prior Year Current Portion of Long Term Debt plus Interest Expense]. Debt Service Compliance shall, based on the combined performance of the City and the Water and Sewage Departments.

Bonds Reserve Account 115% Yearly Balance.

i. Covenants – The City shall, as a condition precedent, provide verification that it is now and will continue to verify that it is in compliance with WV Code §24-1-1(K) by certifying that the working capital reserve funds are in place and funded to meet minimum statutory levels, or that the city is pursuing the steps necessary to fund these reserves by one of the methods prescribed in the statute.

Fees. The City of Chester shall pay to or reimburse the Bank for the following:

1. An origination fee paid at closing equal to one percent (1%) of the Bond amount.
2. A one-time fee to bank for registrar, $750.00.
3. Bank counsel fees FAS Law, $1,500.00 Commitment Letter and $ 3,500.00 doc review.

Expiration. This commitment will expire on February 28, 2018, unless that time is extended in writing by the Bank.

Sincerely,

WESBANCO BANK, INC.

Jon M. Rogers,
Senior Vice-President

ACCEPTED BY:

THE CITY OF CHESTER
on the 5 day of February, 2018.

By: _____
Larry Forsythe
Its: Mayor

PLEASE RETURN ONE (1) EXECUTED ORIGINAL TO
WESBANCO BANK, INCL AND RETAIN THE OTHER FOR YOUR RECORDS

WesBanco

BANK INVESTMENT LETTER

February 23, 2018

City of Chester
Chester, West Virginia

Jackson Kelly PLLC
Charleston, West Virginia

Re: City of Chester Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 (WesBanco)

Ladies and Gentlemen:

The undersigned authorized signer for WesBanco Bank, Inc., (the "Purchaser"), in connection with its purchase of the $1,425,000 aggregate principal amount of the City of Chester Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 (WesBanco) (the "Bonds"), issued by the City of Chester (the "Issuer") on the date hereof, pursuant to a Bond Ordinance passed by the Issuer on September 18, 2017, and supplemented by a Supplemental Resolution adopted by the Issuer on February 5, 2018 (collectively, the "Bond Ordinance"), hereby makes the following representations and warranties to you:

1. We have sufficient knowledge and experience in financial and business matters to be able to evaluate the risks and merits of the investment represented by our purchase of the Bonds, and our net worth and available assets are such that we are able to bear the economic risk of our purchase of the Bonds.

2. We understand that the entire principal of and interest on the Bonds are payable by the Issuer solely from and secured by a first lien on the Gross Revenues of the System on a parity with the Prior Bonds (as defined in the Bond Ordinance); that the Bonds are special and limited obligations of the Issuer and are not general obligations or secured by any obligation or pledge of any monies received or to be received by the Issuer other than described above; and that the Bonds do not now and shall never constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation.

3. We understand that no official statement, prospectus, offering circular or other offering statement containing material information with respect to the Issuer or the Bonds is being issued, that the Bonds are unrated, and that in due diligence, we have made our own inquiry and analysis with respect to the Issuer, the Bonds and the security therefor, and other material factors affecting the security for and payment of the Bonds, and are relying solely on such inquiry and analysis in our purchase of the Bonds.

WesBanco Bank, Inc.
Upper Ohio Valley Market
1 Bank Plaza
Wheeling, WV 26003-3565
(304) 234-9000

4. We acknowledge that during the course of the transaction and prior to the sale of the Bonds, we have requested or have had access to information, including financial statements and other financial information, to which a reasonable investor would attach significance in making investment decisions, and we have had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Issuer, the Bonds and the security therefor, so that as a reasonable investor, we have been able to make our decision to purchase the Bonds. No such information requested by us has been denied to us.

5. Because of our experience in financial and business matters, we feel that we are qualified to make the inquiry and analysis described in paragraph 3 and to understand fully the documents and information described in paragraph 4.

6. We understand that the Bonds (a) are not being registered under the Securities Act of 1933, as amended, and are not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state, (b) will not be listed on any stock or other securities exchange, (c) will carry no rating from any rating service, and (d) may be resold only to purchasers who meet the criteria set forth herein and who, as a condition to such purchase, deliver an executed letter substantially in the form hereof to Jackson Kelly PLLC, Charleston, West Virginia.

7. We are purchasing the Bonds for investment in our own account. We do not intend to divide the Bonds purchased by us nor to resell or otherwise dispose of all or any part of the Bonds purchased by us, except as permitted by law on a basis of full disclosure to any subsequent holder of the Bonds and subject to applicable securities laws and regulations thereunder.

8. The Bonds, the Bond Ordinance and the other certificates, opinions and documents delivered in connection with the issuance of the Bonds contain such terms and are in such form that are acceptable to the Purchaser.

9. We have had the opportunity to consult with and be advised by legal counsel as to the significance of this letter and we have satisfied ourselves that the Bonds are a lawful investment for us under applicable laws.

Very truly yours,

WESBANCO BANK, INC.

By: Jon M. Rogers
Title: Senior Vice President

CITY OF CHESTER
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2018 (WESBANCO)

February 23, 2018

TAX CERTIFICATE

The undersigned Mayor of the City of Chester (the "Issuer"), being the official of the Issuer duly charged with the responsibility for the issuance of $1,425,000 principal amount of its Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 (WesBanco) (the "Series 2018 Bonds") hereby certifies as set forth in this Tax Certificate, on February 23, 2018 (the "Tax Certificate"). The Series 2018 Bonds are being issued and delivered on February 23, 2018, pursuant to Article 20 of Chapter 8 of the Code of West Virginia of 1931, as amended, and the Bond Ordinance by the Issuer on September 18, 2017 (the "Ordinance"), as supplemented by the Supplemental Resolution adopted by the Issuer on February 5, 2018 (the "Supplemental Resolution" and together with the Ordinance, collectively, the "Bond Legislation").

A. DEFINITIONS

Any capitalized word or term used herein shall have the meanings set forth in Exhibit C, but if not defined in Exhibit C shall have the meaning set forth in the Bond Legislation.

B. GENERAL

1. This certificate is being executed and delivered pursuant to Section 148 of the Code. I am an officer of the Issuer charged with the responsibility for issuing the Series 2018 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 Issuer.

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

3. This Tax Certificate sets forth various facts regarding the Series 2018 Bonds and establishes the expectations of the Issuer as to future events regarding the Series 2018 Bonds and the use of the proceeds thereof. The certifications and representations made herein are intended, and may be relied upon, as a certification described in Regulations §1.148-2(b)(2). This Tax Certificate also sets forth certain terms and conditions relating to the restrictions on the use and investment of the proceeds of the Series 2018 Bonds in order that interest thereon will be excluded from gross income for Federal income tax purposes.

4. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on the date hereof, the date on which the Series 2018 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 Issuer set forth herein are reasonable.

5 The Issuer has covenanted in the Bond Legislation that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the

Series 2018 Bonds which would cause the Series 2018 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without limitation, the timely filing of a federal information return with respect to the Series 2018 Bonds), so that the interest on the Series 2018 Bonds will be and remain excluded from gross income for federal income tax purposes, and that it will not take any actions which would adversely affect such exclusion.

6. The Series 2018 Bonds were sold on February 23, 2018, to WesBanco Bank, Inc. (the "Purchaser") for a purchase price of $1,425,000. No other obligations are (i) being sold at substantially the same time (within 15 days) as the Series 2018 Bonds, (ii) being sold pursuant to the same plan of financing, and (iii) are reasonably expected to be paid from substantially the same source of funds as the Series 2018 Bonds, determined without regard to guarantees from unrelated parties.

7. The Series 2018 Bonds are being delivered simultaneously with the delivery of this Tax Certificate and are issued for the following purposes:

(a) to pay the costs of design, acquisition, construction and equipping of the Project;

(b) to partially fund the debt service reserve account; and

(c) to pay certain costs of issuance of the Series 2018 Bonds and related costs.

The proceeds of the Series 2018 Bonds will be adjusted from time to time as needed to pay costs of the Project.

8. The sources of proceeds of the Series 2018 Bonds are as follows:

SOURCES

Purchase Price of Series 2018 Bonds	$1,425,000
Issuer's Funds	127,802
Total	$1,552,802

9. The proceeds of the Series 2018 Bonds will be applied as follows:

USES

Deposits to Construction Trust Fund	$1,385,000
Deposits to Reserve Account	127,802
Costs of Issuance for Series 2018 Bonds	40,000
Total	$1,552,802

10. The yield on the Series 2018 Bonds, as so computed and certified by the Purchaser, has been determined to be 3.78% (the "Bond Yield"), based on a "purchase price" equal to the Issue Price for the Series 2018 Bonds.

11. For purposes of determining whether the Series 2018 Bonds are private activity bonds, the Issuer makes the following representations.

(i) Not more than ten percent (10%) of the proceeds of the Series 2018 Bonds will be used, directly or indirectly, to replace funds which were used in any business carried on by any person other than a state or local governmental unit.

(ii) Not more than ten percent (10%) of the payment of principal of or interest on the Series 2018 Bonds will be, directly or indirectly, (A) secured by any interest in (1) property used or to be used for a private business use by any person other than a state or local governmental unit, or (2) payments in respect of such property, or (B) derived from payments (whether or not to the Issuer), in respect of property, or borrowed money, used or to be used for a private business use by any person other than a state or local governmental unit.

(iii) Not more than five percent (5%) of the proceeds of the Series 2018 Bonds will be used, directly or indirectly, to make or finance loans to persons other than a state or local governmental unit.

(iv) The Project will not be used in such a manner that more than ten percent (10%) of the proceeds of the Series 2018 Bonds will be used in the trade or business of a nongovernmental person. No user of the Project other than a state or local governmental unit has or will use more than ten percent (10%) of such facilities on any basis other than the same basis as the general public, and no person other than a state or local governmental unit will be a user of more than ten percent (10%) of such facilities as a result of (A) ownership, (B) actual or beneficial use pursuant to a lease or a management or incentive payment contract, or (C) any other similar arrangement.

C. The Series 2018 Bonds

1. The principal amounts, interest rates, interest and principal payment dates, and debt service with respect to the Series 2018 Bonds are detailed in the Supplemental Resolution.

2. A Sinking Fund for the Series 2018 Bonds is created under the Bond Legislation. Monies deposited in the Series 2018 Bonds Sinking Fund, including subsequent deposits thereto, will be spent within a 13-month period beginning on the date of deposit and will be depleted at least once a year, except for a reasonable carryover amount not in excess of one twelfth (1/12th) of the annual debt service on the Series 2018 Bonds. The Series 2018 Bonds Sinking Fund is designed to achieve a proper matching of the Issuer's revenues and debt service on the Series 2018 Bonds within each Bond Year. All monies held in the Series 2018 Bonds Sinking Fund will be used to pay debt service on the Series 2018 Bonds. The Series 2018 Bonds Sinking Fund qualifies as a Bona Fide Debt Service Fund and all monies in the Series 2018 Bonds Sinking Fund will be invested without restriction as to yield and are not subject to rebate. The debt service will be paid monthly.

3. A Series 2018 Bonds Reserve Account is created under the Bond Legislation for the Series 2018 Bonds. Proceeds from the Series 2018 Bonds in the amount of $86,730 and funds from the Issuer in the amount of $41,072 were wired directly to the West Virginia Municipal Bond Commission to fund the Reserve Account which is equal to the least of: (i) 10% of the principal amount of the Series 2018 Bonds; (ii) maximum amount of principal and interest payable on the Series 2018 Bonds in any year; or (iii) 125% of the average annual debt service on the Series 2018 Bonds payable in any year during the term of the Series 2018 Bonds. The Purchaser has required the Reserve Account in the Commitment Letter.

4. A Renewal and Replacement Fund is created, or continued, under the Bond Legislation, to be funded through monthly deposits of Revenues in an amount equal to 2.5% of the Gross Revenues of the System. Absent an Event of Default on the Series 2018 Bonds, and depletion in full of the Reserve Account, the Renewal and Replacement Fund is not expected to be used for the purpose of paying Debt Service on the Series 2018 Bonds. Such monies will be invested without restriction as to yield and are not subject to rebate.

5. Costs of Issuance of $40,000 will be paid out of the Bonds Construction Trust Fund as created under the Bond Legislation for the Series 2018 Bonds. The Costs of Issuance include only those amounts directly related to the costs of issuance, sale and delivery of the Series 2018 Bonds. All such amounts shall be fully expended within 6 months from the date hereof. Pending such disbursement, such monies will be invested without restriction as to yield and are not subject to rebate.

6. Other than the funds and accounts described above, there are no other funds or accounts of the Issuer which (i) are reasonably expected to be used to pay Debt Service on the Series 2018 Bonds or which are pledged as collateral to secure repayment of Debt Service thereon and (ii) for which there is a reasonable assurance that amounts therein will be available to pay Debt Service on the Series 2018 Bonds.

7. On April 19, 2017, the Council of the Issuer adopted a reimbursement resolution with respect to the Project. The Issuer has paid for preliminary engineering expenses from the Renewal and Replacement Fund and expects to reimburse itself in an amount not to exceed $86,730 to the extent that proceeds remain after the Project is substantially complete.

8. No portion of the Series 2018 Bonds is being issued solely for the purpose of investing the proceeds at a yield higher than the yield on the Series 2018 Bonds or to replace funds which were used, directly or indirectly, to acquire investments with a yield higher than the yield on the Series 2018 Bonds.

9. The Issuer certifies, warrants and covenants that the Series 2018 Bonds are not and will not be part of a transaction or series of transactions that (i) attempts to circumvent the provisions of Section 148 of the Code and the related Regulations, thereby enabling the Issuer to exploit the difference between tax-exempt and taxable interest rates to obtain a material financial advantage; and (ii) overburdens the tax-exempt bond market in any manner, including, without limitation, issuing more bonds, issuing bonds earlier, or allowing them to remain outstanding longer than is otherwise reasonably necessary to accomplish the governmental purposes of the Series 2018 Bonds.

D. REBATE

1. Rebate Fund; Calculation of Rebate Amount.

(a) Section 148(f) of the Code requires the payment to the United States of the excess of the amount earned on the investment of Gross Proceeds in Nonpurpose Investments over the amount that would have been earned on such investments had the amount so invested been invested at a rate equal to the Bond Yield, together with any income attributable to such excess. Except as provided below, and as previously set forth as excepted in Section C hereof, all other funds or accounts treated as containing Gross Proceeds are subject to this requirement.

(b) Pursuant to the Bond Legislation, the Issuer has created the Rebate Fund. On or before 45 days following each Computation Date, an amount shall be deposited into the Rebate Fund by the Issuer so that the balance held in the Rebate Fund shall equal the aggregate Rebate Amount due as of the Rebate Payment Date following such Computation Date. Monies so deposited shall be derived from the Issuer's own funds.

(c) On each Valuation Date, the Issuer agrees to value the Nonpurpose Investments allocable to the Series 2018 Bonds thereunder in accordance with the Regulations. Notwithstanding anything herein to the contrary, the failure to perform the determination of Nonpurpose Investments allocable to the Series 2018 Bonds as of a Valuation Date shall not be considered a violation of this provision if the application of the Universal Cap would not result in a reduction or reallocation of Gross Proceeds of an issue.

(d) To meet the rebate requirements of Section 148(f) of the Code, the Issuer (or the Rebate Analyst described in Section D.3. hereof) agrees and covenants to take the following actions:

(i) For each investment of (*x*) amounts held in the Reserve Account, and (*y*) any other monies held by the Issuer which constitute Gross Proceeds, the Issuer shall record the purchase date of such investment, its purchase price, accrued interest due on its purchase date, its face amount, its coupon rate, the frequency of its interest payment, its disposition price, accrued interest due on its disposition date and its disposition date.

(ii) For each Installment Computation Date with respect to Rebate Amounts specified in paragraph (iii) below, the Issuer shall compute the Yield on the Series 2018 Bonds as required by the Code and Regulations. If any of the Series 2018 Bonds are redeemed prior to their scheduled maturity, the Issuer agrees to seek the advice of Bond Counsel or other rebate expert to recompute the Yield on the Series 2018 Bonds as required by the Regulations.

(iii) For each Computation Date, the Issuer shall determine the amount of earnings received on all Nonpurpose Investments described in paragraph (i) above that are allocable to

Gross Proceeds of the Series 2018 Bonds. In addition, where Nonpurpose Investments are retained by the Bond Commission after retirement of the Series 2018 Bonds, any unrealized gains or losses as of the date of retirement of the Series 2018 Bonds must be taken into account in calculating the earnings on such Nonpurpose Investments to the extent required by the Regulations.

(iv) In determining the Nonpurpose Investments that are allocable to Gross Proceeds of the Series 2018 Bonds, the Issuer shall consider the allocation rules set forth in the Regulations, including the rules relating to the Universal Cap, as set forth in Regulations §1.1486(b)(2). In general, the Universal Cap represents the maximum value of Nonpurpose Investments that may be allocated to an issue of bonds and is determined by reference to the Value of all the outstanding bonds of the issue.

(v) For each Computation Date, the Issuer shall calculate for each Nonpurpose Investment described in paragraph (iii) above, an amount equal to the earnings which would have been received on such Nonpurpose Investment at an interest rate equal to the Yield on the Series 2018 Bonds as described in paragraph (ii) above. The method of calculation shall follow that set forth in the Regulations.

(vi) In determining the amount of any rebate computed pursuant to this section, all earnings on any Bona Fide Debt Service Fund to the extent such earnings do not exceed $100,000 in any Bond year shall not be taken into account.

(vii) For each Computation Date, the Issuer shall calculate the Rebate Amount (computed from the Issue Date of the Series 2018 Bonds to each such Computation Date) by any appropriate method provided in the Code and Regulations that is applicable to the Series 2018 Bonds, taking into account any computation credit allowed thereunder. In determining the Rebate Amount, the Issuer shall account for the amounts determined under paragraphs (iii), (iv), and (v) above.

(viii) If the Rebate Amount exceeds the amount on deposit in the Rebate Account, the Issuer shall immediately pay that amount, or cause that amount to be paid, into the Rebate Account.

2. Payment to United States.

(a) Installment Computation Dates. Unless the Series 2018 Bonds are redeemed prior to such time, the Issuer shall pay to the United States, not later than sixty (60)

days after each Installment Computation Date, an amount which, when added to all previous rebate payments made with respect to the Series 2018 Bonds, is equal to not less than ninety percent (90%) of the Rebate Amount (computed from the date of issuance of the Series 2018 Bonds to each such Installment Computation Date).

(b) Final Computation Date. The Issuer shall pay to the United States, not later than sixty (60) days after the last outstanding Series 2018 Bonds are paid or redeemed, one hundred percent (100%) of the Rebate Amount for the Final Computation Date (computed from the date of issuance of the Series 2018 Bonds to the Final Computation Date).

(c) Mailing of Rebate Payment. Each Payment of an installment shall be mailed to the Internal Revenue Service Center, Internal Revenue Service Center, Ogden, Utah 84201-0027, or such other address for such purpose published by the Internal Revenue Service. Each payment shall be accompanied by (i) a copy of IRS Form 8038-T, and (ii) the CUSIP number for the Series 2018 Bond with the latest maturity.

(d) Excess Balance in Rebate Fund; Excess Rebate Payments. If on the Rebate Payment Date the balance on deposit in the Rebate Fund is in excess of the Rebate Amount attributable to the Series 2018 Bonds, such excess may be withdrawn by the Issuer from the Rebate Fund. The Issuer may direct that any overpayment of rebate may be recovered from any rebate payment previously made to the United States under any procedure that may be permitted by the Code or the Regulations.

(e) Recordkeeping. In connection with the rebate requirement, the Issuer shall maintain (or cause to be maintained) the following records:

(i) The Issuer shall record all amounts paid to the United States pursuant to Section E(2) hereof.

(ii) The Issuer shall retain records of the rebate calculations until three years after the Final Computation Date.

(iii) The Issuer shall keep and record the data described in section E(1)(c) hereof pertaining to the investment of the proceeds of the Series 2018 Bonds until six years after the Final Computation Date.

3. Rebate Analyst. (a) A Rebate Analyst shall be appointed to perform the rebate calculations, as required herein.

(b) The Issuer may rely conclusively upon the opinions, calculations, determinations, directions and advice of the Rebate Analyst. The charges and fees for such Rebate Analyst shall be paid by the Issuer upon presentation of an invoice for services rendered in connection therewith.

4. Failure to Pay Rebate Amounts. In the event the Issuer fails to pay at the proper time and in the proper amounts, any Rebate Amount, it will pay the rebate amount plus interest within 180 days after discovery of such failure as set forth in Section 1.148-3(h)(3) of the

Regulations. Notwithstanding the foregoing, in the event the Issuer fails to pay at the proper time and in the proper amount any Rebate Payment or correction amount, it hereby covenants and agrees to pay any penalty required by Internal Revenue Service in lieu of a declaration of taxability on the Series 2018 Bonds.

E. MISCELLANEOUS

The Issuer shall file Form 8038-G in a timely fashion with the Internal Revenue Service Center, Ogden, Utah. For purposes of filing the Form 8038-G with the Internal Revenue Service, the Issuer's EIN is 55-6000162. The Form 8038-G attached hereto as EXHIBIT A is, to the best of my knowledge, true and correct, and may be relied upon by Bond Counsel.

1. In order to perform the calculations required by the Code, it is necessary to track separately all of the Gross Proceeds. To that end, the Issuer hereby agrees to instruct the Bond Commission to establish separate funds, accounts or subaccounts or to take other accounting measures in order to account fully for all Gross Proceeds.

2. The Issuer agrees to continue to monitor the use of the facilities and the expenditure of proceeds of the Series 2018 Bonds in order to ensure compliance with the relevant tax rules and regulations required so that the interest on the Series 2018 Bonds will be excluded from gross income for federal income tax purposes. The Issuer will use the compliance policies attached hereto as EXHIBIT B. The Issuer further agrees and understands that if the Tax Exempt Rules are not complied with, the Issuer, in consultation with Bond Counsel, may use (i) the remedial actions set forth in Regulations §1.141-12, or (ii) the voluntary closing agreement process of the Internal Revenue Service in order to bring the Series 2018 Bonds into compliance with the Tax-Exempt Rules.

3. None of the proceeds of the Series 2018 Bonds will be used (directly or indirectly) in any trade or business carried on by, or will be used to make or finance loans to, any person who is not a governmental unit.

4. The original proceeds of the Series 2018 Bonds will not exceed the amount necessary for the governmental purposes thereof. As of the date hereof, the weighted average maturity of the Series 2018 Bonds (8.4588 years) does not exceed 120% of the average reasonably expected economic life of the improvements financed with the proceeds of the Series 2018 Bonds.

5. The Issuer shall not permit at any time or times any of the proceeds of the Series 2018 Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Series 2018 Bonds from treatment afforded by Section 103(a) of the Code by reason of classification of the Series 2018 Bonds as "private activity bonds" within the meaning of the Code.

6. The Series 2018 Bonds are not, and will not be, in whole or part, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

7. The Issuer has not entered and will not enter into any transaction to reduce the Yield on an investment of the Gross Proceeds of the Series 2018 Bonds so as to cause the

amount to be rebated to the United States Treasury to be less than it would have been had the transaction been at arm's length and the Yield on the Series 2018 Bonds not been relevant to either party to the transaction, and that all investments of Gross Proceeds will be made on an arm's length, Fair Market Value basis.

8. No portion of the proceeds of the Series 2018 Bonds will be used directly or indirectly to replace funds of the Issuer or other related governmental agency that have been used directly or indirectly to acquire securities or obligations which may reasonably be expected, on the date hereof, to produce a yield materially higher than the Yield on the Series 2018 Bonds.

9. In connection with the Series 2018 Bonds, there has not been created or established, and the Issuer does not expect that there will be created or established, any sinking fund, pledged fund or similar fund (other than as specifically identified in this Tax Certificate), including without limitation any arrangement under which money, securities, or obligations are pledged directly or indirectly to secure the Series 2018 Bonds or any contract securing the Series 2018 Bonds or any arrangement providing for compensating, or minimum balances to be maintained by the Issuer or related governmental agencies with, any registered owner of the Series 2018 Bonds.

10. The Series 2018 Bonds are not and will not be part of a transaction or series of transactions that (i) attempt to circumvent the provisions of Section 148 of the Code, or any successor thereto, and the Regulations promulgated thereunder which enable the Issuer to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage; or (ii) increase the burden on the market for tax-exempt obligations in any manner, including, without limitation, by selling obligations that would not otherwise be sold or selling a larger amount of obligations, or issuing them sooner, or allowing them to remain outstanding longer, than would otherwise be necessary.

11. The Issuer 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 Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and other amounts from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, and take all other actions required of it in order to maintain the exclusion of interest on the Series 2018 Bonds from gross income for federal income tax purposes.

12. The Issuer has retained the right to amend the Bond Legislation authorizing the issuance of the Series 2018 Bonds if such amendment is necessary to assure compliance with Section 148(f) of the Code or as may otherwise be necessary to assure the exclusion of interest on the Series 2018 Bonds from the gross income of the holders thereof. In addition, and notwithstanding any other provision hereof, any provision of this Tax Certificate shall be amended at any time and such amendment shall be complied with, upon receipt by the Issuer of an opinion of Bond Counsel that such amendment is necessary or permissible under the then current Code and Regulations and is either necessary to or will not adversely affect the excludability of interest on the Series 2018 Bonds from gross income of the recipients thereof for federal income tax purposes.

13. The Issuer 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-exemption of the interest on the Series 2018 Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2018 Bonds as may be necessary in order to fully comply with Section 148(f) of the Code. The Issuer covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of the Bond Legislation.

14. The original proceeds of the Series 2018 Bonds, plus investment proceeds thereon, other than amounts used for one or more of the purposes listed below, will not exceed one percent (1%) of the original proceeds of the Series 2018 Bonds:

(i) Proceeds that will be used to fund a reserve fund, if any, or investment proceeds thereon;

(ii) Proceeds that will be used to pay costs of issuance of the Series 2018 Bonds;

(iii) Proceeds that will be used to pay administrative costs allocable to (A) carrying and repaying the Series 2018 Bonds, or (B) investments acquired with proceeds of the Series 2018 Bonds;

(iv) (vii) Proceeds that will be used to pay interest on purpose investments, if any; (there will be no purpose investments);

(v) Replacement proceeds in the Series 2018 Bonds Sinking Fund established under the Bond Legislation;

(vi) Proceeds that will be used to pay the fees for any qualified guarantees (e.g., the bond insurance policy insuring payment of principal of and interest on the Series 2018 Bonds) for the Series 2018 Bonds; and

(vii) Proceeds that will be used to pay the fees for a qualified hedge for the Series 2018 Bonds; (there will be no qualified hedges).

15. The Issuer has designated the Series 2018 Bonds as "qualified tax-exempt obligations" for purposes of paragraph (3) of Section 265(b) of the Code and covenants that not more than $10,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income taxes (excluding, however, obligations described in Section 265(b)(3)(C)(ii) of the Code), including the Series 2018 Bonds, have been or shall be issued by the Issuer during the calendar year 2018, all as determined in accordance with the Code. For purposes of this paragraph and for the purposes of applying such Section 265(b)(3) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a subordinate entity shall, for purposes of applying this paragraph and Section 265(b)(3) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other

entity; and an entity formed (or, to the extent provided by the City Clerk, as set forth in the Code, availed of) to avoid the purposes of Section 265(b)(3)(C) or (D) of the Code and all entities benefiting thereby shall be treated as one issuer. None of the Series 2018 Bonds are part of a direct or indirect composite issue.

16. For purposes of complying with Regulations §1.148-2(b), an officer of the Issuer must certify the issuer's expectations as of the issue date. In accordance therewith, the undersigned Mayor of the Issuer hereby in good faith certifies that the representations and covenants set forth in this Certificate constitute the reasonable expectations of the Issuer as of the Issue Date. Accordingly, the representations and covenants set forth herein are intended and may be relied upon as the certification described in Regulations §1.148-2(b) and are being delivered as part of the record of proceedings in connection with the issuance of the Series 2018 Bonds.

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

18. Jackson Kelly PLLC is entitled to rely upon the representations, expectations, covenants, certifications and statements contained herein in rendering its opinions with respect to the issuance, sale and delivery of the Series 2018 Bonds, including its opinions regarding the exclusion of interest on the Series 2018 Bonds from gross income for federal income tax purposes.

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WITNESS my signature the day and year first written above.

CITY OF CHESTER

By: _____
Its: Mayor

EXHIBIT A

IRS FORM 8038-G

[Included in Transcript as Document No. 26]

EXHIBIT B

TAX COMPLIANCE POLICIES

[Included in Transcript as Document No. 25(b)]

EXHIBIT C
DEFINITIONS

The following words and phrases shall have the following meanings or such other meanings as may be required under the Code or the Regulations.

"**Bona Fide Debt Service Fund**" means a fund which may include proceeds of an issue, that:

(a) Is used primarily to achieve a proper matching of revenues with principal and interest payments within each Bond Year; and

(b) Is depleted at least once each Bond Year, except for a reasonable carryover amount not to exceed the greater of:

(i) the earnings on the fund for the immediately preceding Bond Year; or

(ii) one-twelfth ($1/12^{th}$) of the principal and interest payments on the Series 2018 Bonds for the immediately preceding Bond Year.

"**Bond Counsel**" means the law firm or firms delivering its or their approving opinion or opinions with respect to the issuance of the Series 2018 Bonds and the exclusion of interest on the Series 2018 Bonds from gross income for the purposes of federal income taxation.

"**Bond Year**" means the 12-month period beginning on the anniversary of the Closing Date in each year and ending on the day prior to the anniversary date of the Closing Date in the following year, or such other period as shall be determined by the Issuer, except that the first Bond Year shall begin on the Closing Date.

"**Bond Yield**" means the yield of the Series 2018 Bonds, calculated in accordance with the provisions of Regulations §1.148-4. (*See* Sections B.11. and B.12. hereof.)

"**Computation Date**" means each Installment Computation Date and the Final Computation Date.

"**Costs of Issuance**" means all costs incurred in connection with the issuance of the Series 2018 Bonds within the meaning of Section 147(g) of the Code. Examples of costs of issuance include (but are not limited to):

(a) Purchaser's spread (whether realized directly or derived through purchase of the Series 2018 Bonds at a discount below the price at which a substantial number of Series 2018 Bonds are sold to the public);

(b) counsel fees (including Bond Counsel, Purchaser's Counsel, Issuer's Counsel, and any other specialized counsel fees incurred in connection with the issuance of the Series 2018 Bonds);

(c) Purchaser fees incurred in connection with the issuance of the Series 2018 Bonds;

(d) trustee fees and registrar fees;

(e) paying agent, disbursement agent, and certifying and authenticating agent fees related to issuance of the Series 2018 Bonds;

(f) accountant fees related to issuance of the Series 2018 Bonds;

(g) printing costs (for the Series 2018 Bonds and of preliminary and final offering materials); and

(h) costs incurred in connection with any required public approval process (*e.g.*, publication costs for public notices generally and costs of the public hearing or voter referendum).

"**Discharged**" means, with respect to any Series 2018 Bond, the date on which all amounts due with respect to such Series 2018 Bond are actually and unconditionally due if cash is available at the place of payment, and no interest shall accrue with respect to the Series 2018 Bond after such date.

"**Fair Market Value**" of an Investment means as follows:

(a) In General. Except as specifically otherwise provided below, the Fair Market Value of an Investment is the price at which a willing buyer would purchase the Investment from a willing seller in a bona fide arm's length transaction. The Fair Market Value of an Investment that is purchased directly from the United States Treasury is its purchase price.

(b) Safe Harbor for Establishing Fair Market Value for Guaranteed Investment Contracts and Investments Purchased for a Yield Restricted Defeasance Escrow. The purchase price of a guaranteed investment contract is treated as its Fair Market Value on the purchase date if -

(i) The institution makes a bona fide solicitation for a specified guaranteed investment contract and reserves at least three (3) bona fide bids from providers that have

no material financial interest in the issue (*e.g.*, as Purchasers or brokers);

(ii) The institution purchases the highest yielding guaranteed investment contract for which a qualifying bid is made (determined net of broker's fees);

(iii) The yield on the guaranteed investment contract (determined net of broker's fees) is not less than the yield then available from the provider on reasonably comparable guaranteed investment contracts, if any, offered to persons from a source of funds other than gross proceeds of tax exempt bonds;

(iv) The determination of the terms of the guaranteed investment contract takes into account as a significant factor the Issuer's reasonably expected draw-down schedule for the amounts to be invested, exclusive of amounts deposited in debt service funds and reasonably required reserve or replacement funds;

(v) The terms of the guaranteed investment contract, including collateral security requirements, are reasonable; and

(vi) The obligor on the guaranteed investment contract certifies the administrative costs that it is paying (or expects to pay) to third parties in connection therewith.

(c) Safe Harbor for Establishing Fair Market Value for Certificates of Deposit. The Fair Market Value of a certificate of deposit is its purchase price if it has a fixed rate of interest, a fixed payment schedule, and a substantial penalty for early withdrawal and the yield on the certificate of deposit is not less than (i) the yield on reasonably comparable direct obligations of the United States; and (ii) the highest yield that is published or posted by the provider to be currently available on reasonably comparable certificates of deposit offered to the public.

"**Final Computation Date**" means the date on which the last Series 2018 Bond is Discharged.

"**Future Value**" means the amount determined by using the following formula:

$FV = PV(1+i)^n$

where:

FV = The future value of the nonpurpose receipt or payment at the end of the interval. Each interval ends on the last day of a compounding interval. The compounding interval is the same compounding interval used in computing the Bond Yield.

PV = The future value of the nonpurpose receipt or payment at the beginning of the interval, or the amount thereof if the computation is for the first interval. The first interval begins on the date the nonpurpose receipt or payment is actually or constructively received or paid (or otherwise is taken into account). The amount of every nonpurpose receipt and payment with respect to an issue that is taken into account at the beginning of the first interval may be rounded to the nearest whole dollar.

i = The Bond Yield during the interval (expressed as a decimal) divided by the number of compounding intervals in a year.

n = A fraction, the numerator of which is the length of the interval and the denominator of which is the length of a whole compounding interval.

"Government Obligations" means the United States Treasury Notes purchased with the proceeds of the Series 2018 Bonds.

"Gross Proceeds" means Proceeds and Replacement Proceeds of the Series 2018 Bonds within the meaning of the Regulations.

"Installment Computation Date" means the last day of the fifth Bond Year and each succeeding fifth Bond Year.

"Investment" means any security, obligation, annuity contract, or investment type property as defined in Section 148(b) of the Code.

"Investment Proceeds" means any amounts actually or constructively received from investing Proceeds of an issue of bonds.

"Issue Date" means February 23, 2018.

"Issue Price" means $1,425,000 being the Issue Price of the Series 2018 Bonds. (*See* Section B.10. hereof.)

The Issue Price is the initial offering price to the public at which price a substantial amount of the Series 2018 Bonds is sold. For this purpose, ten percent (10%) is a substantial amount, and the term "the public" does not include bond houses, brokers, or similar persons or organizations acting in the capacity of Purchasers or wholesalers. The Issue Price generally is the first price at which the Series 2018 Bonds are sold to the public, and the issue price will not change if part of the issue is subsequently sold at a different price. The Issue Price of Series 2018 Bonds that are not substantially identical is determined separately. The Issue

Price of a bond issue for which a bona fide public offering is made is determined as of the sale date based on reasonable expectations regarding the initial public offering price. The Issue Price of the Series 2018 Bonds may not exceed their fair market value as of the sale date.

"**Net Sale Proceeds**" means Sale Proceeds less the amount of those Sale Proceeds invested in a reasonably required reserve or replacement fund under Section 148(d) of the Code and as part of a minor portion under Section 148(e) of the Code.

"**Nonpurpose Investment**" means any Investment that is not acquired to carry out the governmental purpose of an issue.

"**Payment**" means a payment as defined in Regulations §1.148-3(d) for purposes of computing the Rebate Amount, and a payment as defined in Regulations §1.148-5(b) for purposes of computing the Yield on an Investment.

"**Present Value**" means the amount determined by using the following formula:

$$PV = \frac{FV(1+i)^n}{(1+i)^n}$$

where € equals the discount rate divided by the number of compounding intervals in a year and n equals the sum of (i) the number of whole compounding intervals for the period ending on the date as of which the Future Value is determined and (ii) a fraction the numerator of which is the length of any short compounding interval during such period and the denominator of which is the length of a whole compounding interval.

"**Present Value of an Investment**" means the value of an investment computed under the economic accrual method; using the same compounding interval and financial conventions used to compute the yield on the Series 2018 Bonds. On any valuation date, the Present Value of an Investment is equal to the Present Value of all unconditionally payable receipts to be received from the payments to be paid for the investment after that date, using the Yield on the Investment as the discount rate.

"**Proceeds**" means any Sale Proceeds and Investment Proceeds of an issue of bonds. Proceeds do not include amounts that are actually or constructively received that with respect to an Investment that is acquired for the governmental purpose of an issue that are properly allocable to the immaterially higher yield under Regulations §1.148-2(d) or Section 143(g) of the Code or to qualified administrative cost recoverable under Regulations §1.148-5(e).

"**Rebate Amount**" means, in respect of the Series 2018 Bonds, the amount determined pursuant to the Code and Regulations in accordance with Section E.1. hereof. Generally, under the Regulations, the rebate amount, as of any date, equals the excess of the Future Value of all Receipts with respect to Nonpurpose Investments allocated to the Gross Proceeds of the Series 2018 Bonds over the Future Value of all the Payments with respect to such Nonpurpose Investments computed in accordance with the Regulations.

"**Rebate Analyst**" means the entity or person chosen by the Issuer in accordance with Section E.3. hereof to determine the Rebate Amounts.

"**Rebate Payment Date**" means the date following a Computation Date on which the Rebate Amount is mailed or otherwise filed with the Internal Revenue Service. The Rebate Payment Date cannot be a date which is more than 60 days after a Computation Date.

"**Receipt**" means a receipt as defined in Regulations §1.148-3(d) for purposes of computing the Rebate Amount, and a receipt as defined in Regulations §1.148-5(b) for purposes of computing Yield on an Investment.

"**Regulation**" or "**Regulations**" means the temporary, proposed or final Income Tax Regulations promulgated pursuant to Sections 103 and 141 through 150 of the Code, including those Income Tax Regulations promulgated under Section 103(e) of the Internal Revenue Code of 1954, as amended, that are applicable pursuant to the Code.

"**Replacement Proceeds**" means amounts that are treated as replacement proceeds of an issue of bonds under Regulations §1.148-1(e). Generally, amounts are Replacement Proceeds of an issue if the amounts have a sufficiently direct nexus to the governmental purpose of the issue to conclude that the amounts would have been used for that governmental purpose if the proceeds of the issue were not used or to be used for that governmental purpose. Replacement Proceeds include, but are not limited to, sinking funds or pledged funds to the extent that those funds are held by or derived from a substantial beneficiary of the issue (which, for this purpose includes the issuer and any related party to the issuer).

"**Sale Proceeds**" means amounts actually or constructively received from the sale of an issue of bonds (including amounts used to pay Purchaser's discount and compensation and accrued interest other than pre-issuance accrued interest). Sale Proceeds also include, but are not limited to, amounts derived from the sale of a right that is associated with a Series 2018 Bond and that is described in Regulations §1.148-4(b)(4).

"**Tax-Exempt Bond**" means any tax-exempt bond within the meaning of Section 103 of the Code and Regulations §1.150-1 that is not investment property within the meaning of Section 148(b)(3) of the Code.

"**Purchaser**" means WesBanco Bank, Inc., Wheeling, West Virginia.

"**Valuation Date**" means the date on which the value of the Nonpurpose Investments allocable to the Series 2018 Bonds thereunder must be determined under Regulations §1.148-6. In general, beginning with the first Bond Year beginning after second year anniversary of the Issue Date, the first day of each Bond Year constitutes a Valuation Date.

"**Value of a Bond**" means the value of a bond determined under Regulations §1.148-4(e). Under those Regulations, value generally means:

> (a) In the case of a plain par bond (within the meaning of Regulations §1.148-1(b)), its outstanding stated principal amount, plus accrued unpaid interest or in the case of a

plain par bond actually redeemed, or that is treated as redeemed, its stated redemption price on the redemption date plus accrued unpaid interest; and

(b) In the case of a bond other than a plain par bond, the value on a date of such a bond is generally its Present Value on that date, using the yield on the issue of which the bond is a part as the discount factor. In determining the Present Value of a variable rate bond, the initial interest rate on the bond established by the index or other rate setting mechanism is used to determine the interest payments on that bond.

"**Value of an Investment**" means the value of an investment determined under Regulations §1.148-5(d). Under those Regulations, value as of any date generally means, for any fixed rate investment (within the meaning of Regulations §1.148-1(b)) or Yield Restricted Investment, Present Value on that date, and for any plain par investment (within the meaning of Regulations §1.148-1(b)), the outstanding stated principal amount, plus accrued unpaid interest, as of that date.

"**Yield**" or "**yield**" means the yield computed under Regulations §1.148-4 of the Regulations for the Series 2018 Bonds, and the yield computed under Regulations §1.148-5 for an Investment.

"**Yield Restricted Investments**" means any Investments which either (1) bear a yield that is not materially higher than the Bond Yield, or (2) are investments in one or more Tax-Exempt Bonds.

City of Chester
Post-Issuance Tax Compliance Procedures
For Tax-Exempt Bonds

The purpose of these Post-Issuance Tax Compliance Procedures is to establish policies and procedures in connection with tax-exempt bonds (the "Bonds") issued by the City of Chester (the "Issuer") so as to maximize the likelihood that all applicable post-issuance requirements of federal income tax law needed to preserve the tax-exempt status of the Bonds are met. The Issuer reserves the right to use its discretion as necessary and appropriate to make exceptions or request additional provisions as circumstances warrant. The Issuer also reserves the right to change these policies and procedures from time to time.

General

Inasmuch as the Issuer is an issuer of Bonds (including refunding Bonds) for governmental purposes or is a responsible conduit issuer authorizing the issuance of 501(c)(3) Bonds or Bonds (including refunding Bonds) for certain "exempt facilities" (e.g., solid waste disposal facilities, sewage facilities, water furnishing facilities, etc.), the Issuer now identifies post-issuance tax compliance procedures for all Bonds authorized by the Issuer. These post-issuance tax compliance procedures set forth the procedures for the Issuer for all Bonds issued by the Issuer and, in the case of Bonds for which the Issuer is a conduit issuer, the Issuer's requirements of all entities receiving the benefit of the Bond issue (whether through a loan, a lease or otherwise, the "Borrower"), concerning these procedures. All Borrowers shall cause satisfactory policies and procedures to be put in place.

Post-Issuance Compliance Requirements

External Advisors / Documentation

The Issuer and the Borrower shall consult with bond counsel and other legal counsel and advisors, as needed, throughout the Bond issuance process to identify requirements and to establish procedures necessary or appropriate so that the Bonds will continue to qualify for tax-exempt status. Those requirements and procedures shall be documented in the tax certificate or tax regulatory agreement (the "Tax Certificate") and/or other documents finalized at or before issuance of the Bonds. Those requirements and procedures shall include future compliance with applicable arbitrage rebate requirements and all other applicable post-issuance requirements of federal tax law throughout (and in some cases beyond) the term of the Bonds.

The Issuer and the Borrower also shall engage bond counsel and other legal counsel and advisors, as needed, for consultation following issuance of the Bonds to ensure that all applicable post-issuance requirements in fact are met. This shall include, without limitation, consultation in connection with any potential changes in use of Bond-financed or refinanced assets.

When necessary, the Issuer shall engage and shall encourage or require the Borrower to engage expert advisors (each a "Rebate Service Provider") to assist in the calculation of arbitrage rebate payable in respect of the investment of Bond proceeds.

Unless otherwise provided by the indenture relating to the Bonds, unexpended Bond proceeds shall be held by a trustee or other financial institution, and the investment of Bond proceeds shall be managed by the Issuer or, in the event the Issuer is the conduit issuer of the Bonds, the Borrower. The Issuer or, in the event the Issuer is the conduit issuer of the Bonds, the Borrower shall prepare (or cause the trustee to prepare) regular, periodic statements regarding the investments and transactions involving Bond proceeds and such statement shall be delivered to the Issuer if it so requests.

Arbitrage Rebate and Yield

The Issuer or, in the event the Issuer is a conduit issuer of the Bonds, the Borrower shall be responsible for compliance with all requirements under Federal arbitrage regulations. The Issuer or, if applicable, the Borrower is responsible for:

- determining the likelihood of complying with an arbitrage rebate exemption;
- if necessary, (i) engaging the services of a Rebate Service Provider, (ii) prior to each rebate calculation date, causing the trustee, if any, to deliver periodic statements concerning the investment of Bond proceeds to the Rebate Service Provider, and (iii) if necessary, contributing, or causing the trustee, if any, to contribute any required annual payments into any rebate fund;
- providing to the Rebate Service Provider additional documents and information reasonably requested by the Rebate Service Provider;
- monitoring efforts of the Rebate Service Provider;
- assuring payment of required rebate mounts, if any, no later than 60 days after each 5-year anniversary of the issue date of the Bonds, and no later than 60 days after the last Bond of each issue is redeemed or matures;
- during the construction period of each capital project financed in whole or in part by Bonds, monitoring the investment and expenditure of Bond proceeds and consulting with the Rebate Service Provider to determine compliance with any applicable exceptions from the arbitrage rebate requirements during each 6-month spending period up to 6 months or 18 months, as applicable, following the issue date of the Bonds; and
- retaining copies of all arbitrage reports and trustee statements as described below under "Record Keeping Requirements" and, upon request, providing such copies to the Issuer.

The Issuer or, in the event the Issuer is the conduit issuer of the Bonds, the Borrower, in the Tax Certificate relating to the Bonds and/or other documents finalized at or before the issuance of the Bonds, shall identify an employee and/or officer to undertake the tasks listed above. The

Borrower shall also be responsible for ensuring an adequate succession plan for transferring post-issuance compliance responsibility when changes in staff occur.

Use of Bond Proceeds and Bond-Financed or Refinanced Assets

The Issuer or, in the event the Issuer is a conduit issuer of the Bonds, the Borrower shall be responsible for:

- monitoring the use of Bond proceeds (including investment earnings and including reimbursement of expenditures made before bond issuance) and the use of Bond-financed or refinanced assets (e.g., facilities, furnishings or equipment) throughout the term of the Bonds to ensure compliance with covenants and restrictions set forth in the Tax Certificate relating to the Bonds;

- maintaining records identifying the assets that are financed or refinanced with proceeds of each issue of Bonds (including investment earnings and including reimbursement of expenditures made before bond issuance), including a final allocation of Bond proceeds as described below under "Record Keeping Requirements";

- consulting with bond counsel and other legal counsel and advisers in the review of any change in use of Bond-financed or refinanced assets to ensure compliance with all covenants and restrictions set forth in the Tax Certificate relating to the Bonds;

- conferring at least annually with personnel responsible for Bond-financed or refinanced assets to identify and discussing any existing or planned use of Bond-financed or refinanced assets, to ensure that those uses are consistent with all covenants and restrictions set forth in the Tax Certificate relating to the Bonds;

- to the extent that the Borrower discovers that any applicable tax restrictions regarding use of Bond proceeds and Bond-financed or refinanced assets will or may be violated, consulting promptly with bond counsel and other legal counsel and advisers to determine a course of action to remediate all nonqualified Bonds, if such counsel advises that a remedial action is necessary;

- to the extent that Bond proceeds were used to acquire an existing building, confirming that qualified rehabilitation expenditures in an amount equal to at least 15% of the amount of such proceeds were made no later than 24 months after the later of (1) the date of issuance of the Bonds, or (2) the date of acquisition of the building;

- confirming that less than 25% of Bond proceeds were used to acquire land;

- with respect to facilities that dispose of solid waste by reconstituting, converting or otherwise recycling it into material that is not waste, determining annually

whether solid waste (as identified or described at the time of issuance of the Bonds) constitutes at least 65%, by weight or volume, of the total materials introduced into the reconstituting, converting or recycling process. This provision is subject to amendment or deletion depending on the content of any new regulations promulgated by the United States Treasury regarding the definition of solid-waste disposal facilities; and

- with respect to other types of exempt facilities, adopting any such procedures that bond counsel deems appropriate to periodically assess whether such facility continues to qualify as an exempt facility.

The Issuer or, in the event the Issuer is the conduit issuer of the Bonds, the Borrower, in the Tax Certificate relating to the Bonds and/or other documents finalized at or before the issuance of the Bonds, shall identify an employee and/or officer to undertake the tasks listed above. The Borrower shall also be responsible for ensuring an adequate succession plan for transferring post-issuance compliance responsibility when changes in staff occur.

All relevant records and contracts shall be maintained as described below.

Record Keeping Requirement

The Issuer or, in the event the Issuer is a conduit issuer of the Bonds, the Borrower shall be responsible for maintaining the following documents for the term of each issue of Bonds (including refunding Bonds, if any) plus at least 3 years:

- a copy of the Bond closing transcript(s) and other relevant documentation delivered to the Borrower at or in connection with closing of the issue of Bonds;

- a copy of all material documents relating to capital expenditures financed or refinanced by Bond process, including (without limitation) construction contracts, purchase orders, invoices, trustee requisitions and payment records, as well as documents relating to costs reimbursed with Bond proceeds and records identifying the assets or portion of assets that are financed or refinanced with Bond proceeds, including a final allocation of Bond proceeds and the final completion report filed pursuant to the loan agreement, lease or similar document; and

- a copy of all records of investments, investment agreements, arbitrage reports and underlying documents, including trustee statement, in connection with any investment agreements, and copies of all bidding documents, if any.

The Borrower, in the Tax Certificate relating to the Bonds and/or other documents finalized at or before the issuance of the Bonds, shall identify an employee and/or officer to retain the records listed above. The Borrower shall also be responsible for ensuring an adequate succession plan for transferring post-issuance compliance responsibility when changes in staff occur.

WEST VIRGINIA MUNICIPAL BOND COMMISSION
900 Pennsylvania Avenue, Suite 1117
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM
Date of Report: February 23, 2018

ISSUE: City of Chester Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 (WesBanco)

ADDRESS: 600 Indiana Avenue, Chester, WV 26034 COUNTY: Hancock

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

ISSUE DATE: February 23, 2018 CLOSING DATE: February 23, 2018

ISSUE AMOUNT: $1,425,000 RATE: 3.78%

1st DEBT SERVICE DUE: April 1, 2018 1st PRINCIPAL DUE: October 1, 2018

1st DEBT SERVICE AMOUNT: $8,229.37 See Attached PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: Jackson Kelly PLLC
Contact Person: Samme L. Gee, Esquire
Phone: (304) 340-1318

UNDERWRITERS COUNSEL: _____
Contact Person: _____
Phone: _____

CLOSING BANK: WesBanco Bank, Inc.
Contact Person: Jon Rogers
Phone: (304) 905-7268

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT:
Contact Person: Sheri Bowman
Position: Water Sewer Clerk
Phone: (304) 387-0114
Email: chesterwater@comcast.net

OTHER: _____
Contact Person: _____
Function: _____
Phone: _____

DEPOSITS TO MBC AT CLOSE:

		Accrued Interest:	$_____
		Capitalized Interest:	$_____
By X Wire	X	Reserve Account:	$127,802
___ Check	___	Other: _____	$_____

REFUNDS & TRANSFERS BY MBC AT CLOSE:

By ___ Wire	___	To Escrow Trustee:	$_____
___ Check	___	To Issuer:	$_____
___ IGT	___	To Cons.Invest.Fund	$_____
	___	To Other: _____	$_____

NOTES: Reserve fund to be fully funded at closing by two wires: $86,730 from bond proceeds and $41,072 from the Issuer.

FOR MUNICIPAL BOND COMMISSION USE ONLY:
Documents Required: _____
Transfers Required: _____

AMORTIZATION SCHEDULE

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
$1,425,000.00	02-23-2018	03-01-2033	Amortization			***	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.
Any item above containing "***" has been omitted due to text length limitations.

Borrower: Test Borrower, Inc.
1 Main Street
Louisville, KY 12345

Lender: WesBanco Bank, Inc.
Bank Plaza
1 Bank Plaza
Wheeling, WV 26003
(304) 234-9000

Disbursement Date: February 5, 2018
Interest Rate: 3.780

Repayment Schedule: Irregular
Calculation Method: 365/360 U.S. Rule

Payment Number	Payment Date	Payment Amount	Interest Paid	Principal Paid	Remaining Balance
1	04-01-2018	8,229.37	8,229.37	0.00	1,425,000.00
2	05-01-2018	4,488.75	4,488.75	0.00	1,425,000.00
3	06-01-2018	4,638.37	4,638.37	0.00	1,425,000.00
4	07-01-2018	4,488.75	4,488.75	0.00	1,425,000.00
5	08-01-2018	4,638.37	4,638.37	0.00	1,425,000.00
6	09-01-2018	4,638.37	4,638.37	0.00	1,425,000.00
7	10-01-2018	10,689.12	4,488.75	6,200.37	1,418,799.63
8	11-01-2018	10,689.12	4,618.19	6,070.93	1,412,728.70
9	12-01-2018	10,689.12	4,450.10	6,239.02	1,406,489.68
2018 TOTALS:		**63,189.34**	**44,679.02**	**18,510.32**	
10	01-01-2019	10,689.12	4,578.12	6,111.00	1,400,378.68
11	02-01-2019	10,689.12	4,558.23	6,130.89	1,394,247.79
12	03-01-2019	10,689.12	4,099.09	6,590.03	1,387,657.76
13	04-01-2019	10,689.12	4,516.83	6,172.29	1,381,485.47
14	05-01-2019	10,689.12	4,351.68	6,337.44	1,375,148.03
15	06-01-2019	10,689.12	4,476.11	6,213.01	1,368,935.02
16	07-01-2019	10,689.12	4,312.15	6,376.97	1,362,558.05
17	08-01-2019	10,689.12	4,435.13	6,253.99	1,356,304.06
18	09-01-2019	10,689.12	4,414.77	6,274.35	1,350,029.71
19	10-01-2019	10,689.12	4,252.59	6,436.53	1,343,593.18
20	11-01-2019	10,689.12	4,373.40	6,315.72	1,337,277.46
21	12-01-2019	10,689.12	4,212.42	6,476.70	1,330,800.76
2019 TOTALS:		**128,269.44**	**52,580.52**	**75,688.92**	
22	01-01-2020	10,689.12	4,331.76	6,357.36	1,324,443.40
23	02-01-2020	10,689.12	4,311.06	6,378.06	1,318,065.34
24	03-01-2020	10,689.12	4,013.51	6,675.61	1,311,389.73
25	04-01-2020	10,689.12	4,268.57	6,420.55	1,304,969.18
26	05-01-2020	10,689.12	4,110.65	6,578.47	1,298,390.71
27	06-01-2020	10,689.12	4,226.26	6,462.86	1,291,927.85
28	07-01-2020	10,689.12	4,069.57	6,619.55	1,285,308.30
29	08-01-2020	10,689.12	4,183.68	6,505.44	1,278,802.86
30	09-01-2020	10,689.12	4,162.50	6,526.62	1,272,276.24
31	10-01-2020	10,689.12	4,007.67	6,681.45	1,265,594.79
32	11-01-2020	10,689.12	4,119.51	6,569.61	1,259,025.18
33	12-01-2020	10,689.12	3,965.93	6,723.19	1,252,301.99
2020 TOTALS:		**128,269.44**	**49,770.67**	**78,498.77**	
34	01-01-2021	10,689.12	4,076.24	6,612.88	1,245,689.11
35	02-01-2021	10,689.12	4,054.72	6,634.40	1,239,054.71
36	03-01-2021	10,689.12	3,642.82	7,046.30	1,232,008.41
37	04-01-2021	10,689.12	4,010.19	6,678.93	1,225,329.48
38	05-01-2021	10,689.12	3,859.79	6,829.33	1,218,500.15
39	06-01-2021	10,689.12	3,966.22	6,722.90	1,211,777.25
40	07-01-2021	10,689.12	3,817.10	6,872.02	1,204,905.23
41	08-01-2021	10,689.12	3,921.97	6,767.15	1,198,138.08
42	09-01-2021	10,689.12	3,899.94	6,789.18	1,191,348.90
43	10-01-2021	10,689.12	3,752.75	6,936.37	1,184,412.53
44	11-01-2021	10,689.12	3,855.26	6,833.86	1,177,578.67
45	12-01-2021	10,689.12	3,709.37	6,979.75	1,170,598.92
2021 TOTALS:		**128,269.44**	**46,566.37**	**81,703.07**	
46	01-01-2022	10,689.12	3,810.30	6,878.82	1,163,720.10
47	02-01-2022	10,689.12	3,787.91	6,901.21	1,156,818.89
48	03-01-2022	10,689.12	3,401.05	7,288.07	1,149,530.82
49	04-01-2022	10,689.12	3,741.72	6,947.40	1,142,583.42
50	05-01-2022	10,689.12	3,599.14	7,089.98	1,135,493.44
51	06-01-2022	10,689.12	3,696.03	6,993.09	1,128,500.35

52	07-01-2022	10,689.12	3,554.78	7,134.34	1,121,366.01
53	08-01-2022	10,689.12	3,650.05	7,039.07	1,114,326.94
54	09-01-2022	10,689.12	3,627.13	7,061.99	1,107,264.95
55	10-01-2022	10,689.12	3,487.88	7,201.24	1,100,063.71
56	11-01-2022	10,689.12	3,580.71	7,108.41	1,092,955.30
57	12-01-2022	10,689.12	3,442.81	7,246.31	1,085,708.99
2022 TOTALS:		**128,269.44**	**43,379.51**	**84,889.93**	
58	01-01-2023	10,689.12	3,533.98	7,155.14	1,078,553.85
59	02-01-2023	10,689.12	3,510.69	7,178.43	1,071,375.42
60	03-01-2023	10,689.12	3,149.84	7,539.28	1,063,836.14
61	04-01-2023	10,689.12	3,462.79	7,226.33	1,056,609.81
62	05-01-2023	10,689.12	3,328.32	7,360.80	1,049,249.01
63	06-01-2023	10,689.12	3,415.31	7,273.81	1,041,975.20
64	07-01-2023	10,689.12	3,282.22	7,406.90	1,034,568.30
65	08-01-2023	10,689.12	3,367.52	7,321.60	1,027,246.70
66	09-01-2023	10,689.12	3,343.69	7,345.43	1,019,901.27
67	10-01-2023	10,689.12	3,212.69	7,476.43	1,012,424.84
68	11-01-2023	10,689.12	3,295.44	7,393.68	1,005,031.16
69	12-01-2023	10,689.12	3,165.85	7,523.27	997,507.89
2023 TOTALS:		**128,269.44**	**40,068.34**	**88,201.10**	
70	01-01-2024	10,689.12	3,246.89	7,442.23	990,065.66
71	02-01-2024	10,689.12	3,222.66	7,466.46	982,599.20
72	03-01-2024	10,689.12	2,992.01	7,697.11	974,902.09
73	04-01-2024	10,689.12	3,173.31	7,515.81	967,386.28
74	05-01-2024	10,689.12	3,047.27	7,641.85	959,744.43
75	06-01-2024	10,689.12	3,123.97	7,565.15	952,179.28
76	07-01-2024	10,689.12	2,999.36	7,689.76	944,489.52
77	08-01-2024	10,689.12	3,074.31	7,614.81	936,874.71
78	09-01-2024	10,689.12	3,049.53	7,639.59	929,235.12
79	10-01-2024	10,689.12	2,927.09	7,762.03	921,473.09
80	11-01-2024	10,689.12	2,999.39	7,689.73	913,783.36
81	12-01-2024	10,689.12	2,878.42	7,810.70	905,972.66
2024 TOTALS:		**128,269.44**	**36,734.21**	**91,535.23**	
82	01-01-2025	10,689.12	2,948.94	7,740.18	898,232.48
83	02-01-2025	10,689.12	2,923.75	7,765.37	890,467.11
84	03-01-2025	10,689.12	2,617.97	8,071.15	882,395.96
85	04-01-2025	10,689.12	2,872.20	7,816.92	874,579.04
86	05-01-2025	10,689.12	2,754.92	7,934.20	866,644.84
87	06-01-2025	10,689.12	2,820.93	7,868.19	858,776.65
88	07-01-2025	10,689.12	2,705.15	7,983.97	850,792.68
89	08-01-2025	10,689.12	2,769.33	7,919.79	842,872.89
90	09-01-2025	10,689.12	2,743.55	7,945.57	834,927.32
91	10-01-2025	10,689.12	2,630.02	8,059.10	826,868.22
92	11-01-2025	10,689.12	2,691.46	7,997.66	818,870.56
93	12-01-2025	10,689.12	2,579.44	8,109.68	810,760.88
2025 TOTALS:		**128,269.44**	**33,057.66**	**95,211.78**	
94	01-01-2026	10,689.12	2,639.03	8,050.09	802,710.79
95	02-01-2026	10,689.12	2,612.82	8,076.30	794,634.49
96	03-01-2026	10,689.12	2,336.23	8,352.89	786,281.60
97	04-01-2026	10,689.12	2,559.35	8,129.77	778,151.83
98	05-01-2026	10,689.12	2,451.18	8,237.94	769,913.89
99	06-01-2026	10,689.12	2,506.07	8,183.05	761,730.84
100	07-01-2026	10,689.12	2,399.45	8,289.67	753,441.17
101	08-01-2026	10,689.12	2,452.45	8,236.67	745,204.50
102	09-01-2026	10,689.12	2,425.64	8,263.48	736,941.02
103	10-01-2026	10,689.12	2,321.36	8,367.76	728,573.26
104	11-01-2026	10,689.12	2,371.51	8,317.61	720,255.65
105	12-01-2026	10,689.12	2,268.81	8,420.31	711,835.34
2026 TOTALS:		**128,269.44**	**29,343.90**	**98,925.54**	
106	01-01-2027	10,689.12	2,317.02	8,372.10	703,463.24
107	02-01-2027	10,689.12	2,289.77	8,399.35	695,063.89
108	03-01-2027	10,689.12	2,043.49	8,645.63	686,418.26
109	04-01-2027	10,689.12	2,234.29	8,454.83	677,963.43
110	05-01-2027	10,689.12	2,135.58	8,553.54	669,409.89
111	06-01-2027	10,689.12	2,178.93	8,510.19	660,899.70
112	07-01-2027	10,689.12	2,081.83	8,607.29	652,292.41
113	08-01-2027	10,689.12	2,123.21	8,565.91	643,726.50
114	09-01-2027	10,689.12	2,095.33	8,593.79	635,132.71
115	10-01-2027	10,689.12	2,000.67	8,688.45	626,444.26
116	11-01-2027	10,689.12	2,039.08	8,650.04	617,794.22
117	12-01-2027	10,689.12	1,946.05	8,743.07	609,051.15

2027 TOTALS:		**128,269.44**	**25,485.25**	**102,784.19**	
118	01-01-2028	10,689.12	1,982.46	8,706.66	600,344.49
119	02-01-2028	10,689.12	1,954.12	8,735.00	591,609.49
120	03-01-2028	10,689.12	1,801.45	8,887.67	582,721.82
121	04-01-2028	10,689.12	1,896.76	8,792.36	573,929.46
122	05-01-2028	10,689.12	1,807.88	8,881.24	565,048.22
123	06-01-2028	10,689.12	1,839.23	8,849.89	556,198.33
124	07-01-2028	10,689.12	1,752.02	8,937.10	547,261.23
125	08-01-2028	10,689.12	1,781.34	8,907.78	538,353.45
126	09-01-2028	10,689.12	1,752.34	8,936.78	529,416.67
127	10-01-2028	10,689.12	1,667.66	9,021.46	520,395.21
128	11-01-2028	10,689.12	1,693.89	8,995.23	511,399.98
129	12-01-2028	10,689.12	1,610.91	9,078.21	502,321.77
2028 TOTALS:		**128,269.44**	**21,540.06**	**106,729.38**	
130	01-01-2029	10,689.12	1,635.06	9,054.06	493,267.71
131	02-01-2029	10,689.12	1,605.59	9,083.53	484,184.18
132	03-01-2029	10,689.12	1,423.50	9,265.62	474,918.56
133	04-01-2029	10,689.12	1,545.86	9,143.26	465,775.30
134	05-01-2029	10,689.12	1,467.19	9,221.93	456,553.37
135	06-01-2029	10,689.12	1,486.08	9,203.04	447,350.33
136	07-01-2029	10,689.12	1,409.15	9,279.97	438,070.36
137	08-01-2029	10,689.12	1,425.92	9,263.20	428,807.16
138	09-01-2029	10,689.12	1,395.77	9,293.35	419,513.81
139	10-01-2029	10,689.12	1,321.47	9,367.65	410,146.16
140	11-01-2029	10,689.12	1,335.03	9,354.09	400,792.07
141	12-01-2029	10,689.12	1,262.50	9,426.62	391,365.45
2029 TOTALS:		**128,269.44**	**17,313.12**	**110,956.32**	
142	01-01-2030	10,689.12	1,273.89	9,415.23	381,950.22
143	02-01-2030	10,689.12	1,243.25	9,445.87	372,504.35
144	03-01-2030	10,689.12	1,095.16	9,593.96	362,910.39
145	04-01-2030	10,689.12	1,181.27	9,507.85	353,402.54
146	05-01-2030	10,689.12	1,113.22	9,575.90	343,826.64
147	06-01-2030	10,689.12	1,119.16	9,569.96	334,256.68
148	07-01-2030	10,689.12	1,052.91	9,636.21	324,620.47
149	08-01-2030	10,689.12	1,056.64	9,632.48	314,987.99
150	09-01-2030	10,689.12	1,025.29	9,663.83	305,324.16
151	10-01-2030	10,689.12	961.77	9,727.35	295,596.81
152	11-01-2030	10,689.12	962.17	9,726.95	285,869.86
153	12-01-2030	10,689.12	900.49	9,788.63	276,081.23
2030 TOTALS:		**128,269.44**	**12,985.22**	**115,284.22**	
154	01-01-2031	10,689.12	898.64	9,790.48	266,290.75
155	02-01-2031	10,689.12	866.78	9,822.34	256,468.41
156	03-01-2031	10,689.12	754.02	9,935.10	246,533.31
157	04-01-2031	10,689.12	802.47	9,886.65	236,646.66
158	05-01-2031	10,689.12	745.44	9,943.68	226,702.98
159	06-01-2031	10,689.12	737.92	9,951.20	216,751.78
160	07-01-2031	10,689.12	682.77	10,006.35	206,745.43
161	08-01-2031	10,689.12	672.96	10,016.16	196,729.27
162	09-01-2031	10,689.12	640.35	10,048.77	186,680.50
163	10-01-2031	10,689.12	588.04	10,101.08	176,579.42
164	11-01-2031	10,689.12	574.77	10,114.35	166,465.07
165	12-01-2031	10,689.12	524.36	10,164.76	156,300.31
2031 TOTALS:		**128,269.44**	**8,488.52**	**119,780.92**	
166	01-01-2032	10,689.12	508.76	10,180.36	146,119.95
167	02-01-2032	10,689.12	475.62	10,213.50	135,906.45
168	03-01-2032	10,689.12	413.84	10,275.28	125,631.17
169	04-01-2032	10,689.12	408.93	10,280.19	115,350.98
170	05-01-2032	10,689.12	363.36	10,325.76	105,025.22
171	06-01-2032	10,689.12	341.86	10,347.26	94,677.96
172	07-01-2032	10,689.12	298.24	10,390.88	84,287.08
173	08-01-2032	10,689.12	274.35	10,414.77	73,872.31
174	09-01-2032	10,689.12	240.45	10,448.67	63,423.64
175	10-01-2032	10,689.12	199.78	10,489.34	52,934.30
176	11-01-2032	10,689.12	172.30	10,516.82	42,417.48
177	12-01-2032	10,689.12	133.62	10,555.50	31,861.98
2032 TOTALS:		**128,269.44**	**3,831.11**	**124,438.33**	
178	01-01-2033	10,689.12	103.71	10,585.41	21,276.57
179	02-01-2033	10,689.12	69.26	10,619.86	10,656.71
180	03-01-2033	10,688.04	31.33	10,656.71	0.00

2033 TOTALS:	**32,066.28**	**204.30**	**31,861.98**
TOTALS:	**1,891,027.78**	**466,027.78**	**1,425,000.00**

NOTICE: This is an estimated loan amortization schedule. Actual amounts may vary if payments are made on different dates or in different amounts.

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SWEEP RESOLUTION

WHEREAS, the City of Chester (the "Issuer") is a governmental body and political subdivision of West Virginia;

WHEREAS, the Issuer has issued bonds, as more specifically set forth on Exhibit A, attached hereto and incorporated herein by reference (the "Bonds");

WHEREAS, the Issuer makes monthly debt service payments on the Bonds by check to the West Virginia Municipal Bond Commission (the "MBC") which in turn pays the owners of the Bonds and deposits funds in the reserve accounts;

WHEREAS, the MBC may accept such monthly payments by electronic funds transfer thereby eliminating delay in payments and lost checks;

WHEREAS, pursuant to Chapter 13, Article 3, Section 5a, the MBC has established fees for its services (the "MBC Fee");

WHEREAS, the Issuer find and determines that it is in the best interest of the Issuer, its citizens and the owners of the Bonds that the monthly debt service and reserve fund payments be made by electronic transfer with the State Treasurer **sweeping** the Issuer's account.

NOW THEREFORE BE IT RESOLVED AS FOLLOWS:

1) The monthly debt service payments on the Bonds, as set forth in Exhibit A, along with the MBC Fee, shall be made to the MBC by electronic transfer by the State Treasurer form the accounts set forth in Exhibit A in such form and at such directions as are provided by the MBC.

2) The Mayor and City Clerk are hereby authorized to sign and execute all such documents as are necessary to facilitate the electronic transfer of the Bond debt service and reserve fund payments.

3) This resolution shall be effective immediately upon adoption.

Adopted this 5th day of February, 2018.

_____
(Authorized Officer)

_____
(Authorized Officer)

_____
(Authorized Officer)

EXHIBIT A

List each bond issue and the last four digits of the Bank account number from which the electronic transfer will be made.

Bond Issue	Bank Information (last 4 digits)
Combined Waterworks & Sewerage System Revenue Bonds, Series 2018 (WesBanco)	5730

Required:

Email for main contact: chesterwater@comcast.net

CITY OF CHESTER

RESOLUTION RECOGNIZING THE REASONABLE EXPECTATION OF THE REIMBURSEMENT OF CAPITAL EXPENDITURES IN CONNECTION WITH COMBINED WATERWORKS AND SEWERAGE SYSTEM IMPROVEMENTS MADE PRIOR TO THE ISSUANCE OF FUTURE TAX-EXEMPT BONDS

WHEREAS, the City of Chester (the "City") is empowered and authorized to acquire, establish, construct, equip, improve, finance, maintain and operate a public combined waterworks and sewerage system (the "System");

WHEREAS, the City finds it necessary and desirable and in the best interests of the City and the citizens of West Virginia (the "State"), to initiate and pursue financing for the costs of certain capital improvements for the City's System (the "Project"), the costs of such financing to be repaid from the permanent construction financing for the Project;

WHEREAS, the issuance of tax-exempt bonds is generally recognized as the most cost effective means by which to finance a portion of such costs;

WHEREAS, the City anticipates receiving a permanent construction financing commitment from Wesbanco Bank for the Project in an amount not to exceed $1,500,000;

WHEREAS, by virtue of Chapter 8, Article 20 of the Code of West Virginia, 1931, as amended, the City is vested with the authority to incur any proper indebtedness and issue any obligations (the "Bonds") and give any security therefore which it may deem necessary and advisable in connection with carrying out its purposes, as set forth above;

WHEREAS, prior to the issuance of said Bonds, the City anticipates that funds may be expended for the Project, a portion of which capital expenditures may initially be paid from the City's "System Renewal and Replacement Fund"; and

WHEREAS, the City reasonably expects to reimburse itself for any such pre-issuance capital expenditures, which are estimated not to exceed $250,000 from the proceeds of sale of the Bonds.

NOW, THEREFORE, be it resolved by the City of Chester as follows:

Section 1. (a) To the extent funds may be expended by the City prior to the issuance of tax-exempt bonds, the City reasonably expects to reimburse itself for capital expenditures made in connection with the Project not more than 60 days prior to the date of adoption of this Resolution and prior to the issuance of bonds, from the proceeds of such bonds, which are reasonably expected to be executed and delivered within eighteen months from the later of (i) the expenditure for payment of said costs or (ii) the completion of the Project.

(b) This Resolution is intended to constitute a "declaration of official intent" pursuant to Section 1.150-2 of the Treasury Regulations promulgated under the Internal Revenue Code of 1986, as amended (the "Reimbursement Regulations").

(c) The source of payment for such capital expenditures will be the City's Renewal and Replacement Fund, and, upon issuance of such tax-exempt bonds or bond anticipation notes, proceeds thereof not to exceed the amount of such expenditures will be applied to reimburse the City for payment of such expenditures.

(d) The maximum amount of such reimbursement is $250,000 and the maximum principal amount of tax-exempt bonds to be issued for the Project (including costs of issuance of such tax-exempt bonds and related costs) is approximately $1,500,000.

Section 2. Notwithstanding any provision of this Resolution to the contrary, the City shall not, in any way, be obligated to issue any tax-exempt bonds or incur any proper indebtedness without further action of the Board of the City.

Section 3. This Resolution shall become effective on the date of its adoption.

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$1,425,000
CITY OF CHESTER
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2018 (WESBANCO)

CERTIFICATE OF REGISTRAR

The undersigned, Robert T. Cupp, Senior Vice President of WESBANCO BANK, INC., Wheeling, West Virginia, as registrar (the "Registrar") under a Bond Ordinance authorizing the issuance of the above-captioned bonds (the "Bonds") enacted September 18, 2017, as supplemented by a Supplemental Resolution adopted February 5, 2018 (collectively, the "Ordinance"), by the City of Chester (the "Issuer"), hereby certifies as follows:

1. The Registrar is a duly organized and existing West Virginia state banking corporation with trust powers which is authorized to conduct business in the State of West Virginia and is lawfully empowered by its by-laws and articles of incorporation, to execute and accept the trust contemplated and provided under the Ordinance and to accept and perform its duties under the Ordinance.

2. The Registrar is lawfully empowered by its by-laws, articles of incorporation and charter, to execute and accept the trusts contemplated and provided under the Ordinance, and to perform its duties as registrar thereunder, and the Registrar has taken all action necessary in connection with the acceptance, authorization, execution and delivery of the Ordinance.

3. Acting by its duly authorized officers, the Registrar has duly executed the Registrar's Agreement and accepted such position as Registrar as provided therein.

4. Acting by its duly authorized officers, pursuant to the terms of the Ordinance, the Registrar has duly authenticated the Bonds.

5. Each of the individuals below is an officer of the Registrar who is duly authorized by the by-laws, articles of incorporation, charter and resolutions of the Registrar to execute and deliver the Registrar's Agreement on behalf of the Registrar and to authenticate the Bonds on behalf of the Registrar and whose specimen signatures are as follows:

Janet L. Shelburne
Janet L. Shelburne,
Vice President

Janet W. Kendzierski
Janet W. Kendzierski,
Senior Corporate Trust Officer

6. Such duly authorized officer was, at the time of the execution of the Registrar's Agreement and the authentication of the Bonds, and is now, the duly elected, qualified and acting incumbent of her office, and pursuant to authorization from the Board of Directors of the Registrar, as evidenced by its by-laws, articles of incorporation and charter, such person, in her official capacity, is authorized to execute and deliver the Registrar's Agreement and authenticate the Bonds for and on behalf of the Registrar.

7. All documents required by the Ordinance to be received by the Registrar prior to delivery of the Bonds have been so received.

8. No consent, approval, authorization or other action by any governmental authority having jurisdiction over the Registrar that has not been obtained is or will be required for the authentication of the Bonds or the consummation by the Registrar of the other transactions contemplated to be performed by the Registrar in connection with the authentication of the Bonds and the acceptance and performance of the obligations created by the Ordinance.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, WesBanco Bank, Inc. has caused this Certificate to be executed and its seal to be hereunto affixed by a duly authorized officer, this February 23, 2018.

WESBANCO BANK, INC.,
as Registrar

By: _____

Its: SVP

JACKSONKELLY
ATTORNEYS AT LAW PLLC

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

February 23, 2018

City of Chester
Chester, West Virginia

WesBanco Bank, Inc.
Wheeling, West Virginia

Re: $1,425,000 City of Chester
Combined Waterworks and Sewerage System Revenue Bonds
Series 2018 (WesBanco)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the City of Chester (the "Issuer") of its $1,425,000 principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 2018 (WesBanco) (the "Bonds"). In such capacity, we have examined such law and such certified proceedings, certifications and other documents as we have deemed necessary to render this opinion.

The Bonds are being issued pursuant to the laws of the State of West Virginia (the "State"), particularly Article 20 of Chapter 8 of the Code of West Virginia, 1931, as amended (the "Act"), a Bond Ordinance enacted by the Issuer on September 18, 2017 (the "Ordinance"), as supplemented by a Supplemental Resolution adopted by the Issuer on February 5, 2018 (the "Supplemental Resolution", collectively the "Ordinance"). The Bonds are being issued to (i) finance the costs of planning, design, acquisition and construction of certain additions, betterments and improvements (the "Project") to the existing public combined waterworks and sewerage system (the "System") of the Issuer; (ii) fund a debt service reserve fund; and (iii) pay the costs of issuance of the Bonds and related costs. Capitalized terms used but not defined in this opinion shall have the meanings assigned to them under the Ordinance.

Regarding questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the herein-described documents and certifications furnished to us by or on behalf of the Issuer, without undertaking to verify the same by independent investigation. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal authorization, execution and delivery thereof by, the binding effect, enforceability and validity against, any parties. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the first paragraph hereof. We have relied upon and assumed the correctness of the legal conclusions contained in the legal opinion letter of Vincent S. Gurrera, Esq., as attorney for the Water-Sewerage Board of the Issuer, dated the date hereof.

The Issuer has executed a Tax Certificate, dated as of the date hereof (the "Tax Certificate"), which, among other things, sets forth restrictions on the investment and expenditure of the Bond proceeds and earnings thereon, to ensure that the requirements of the Internal Revenue Code of 1986, as amended, and regulations promulgated pursuant thereto (collectively, the "Code"), necessary to establish and maintain the excludability from gross income for federal income tax purposes of the interest on the Bonds, are and will continue to be met.

Based on this examination, we are of the opinion under existing law, as follows:

1. The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the Act, for the purposes of (i) paying the costs of the Project; (ii) funding a debt service reserve fund; and (iii) paying certain costs of issuance and related costs.

2. The Ordinance was duly enacted by the Issuer on the 18th day of September, 2017, as supplemented by the Supplemental Resolution duly adopted by the Issuer on February 5, 2018, pursuant to and under which Act and Ordinance of the Bonds are authorized and issued.

3. The Issuer is a duly created and validly existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System, to enact the Ordinance and to issue and sell the Bonds, all under the Act and other applicable provides of the law.

4. The Ordinance and all other necessary ordinances and resolutions have been duly and effectively enacted and adopted by the Issuer in connection with the issuance and sale of the Bonds and constitute valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their terms.

5. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to WesBanco Bank, Inc. (the "Purchaser") and are valid, legally enforceable and binding special obligations of the Issuer, secured by a first lien on and pledge of the Gross Revenues of the System, on a parity with the liens, pledge and source of and security for payment of the Prior Bonds.

6. Under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Bonds (a) is excludable from gross income of the owners thereof for federal income tax purposes pursuant to o Section 103 of the Internal Revenue Code of 1986, as amended and the regulations promulgated thereunder (the "Code") and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations under the Code.

7. Under the Act, the Bonds and the interest thereon, are exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

8. The Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Code.

9. The Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 A and Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 B, issued on July 6, 1988 (collectively, the "Prior Bonds"), are in good standing

We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents or other offering material relating to the Bonds and express no opinion with respect thereto. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents.

This opinion is rendered as of the date hereof. We are under no obligation to, nor will we, update or revise this opinion because of events occurring after the date hereof which change the facts or law upon which this opinion is based.

We are furnishing this opinion letter to you solely for your benefit. Without our express prior written consent, this opinion letter may not be furnished by you to or relied upon in any other matter for any purpose by any other person or entity. In all cases, reliance upon this opinion letter is conditioned upon the acceptance of the assumptions, qualifications and other limitations set forth herein.

Our services as bond counsel have been limited to rendering the foregoing opinion based on our review of such proceedings and documents as we deem necessary to approve the validity of the Bonds and the tax-exempt status of the interest on the Bonds. We have not made any investigation concerning the business or financial resources of the Issuer, and therefore, we express no opinion herein as to the accuracy or completeness of any information that may have been relied upon by the Purchaser in making its decision to purchase the Bonds.

Respectfully submitted,

Jackson Kelly PLLC

GURRERA LAW OFFICES, PLLC

Office location: 3401 Pennsylvania Ave., Weirton, WV 26062
Mailing Address: P.O. Box 2308, Weirton, WV 26062
(Telephone): (304) 723-3861 (Fax): (304) 723-3871 (Email): gurreralaw@comcast.net
Licensed in West Virginia, Ohio and Pennsylvania

February 20, 2018

City of Chester
Chester, West Virginia

WesBanco Bank, Inc.
Wheeling, West Virginia

Jackson Kelly PLLC
Charleston, West Virginia

Re: City of Chester
Combined Waterworks and Sewerage System Revenue Bonds
Series 2018 (WesBanco)

Ladies and Gentlemen:

I am counsel to the Water-Sewerage Board of the City of Chester in Hancock County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Jackson Kelly PLLC, as bond counsel, relating to the above-captioned bonds of the Issuer (the "Bonds"), a commitment letter for the purchase of the Bonds, dated February 5, 2018, including all schedules and exhibits attached thereto (the "Commitment Letter"), from WesBanco Bank, Inc. (the "Original Purchaser"), a Bond Ordinance duly passed by the Issuer on September 18, 2017, as supplemented by a Supplemental Resolution duly adopted by the Issuer on February 5, 2018, (collectively, the "Ordinance"), and other documents relating to the Bonds. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Commitment Letter and the Ordinance when used herein.

I am of the opinion that:

1. The Issuer is a duly organized and presently existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System and to enact the Ordinance, all under the Act and other applicable provisions of law.

2. The Mayor and City Clerk, members of the Council of the issuer have been duly, lawfully and properly elected or appointed, as applicable, have taken the requisite oaths, and are authorized to act in their respective capacities on behalf of the Issuer.

3. The Ordinance has been duly adopted and enacted by the Issuer, is in full force and effect as of the date hereof and constitutes a valid and binding obligation of the Issuer enforceable ink accordance with its terms.

4. The Issuer has complied with all requirements of the Act and State Law that must be satisfied in connection with the issuance of the Bonds.

5. The Issuer has all power and authority to create the Water-Sewerage Board of the Issuer (the "Board").

6. The Project is a replacement of existing lines in the usual course of business of the Issuer and the Board.

7. The Commitment Letter has been approved by the Issuer.

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

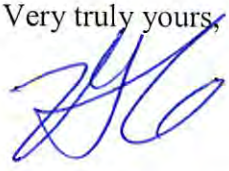
9. To the best of my knowledge, there is no litigation, action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Commitment Letter, the Bonds and the Ordinance, the acquisition and construction of the Project, the operation of the System, the validity of the Bonds, the collection of the Gross Revenues or the pledge of the Gross Revenues for the payment of the Bonds.

10. I have ascertained that all successful bidders have provided the drug-free workplace affidavit, submitted their drug free workplace plan, and the contracts contain language that comply with the Drug Free Workplace Act, Article 1D, Chapter 21 of the West Virginia Code. I have also ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and I have reviewed such insurance policies or binders and such bonds for accuracy. I have reviewed the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project and verified that such surety bonds and policies (1) are in compliance with the contracts; (2) are adequate in form, substance and amount to protect the various interests of the Issuer; (3) have been executed by

duly authorized representatives of the proper parties; (4) meet the requirements of the Act, the Ordinance and the Commitment Letter; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

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

Very truly yours,



Vincent S. Gurrera, Esq.

GURRERA LAW OFFICES, PLLC

Office location: 3401 Pennsylvania Ave., Weirton, WV 26062
Mailing Address: P.O. Box 2308, Weirton, WV 26062
(Telephone): (304) 723-3861 (Fax): (304) 723-3871 (Email): gurreralaw@comcast.net
Licensed in West Virginia, Ohio and Pennsylvania

February 20, 2018

City of Chester
600 Indiana Avenue
Chester, WV 26034

WesBanco Bank, Inc.
One Bank Plaza
Wheeling, WV 26003

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

Re: Final Title Opinion for the City of Chester

Ladies and Gentlemen:

I am counsel to the Water-Sewerage Board of the City of Chester (the "Issuer") in connection with a proposed project to acquire and construct certain additions, betterments and improvements to the existing public combined waterworks and sewerage system (the "System") of the Issuer (the "Project"). I provide this final title opinion on behalf of the Issuer to satisfy the requirements of the WesBanco Bank, Inc. (the "Purchaser") for the Project. Please be advised of the following:

1. I am of the opinion that the Issuer is a duly created and validly existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project and to operate and maintain the System.

2. The Issuer has obtained all necessary permits and approvals for the construction of the Project.

3. I have investigated and ascertained the location of, and I am familiar with the legal description of, the necessary sites, including easements and/or rights of way, required for the Project as set forth in the plans for the Project prepared by Dallis Dawson & Associates the consulting engineer for the Project.

4. I have examined the records on file in the Office of the Clerk of the County Commission of Hancock County, West Virginia, the county in which the Project is to be located, and, in our opinion, the Issuer has acquired legal title or such other estate or interest in all of the necessary site components for the Project, including all easements and/or rights of way, sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the Project.

5. All deeds, easements and rights of way which have been acquired to date by the Issuer have been duly recorded in the Office of the Clerk of the County Commission of Hancock County to protect the legal title to and interest of the Issuer.

Very truly yours,



Vincent S. Gurrera, Esq.