

1 TOWN OF HANDLEY

3 ORDINANCE

5 ORDINANCE AUTHORIZING THE ACQUISITION, CONSTRUCTION,
7 IMPROVEMENT AND BETTERMENT OF PUBLIC SEWERAGE SYSTEM
9 FACILITIES OF THE TOWN OF HANDLEY AND THE FINANCING OF
11 THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE
13 ISSUANCE BY THE TOWN OF NOT MORE THAN \$160,000.00 IN
15 AGGREGATE PRINCIPAL AMOUNT OF WATER AND SEWER REVENUE
17 BONDS, SERIES 1990 A, NOT MORE THAN \$10,000.00 IN
19 AGGREGATE PRINCIPAL AMOUNT OF WATER AND SEWER REVENUE
BONDS, SERIES 1990 B; PROVIDING FOR THE RIGHTS AND
REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF
SUCH BONDS; 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 ADOPTING OTHER
PROVISIONS RELATING THERETO.

21 BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE TOWN
23 OF HANDLEY:

25 ARTICLE I

27 STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

29 Section 1.01. Authority for this Ordinance. This
31 Ordinance (together with any ordinance, order or resolution
supplemental hereto or amendatory hereof, the "Bond
Legislation") is adopted pursuant to the provisions of Chapter
33 16, Article 13 of the West Virginia Code of 1931, as amended
(the "Act"), and other applicable provisions of law.

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

39 A. The Town of Handley (the "Issuer") is a municipal
corporation and political subdivision of the State of West
41 Virginia in Kanawha County of said State.

43 B. The Issuer presently owns and operates a public
sewer collection system. However, it is deemed necessary and
45 desirable for the health and welfare of the inhabitants of the
Issuer that there be constructed certain additions, betterments
47 and improvements for the existing sewerage facilities of the
Issuer consisting of the construction of feeder and main
49 collection lines and pump grinder stations within the
jurisdiction of the Issuer, and all appurtenant facilities (the
51 "Project") which constitute properties for the collection and
transportation of wastewater (the existing sewerage system
53 facilities of the Issuer, the Project and any further additions

1 thereto or extensions thereof is herein called the "System") at
an estimated cost of \$1,809,865.00, in accordance with the
3 plans and specifications prepared by the Consulting Engineers,
which plans and specifications have heretofore been filed with
5 the Issuer.

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

15 D. It is deemed necessary for the Issuer to issue
its Sewer Revenue Bonds in the total aggregate principal amount
17 of not more than \$170,000.00 in two series, being the Series
1990 A Bonds in the aggregate principal amount of not more than
19 \$160,000.00, and the Series 1990 B Bonds in the aggregate of
not more than \$10,000.00 (collectively, the "Original Bonds"),
21 to finance temporarily costs of construction and acquisition of
the Project. Said costs shall be deemed to include the cost of
23 all property rights, easements and franchises deemed necessary
or convenient therefor; interest and upon the Bonds prior to
25 and during construction or acquisition and for a period not
exceeding 6 months after completion of construction of the
27 Project; amounts which may be deposited in the Reserve
Accounts; engineering, and legal expenses; expenses for
29 estimates of costs and revenues, expenses for plans,
specifications and surveys; other expenses necessary or
31 incident to determining the feasibility or practicability of
the enterprise, administrative expense, commitment fees, fees
33 of the Authority (as hereinafter defined), discount, initial
fees for the services of registrars, paying agents,
35 depositories or trustees or other costs in connection with the
sale of the Bonds and such other expenses as may be necessary
37 or incidental to the financing herein authorized, the
construction or acquisition of the Project and the placing of
39 same in operation, and the performance of the things herein
required or permitted, in connection with any thereof;
41 provided, that reimbursement to the Issuer for any amounts
expended by it for allowable costs prior to the issuance of the
43 Bonds or the repayment of indebtedness incurred by the Issuer
for such purposes, shall be deemed Costs of the Project, as
45 hereinafter defined.

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

49 F. It is in the best interests of the Issuer that
51 its Original Bonds be sold to the Authority (as hereinafter
defined) pursuant to the terms and provisions of a loan
53 agreement and a supplemental loan agreement to be entered into

1 between the Issuer and the Authority, in form satisfactory to
the Issuer and the Authority, as shall be approved by
3 supplemental resolution.

5 G. There are not outstanding any obligations of the
Issuer which will rank prior to or on a parity with the Bonds
7 as to lien and source of and security for payment. The Series
1990 B Bonds shall be junior and subordinate to the Series 1990
9 A Bonds as set forth herein.

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

21 I. The Issuer is a governmental unit which has
general taxing powers to finance operations of or facilities of
23 the nature of the Project and System, and the Issuer, all
subordinate entities, all entities which issue obligations on
25 behalf of the Issuer, and all entities formed or, to the extent
provided under Section 148 of the Code, herein defined, availed
27 of, to avoid the purposes of Section 148(f)(4)(C) of the Code
and all other entities benefiting thereby reasonably expect to
29 issue less than \$5,000,000 aggregate principal amount of
tax-exempt obligations during the calendar year 1990.

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

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

49 "Act" means Chapter 16, Article 13 of the West
51 Virginia Code of 1931, as amended and in effect on the date of
enactment hereof.

1
3 "Authority" means the West Virginia Water Development
5 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.

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

9
11 "Bond Construction Trust Fund" means the Bond
Construction Trust Fund established by Section 4.01 hereof.

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

17
19 "Bond Legislation," "Ordinance," "Bond Ordinance" or
"Local Act" means this Bond Ordinance and all ordinances,
orders and resolutions supplemental hereto or amendatory hereof.

21
23 "Bond Registrar" means the bank or other entity to be
designated as such in the Supplemental Resolution and its
successors and assigns.

25
27 "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
29 following year except that the first Bond Year shall begin on
the Closing Date.

31
33 "Bonds" means the Original Bonds, and any bonds on a
parity therewith authorized to be issued hereunder.

35
37 "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.

39
41 "Code" means the Internal Revenue Code of 1986, as
amended, and Regulations.

43
45 "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.

47
49 "Consulting Engineers" means Ghosh Engineering, Inc.,
Charleston, West Virginia, or any engineer or firm of engineers
that shall at any time hereafter be retained by the Issuer as
Consulting Engineers for the System.

51
53 "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.

1 "Debt Service" means the scheduled amount of interest
3 and amortization of principal payable on the Bonds during the
5 period of computation, excluding amounts scheduled during such
the beginning of such period.

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

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

13 (A) The excess of

15 (i) The aggregate amount earned from the Closing
17 Date on all Nonpurpose Investments in which Gross
Proceeds of the Series 1990 A Bonds are invested
19 [other than amounts attributable to an excess
described in this clause (A) of this definition of
21 Excess Investment Earnings], over

23 (ii) The amount that would have been earned if
the Yield on such Nonpurpose Investments [other than
25 amounts attributable to an excess described in this
clause (A) of this definition of Excess Investment
27 Earnings] had been equal to the Yield on the Series
1990 A Bonds, plus

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

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

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

39 "Governing Body" means the council of the Issuer, as
may hereafter be constituted.

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

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

49 (i) Original proceeds, namely, net amounts received by
51 or for the Issuer as a result of the sale of the Series
1990 A Bonds, excluding original proceeds which become
53 transferred proceeds (determined in accordance with

1 applicable Regulations) of obligations issued to refund in
whole or in part the Series 1990 A Bonds;

3
5 (ii) Investment proceeds, namely, amounts received at
any time by or for the Issuer, such as interest and
7 dividends, resulting from the investment of any original
proceeds (as referenced in clause (i) above) or investment
9 proceeds (as referenced in this clause (ii)) in Nonpurpose
Investments, increased by any profits and decreased (if
11 necessary, below zero) by any losses on such investments,
excluding investment proceeds which become transferred
13 proceeds (determined in accordance with applicable
Regulations) of obligations issued to refund in whole or in
part the Series 1990 A Bonds;

15
17 (iii) Transferred proceeds, namely, original proceeds
of any prior obligations, and interest earnings and profits
19 less losses resulting from investment of such original
proceeds in Nonpurpose Investments, which are used to
21 discharge the outstanding principal of any prior bonds and
which are deemed to become proceeds of the Series 1990 A
Bonds ratably as original proceeds of the Series 1990 A
23 Bonds, and interest earnings and profits resulting from
investment of such original proceeds in Nonpurpose
25 Investments, which are used to discharge the outstanding
principal of any such prior obligations, all on the date of
27 such ratable discharge;

29 (iv) Sinking fund proceeds, namely, amounts, other
than original proceeds, investment proceeds or transferred
31 proceeds (as referenced in clauses (i) through (iii) above)
of the Series 1990 A Bonds, which are held in any fund to
33 the extent that the Issuer reasonably expects to use such
other fund to pay Debt Service;

35
37 (v) Amounts in the Reserve Accounts and in any other
fund established as a reasonably required reserve or
replacement fund;

39
41 (vi) Investment Property pledged as security for
payment of Debt Service on the Series 1990 A Bonds by the
Issuer;

43
45 (vii) Amounts, other than as specified in this
definition, used to pay Debt Service on the Series 1990 A
Bonds; and

47
49 (viii) Amounts received as a result of investing
amounts described in this definition.

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

1 accounting principles, after deduction of prompt payment
discounts, if any, and reasonable provision for uncollectible
3 accounts; provided, that "Gross Revenues" does not include any
gains from the sale or other disposition of, or from any
5 increase in the value of, capital assets (including Qualified
Investments, as hereinafter defined, purchased pursuant to
7 Article 7.01 hereof) or any Tap Fees, as hereinafter defined.

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

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

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

27 "Issuer" means the Town of Handley, in Kanawha County,
West Virginia, and, unless the context clearly indicates
29 otherwise, includes the Governing Body of the Issuer.

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

39 "Mayor" means the Mayor of the Issuer.

41 "Net Proceeds" means the face amount of the Series
1990 A Bonds, plus accrued interest and premium, if any, less
43 original issue discount, if any, and less proceeds deposited in
the Reserve Account. For purpose of the Private Business Use
45 limitations set forth herein, the term Net Proceeds shall
include any amounts resulting from the investment of proceeds
47 of the Series 1990 A Bonds, without regard to whether or not
such investment is made in tax-exempt obligations.

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

53

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

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

25 "Original Bonds" or "Bonds originally authorized
hereby" or similar phrases mean, collectively, the not more
27 than \$160,000.00 in aggregate principal amount of Series 1990 A
Bonds and the not more than \$10,000.00 in aggregate principal
29 amount of Series 1990 B Bonds, issued for the purpose of paying
a portion of the Costs of the Project and for such other
31 purposes permitted and authorized by this Bond Legislation.

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

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

49 "Paying Agent" means the West Virginia Municipal Bond
51 Commission, as paying agent for the Bonds.

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

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

21 "Project" means the acquisition and construction of
22 certain wastewater collection and transportation facilities of
23 the Issuer, consisting of the construction of feeder and main
24 collection lines and pump grinder stations within the
25 jurisdiction of the Issuer, and all necessary appurtenances.

27 "Purchase Price," for the purpose of computation of
28 the Yield of the Series 1990 A Bonds, has the same meaning as
29 the term "issue price" in Sections 1273(b) and 1274 of the
30 Code, and, in general, means the initial offering price of the
31 Series 1990 A Bonds to the public (not including bond houses
32 and brokers, or similar persons or organizations acting in the
33 capacity of underwriters or wholesalers) at which price a
34 substantial amount of the Series 1990 A Bonds of each maturity
35 is sold or, if the Series 1990 A Bonds are privately placed,
36 the price paid by the first buyer of the Series 1990 A Bonds or
37 the acquisition cost of the first buyer. "Purchase Price," for
38 purposes of computing Yield of Nonpurpose Investments, means
39 the fair market value of the Nonpurpose Investments on the date
40 of use of Gross Proceeds of the Series 1990 A Bonds for
41 acquisition thereof, or if later, on the date that Investment
42 Property constituting a Nonpurpose Investment becomes a
43 Nonpurpose Investment of the Series 1990 A Bonds.

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

47 (a) Government Obligations;

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

1 Obligations or interest coupons stripped from Government
2 Obligations;

3
4 (c) Bonds, debentures, notes or other evidences of
5 indebtedness issued by any of the following agencies:
6 Banks for Cooperatives; Federal Intermediate Credit Banks;
7 Federal Home Loan Bank System; Export-Import Bank of the
8 United States; Federal Land Banks; Government National
9 Mortgage Association; Tennessee Valley Authority; or
10 Washington Metropolitan Area Transit Authority;

11
12 (d) Any bond, debenture, note, participation
13 certificate or other similar obligations issued by the
14 Federal National Mortgage Association to the extent such
15 obligation is guaranteed by the Government National
16 Mortgage Association or issued by any other federal agency
17 and backed by the full faith and credit of the United
18 States of America;

19
20 (e) Time accounts (including accounts evidenced by
21 time certificates of deposit, time deposits or other
22 similar banking arrangements) which, to the extent not
23 insured by the FDIC or Federal Savings and Loan Insurance
24 Corporation, shall be secured by a pledge of Government
25 Obligations, provided, that said Government Obligations
26 pledged either must mature as nearly as practicable
27 coincident with the maturity of said time accounts or must
28 be replaced or increased so that the market value thereof
29 is always at least equal to the principal amount of said
30 time accounts;

31
32 (f) Money market funds or similar funds whose only
33 assets are investments of the type described in paragraphs
34 (a) through (e) above;

35
36 (g) Repurchase agreements, fully secured by
37 investments of the types described in paragraphs (a)
38 through (e) above, with banks or national banking
39 associations which are members of FDIC or with government
40 bond dealers recognized as primary dealers by the Federal
41 Reserve Bank of New York, provided, that said investments
42 securing said repurchase agreements either must mature as
43 nearly as practicable coincident with the maturity of said
44 repurchase agreements or must be replaced or increased so
45 that the market value thereof is always at least equal to
46 the principal amount of said repurchase agreements, and
47 provided further that the holder of such repurchase
48 agreement shall have a prior perfected security interest in
49 the collateral therefor; must have (or its agent must have)
50 possession of such collateral; and such collateral must be
51 free of all claims by third parties;

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

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

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

17 "Registrar" means as appropriate, either the Bond
Registrar.

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

23 "Renewal and Replacement Fund" means the Renewal and
25 Replacement Fund established by Section 4.01 hereof.

27 "Revenue Fund" means the Revenue Fund established by
Section 4.01 hereof.

29 "Series 1990 A Bonds" or "Series A Bonds" means the
31 not more than \$160,000.00 in aggregate principal amount of
Water and Sewer Revenue Bonds, Series 1990 A, of the Issuer.

33 "Series 1990 A Bonds Reserve Account" means the Series
35 1990 A Bonds Reserve Account established in the Series 1990 A
Bonds Sinking Fund pursuant to Section 4.02 hereof.

37 "Series 1990 A Bonds Reserve Requirement" means, as of
39 any date of calculation, the maximum amount of principal and
interest which will become due on the Series 1990 A Bonds in
41 the then current or any succeeding year.

43 "Series 1990 A Bonds Sinking Fund" means the Series
1990 A Sinking Fund established by Section 4.02 hereof.

45 "Series 1990 B Bonds" or "Series B Bonds" means the
47 not more than \$25,000.00 in aggregate principal amount of Water
and Sewer Revenue Bonds, Series 1990 B, of the Issuer.

49 "Series 1990 B Bonds Reserve Account" means the Series
51 1990 B Bonds Reserve Account established in the Series 1990 B
Bonds Sinking Fund pursuant to Section 4.02 hereof.

1 "Series 1990 B Bonds Reserve Requirement" means, as of
the date of calculation, the maximum amount of principal which
3 will become due on the Series 1990 B Bonds in the then current
or any succeeding year.

5 "Series 1990 B Bonds Sinking Fund" means the Series
7 1990 B Bonds Sinking Fund established by Section 4.02 hereof.

9 "State" means the State of West Virginia.

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

21 "Surplus Revenues" means the Net Revenues not required
by the Bond Legislation to be set aside and held for the
23 payment of or security for the Bonds or any other obligations
of the Issuer, including the Renewal and Replacement Fund and
25 the Reserve Accounts, the proceeds of which Bonds or other
obligations are to be used to pay Costs of the Project.

27 "System" means the existing sewerage system facilities
29 as expanded by the Project, and all facilities and other
property of every nature, real or personal, now or hereafter
31 owned, held or used in connection with said sewerage system;
and shall include any and all additions, extensions,
33 improvements properties or other facilities at any time
acquired or constructed for the System after completion of the
35 Project.

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

39 "Town Clerk" or "Town Recorder" means the Recorder of
41 the Issuer.

43 "Yield" means that yield which, when used in computing
the present worth of all payments of principal and interest (or
45 other payments in the case of Nonpurpose Investments which
require payments in a form not characterized as principal and
47 interest) on a Nonpurpose Investment or on the Series 1990 A
Bonds produces an amount equal to the Purchase Price of such
49 Nonpurpose Investment or the Bonds, all computed as prescribed
in applicable Regulations.

51 Words importing singular number shall include the

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

5

ARTICLE II

AUTHORIZATION OF CONSTRUCTION AND ACQUISITION OF THE PROJECT

Section 2.01. Authorization of Construction and
7 Acquisition of the Project. There is hereby authorized the
construction and acquisition of the Project, at an estimated
9 cost of \$1,809,865.00, in accordance with the plans and
specifications which have been prepared by the Consulting
11 Engineers, heretofore filed in the office of the Governing
Body. The proceeds of the Bonds hereby authorized shall be
13 applied as provided in Article V hereof.

1 corresponding to the dates of payment of principal installments
of said Bonds; provided, that the Authority shall not be
3 obligated to pay any expenses of such exchange.

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

11 Section 3.03. Execution of Bonds. The Bonds shall
be executed, either manually or by facsimile, in the name of
13 the Issuer by the Mayor, and the seal of the Issuer shall be
affixed thereto or imprinted thereon and attested by the Town
15 Recorder. In case any one or more of the officers who shall
have signed or sealed any of the Bonds shall cease to be such
17 officer of the Issuer before the Bonds so signed and sealed
have been actually sold and delivered, such Bonds may
19 nevertheless be sold and delivered as herein provided and may
be issued as if the person who signed or sealed such Bonds had
21 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
23 time of the execution of such Bonds shall hold the proper
office in the Issuer, although at the date of such Bonds such
25 person may not have held such office or may not have been so
authorized.

27

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

43

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

1 conclusively deemed to have agreed that said Bonds shall be
incontestable in the hands of a bona fide holder for value.

3
5 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.

7
9 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
11 writing, upon surrender thereto together with a written
instrument of transfer satisfactory to the Bond Registrar duly
13 executed by the registered owner or his duly authorized
attorney.

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

35 Section 3.06. Bonds Mutilated, Destroyed, Stolen or
Lost. In case any Bond shall become mutilated or be destroyed,
37 stolen or lost, the Issuer may, in its discretion, issue, and
the Bond Registrar shall, if so advised by the Issuer,
39 authenticate and deliver, a new Bond of the same series and of
like tenor as the Bonds so mutilated, destroyed, stolen or
41 lost, in exchange and substitution for such mutilated Bond,
upon surrender and cancellation of such mutilated Bond, or in
43 lieu of and substitution for the Bond destroyed, stolen or
lost, and upon the Holder's furnishing satisfactory indemnity
45 and complying with such other reasonable regulations and
conditions as the Issuer may prescribe and paying such expenses
47 as the Issuer and the Bond Registrar may incur. All Bonds so
surrendered shall be cancelled by the Bond Registrar and held
49 for the account of the Issuer. If any such Bond shall have
matured or be about to mature, instead of issuing a substitute
51 Bond, the Issuer may pay the same, upon being indemnified as
aforesaid, and if such Bond be lost, stolen or destroyed,
53 without surrender thereof.

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

21 Section 3.08. Bonds Secured by Pledge of Net
23 Revenues; Series 1990 B Bonds to be Junior and Subordinate to
25 Series 1990 A Bonds. The payment of the debt service of all
27 the Series 1990 A Bonds shall be secured forthwith equally and
29 ratably with each other, by a first lien on the Net Revenues
31 derived from the System. The payment of the debt service of
33 all the Series 1990 B Bonds shall also be secured forthwith
35 equally and ratably with each other by a lien on the Net
Revenues derived from the System, but junior and subordinate to
the lien on such Net Revenues in favor of the Holders of the
Series 1990 A Bonds. Such Net 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.

31 Section 3.09. Form of Original Bonds. The text of
33 the Bonds shall be in substantially the following forms, with
35 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:

1 [Form of Series 1990 A Bond]

3 UNITED STATES OF AMERICA
5 STATE OF WEST VIRGINIA
7 TOWN OF HANDLEY
SEWER REVENUE BOND
9 SERIES 1990 A

11 No. AR-_____

\$_____

13

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF
15 HANDLEY, a municipal corporation and political subdivision of
the State of West Virginia in Kanawha County of said State (the
17 "Issuer"), for value received, hereby promises to pay, solely
from the special funds provided therefor, as hereinafter set
19 forth, to the West Virginia Water Development Authority (the
"Authority") or registered assigns the sum of _____
21 _____ (\$_____), in
installments on October 1 of each year as set forth on the
23 "Schedule of Annual Debt Service" attached as Exhibit A hereto
and incorporated herein by reference with interest on each
25 installment at the rate per annum set forth on said Exhibit A.

27 The interest rate on each installment shall run from
the original date of delivery of this Bond to the Authority and
29 payment therefor, and until payment of such installment, and
such interest shall be payable on April 1 and October 1 in each
31 year, beginning October 1, 1990. Principal installments of
this Bond are payable in any coin or currency which, on the
33 respective dates of payment of such installments, is legal
tender for the payment of public and private debts under the
35 laws of the United States of America, at the office of the West
Virginia Municipal Bond Commission, Charleston, West Virginia
37 (the "Paying Agent"). The interest on this Bond is payable by
check or draft of the Paying Agent mailed to the registered
39 owner hereof at the address as it appears on the books
of _____, West Virginia, as
41 registrar (the "Registrar") on the 15th day of the month next
preceding an interest payment date, or by such other method as
43 shall be mutually agreeable so long as the Authority is the
Registered Owner hereof.

45

This Bond may be redeemed prior to its stated date of
47 maturity in whole or in part, but only with the express written
consent of the Authority, and upon the terms and conditions
49 prescribed by, and otherwise in compliance with, the Loan
Agreement between the Issuer and the Authority,
51 dated _____, 1990.

1 This Bond is issued (i) to pay a portion of the costs
2 of acquisition and construction of certain additions,
3 improvements and betterments to the sewerage system facilities
4 of the Issuer (the "Project"); (ii) [to pay interest on the
5 Bonds of this series] (the "Bonds") during the construction of
6 the Project and for not more than 6 months thereafter; (iii)
7 [to fund a reserve account for the Bonds]; and (iv) to pay
8 certain costs of issuance hereof and related costs. This Bond
9 is issued under the authority of and in full compliance with
10 the Constitution and statutes of the State of West Virginia,
11 including particularly Chapter 16, Article 13 of the West
12 Virginia Code of 1931, as amended (the "Act"), and an Ordinance
13 and Supplemental Resolution, duly enacted and adopted,
14 respectively, by the Issuer on _____, 1990,
15 and _____, 1990, (collectively called the "Bond
16 Legislation"), and is subject to all the terms and conditions
17 thereof. The Bond Legislation provides for the issuance of
18 additional bonds under certain conditions, and such bonds would
19 be entitled to be paid and secured equally and ratably from and
20 by the funds and revenues and other security provided for the
21 Bonds under the Bond Legislation.

23 This Bond is issued concurrently with the Sewer
24 Revenue Bonds, Series 1990 B, of the Issuer (the "Series 1990 B
25 Bonds"), issued in the aggregate principal amount of
26 \$_____, which Series 1990 B Bonds are junior and
27 subordinate with respect to liens and sources of and security
28 for payment to the Bonds.

29 This Bond is payable only from and secured by a first
30 lien pledge of the Net Revenues (as defined in the Bond
31 Legislation) to be derived from the operation of the System,
32 moneys in the Reserve Account created under the Bond
33 Legislation for the Bonds (the "Series 1990 A Bonds Reserve
34 Account"), and unexpended proceeds of the Bonds and the Series
35 1990 B Bonds. Such Net Revenues shall be sufficient to pay the
36 principal of and interest on all bonds which may be issued
37 pursuant to the Act and which shall be set aside as a special
38 fund hereby pledged for such purpose. This Bond does not
39 constitute a corporate indebtedness of the Issuer within the
40 meaning of any constitutional or statutory provisions or
41 limitations, nor shall the Issuer be obligated to pay the same
42 or the interest hereon except from said special fund provided
43 from the Net Revenues, the moneys in the Series 1990 A Bonds
44 Reserve Account and unexpended Bond proceeds and Series 1990 B
45 Bonds. Pursuant to the Bond Legislation, the Issuer has
46 covenanted and agreed to establish and maintain just and
47 equitable rates and charges for the use of the System and the
48 services rendered thereby, which shall be sufficient, together
49 with other revenues of the System, to provide for the
50 reasonable expenses of operation, repair and maintenance of the
51 System, and to leave a balance each year equal to at least 115%
52 of the maximum amount required in any year for principal of and
53

1 interest on the Bonds, the Series 1990 B Bonds, and all other
obligations secured by a lien on or payable from such revenues
3 prior to or on a parity with the Bonds or the Series 1990 B
Bonds, provided however, that so long as there exists in the
5 Series 1990 A Bonds Reserve Account an amount at least equal to
the maximum amount of principal and interest which will become
7 due on the Bonds in the then current or any succeeding year,
and in the respective reserve accounts established for the
9 Series 1990 B Bonds and any other obligations outstanding prior
to or on a parity with the Bonds or the Series 1990 B Bonds, an
11 amount at least equal to the requirement therefor, such
percentage may be reduced to 110%. The Issuer has entered into
13 certain further covenants with the registered owners of the
Bonds for the terms of which reference is made to the Bond
15 Legislation. Remedies provided the registered owners of the
Bonds are exclusively as provided in the Bond Legislation, to
17 which reference is here made for a detailed description thereof.

19 Subject to the registration requirements set forth
herein, this Bond is transferable, as provided in the Bond
21 Legislation, only upon the books of the Registrar by the
registered owner, or by its attorney duly authorized in
23 writing, upon the surrender of this Bond together with a
written instrument of transfer satisfactory to the Bond
25 Registrar duly executed by the registered owner or its attorney
duly authorized in writing.

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

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

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

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

5 IN WITNESS WHEREOF, the TOWN OF HANDLEY has caused
7 this Bond to be signed by its Mayor and its corporate seal to
be hereunto affixed and attested by its Town Recorder, and has
9 caused this Bond to be dated _____, 1990.

11 [SEAL]

13 _____
Mayor

15 ATTEST:

17
19 _____
Town Recorder

21

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1990 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: _____

as Registrar

By _____
Its Authorized Officer

1

EXHIBIT A

3

SCHEDULE OF ANNUAL DEBT SERVICE

5

1 (Form of)

3 ASSIGNMENT

5
7 FOR VALUE RECEIVED the undersigned sells, assigns, and
9 transfers unto

11

13 the within Bond and does hereby irrevocably constitute and
15 appoint _____, Attorney
17 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.

19 Dated: _____.

21

23 _____

25 In the presence of:

27

29 _____

1 [Form of Series 1990 B Bond]

3 UNITED STATES OF AMERICA
5 STATE OF WEST VIRGINIA
7 TOWN OF HANDLEY
SEWER REVENUE BOND
9 SERIES 1990 B

11 No. BR-_____

\$_____

13
15 KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF
HANDLEY, a municipal corporation and political subdivision of
17 the State of West Virginia in Kanawha County of said State (the
"Issuer"), for value received, hereby promises to pay, solely
19 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 _____
21 _____ (\$_____), in annual
installments on October 1 of each year as set forth on the
23 "Schedule of Annual Debt Service" attached as Exhibit A hereto
and incorporated herein by reference, without interest.

25
27 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
29 and private debts under the laws of the United States of
America, at the office of the West Virginia Municipal Bond
31 Commission, Charleston, West Virginia (the "Paying Agent").

33
35 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
37 Supplemental Loan Agreement between the Issuer and the
Authority, dated _____, 1990.

39
41 This Bond is issued (i) to pay a portion of the costs
of acquisition and construction of certain additions,
improvements and betterments to the sewerage system facilities
43 of the Issuer (the "Project"); (ii) [to fund a reserve account
for the Bonds of this Series (the "Bonds")]; and (iii) to pay
45 certain costs of issuance hereof and related costs. This Bond
is issued under the authority of and in full compliance with
47 the Constitution and statutes of the State of West Virginia,
including particularly Chapter 16, Article 13 of the West
49 Virginia Code of 1931, as amended (the "Act"), and an Ordinance
and Supplemental Resolution, duly enacted and adopted,
51 respectively, by the Issuer on _____, 1990,
and _____, 1990 (collectively called the "Bond
53 Legislation"), and is subject to all the terms and conditions

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

7 THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO
8 LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO THE
9 OUTSTANDING WATER AND SEWER REVENUE BONDS, SERIES 1990 A, OF
10 THE ISSUER (THE "SERIES 1990 A BONDS"), ISSUED CONCURRENTLY
11 HERewith IN THE AGGREGATE PRINCIPAL AMOUNT OF \$_____.

13 This Bond is payable only from and secured by a pledge
14 of the Net Revenues (as defined in the Bond Legislation) to be
15 derived from the operation of the System after there has first
16 been paid from said Net Revenues all payments then due and
17 owing on account of the Series 1990 A Bonds herein described
18 and to all moneys in the Reserve Account created under the Bond
19 Legislation for the Bonds (the "Series 1990 B Bonds Reserve
20 Account"), and unexpended proceeds of the Bonds. Such Net
21 Revenues shall be sufficient to pay the principal of and
22 interest on all bonds which may be issued pursuant to the Act
23 and which shall be set aside as a special fund hereby pledged
24 for such purpose. This Bond does not constitute a corporate
25 indebtedness of the Issuer within the meaning of any
26 constitutional or statutory provisions or limitations, nor
27 shall the Issuer be obligated to pay the same, except from said
28 special fund provided from the Net Revenues, the moneys in the
29 Series 1990 B Bonds Reserve Account and unexpended Bond
30 proceeds. Pursuant to the Bond Legislation, the Issuer has
31 covenanted and agreed to establish and maintain just and
32 equitable rates and charges for the use of the System and the
33 services rendered thereby, which shall be sufficient, together
34 with other revenues of the System, to provide for the
35 reasonable expenses of operation, repair and maintenance of the
36 System, and to leave a balance each year equal to at least 115%
37 of the maximum amount required in any year for principal of and
38 interest, if any, on the Bonds, the Series 1990 A Bonds and all
39 other obligations secured by a lien on or payable from such
40 revenues prior to or on a parity with the Series 1990 A Bonds
41 or the Bonds, provided however, that so long as there exists in
42 the Series 1990 B Bonds Reserve Account and the reserve account
43 established for the Series 1990 A Bonds, respectively, amounts
44 at least equal to the maximum amount of principal and interest,
45 if any, which will become due on the Bonds and the Series 1990
46 A Bonds in the then current or any succeeding year, and any
47 reserve account for any such prior or parity obligations is
48 funded at least at the requirement therefor, such percentage
49 may be reduced to 110%. The Issuer has entered into certain
50 further covenants with the registered owners of the Bonds for
51 the terms of which reference is made to the Bond Legislation.
52 Remedies provided the registered owners of the Bonds are
53 exclusively as provided in the Bond Legislation, to which
reference is here made for a detailed description thereof.

1 Subject to the registration requirements set forth
3 herein, this Bond is transferable, as provided in the Bond
5 Legislation, only upon the books of _____
6 _____, West Virginia, as registrar (the "Registrar")
7 by the registered owner, or by its attorney duly authorized in
8 writing, upon the surrender of this Bond together with a
9 written instrument of transfer satisfactory to the Bond
10 Registrar duly executed by the registered owner or its attorney
11 duly authorized in writing.

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

16 All money received from the sale of this Bond, after
17 reimbursement and repayment of all amounts advanced for
18 preliminary expenses as provided by law, shall be applied
19 solely to the payment of the Costs of the Project described in
20 the Bond Legislation, and there shall be and hereby is created
21 and granted a lien upon such moneys, until so applied, in favor
22 of the registered owners of the Bonds, which lien is
23 subordinate to the lien in favor of the registered owners of
24 the Series 1990 A Bonds.

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

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

1 IN WITNESS WHEREOF, the TOWN OF HANDLEY has caused
2 this Bond to be signed by its Mayor and its corporate seal to
3 be hereunto affixed and attested by its Town Recorder, and has
4 caused this Bond to be dated _____, 1990.

5

7 [SEAL]

9

Mayor

11 ATTEST:

13

15 _____
Town Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1990 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: _____

as Registrar

By _____
Its Authorized Officer

1

EXHIBIT A

3

SCHEDULE OF ANNUAL DEBT SERVICE

1 (Form of)

3
5 ASSIGNMENT

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

11

13 the within Bond and does hereby irrevocably constitute and
15 appoint _____
17 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.

19 Dated: _____, ____.

21

23 _____

25 In the presence of:

27

29 _____

1 Section 3.10. Sale of Original Bonds; Ratification
2 of Execution of Loan Agreement with Authority. The Original
3 Bonds shall be sold to the Authority, pursuant to the terms and
4 conditions of the Loan Agreement. If not so authorized by
5 previous ordinance or resolution, the Mayor is specifically
6 authorized and directed to execute the Loan Agreement in the
7 form attached hereto as "Exhibit A" and made a part hereof and
8 the Recorder is directed to affix the seal of the Issuer,
9 attest the same and deliver the Loan Agreement to the
10 Authority, and any such prior execution and delivery is hereby
11 authorized, ratified and approved.

13 Section 3.11. "Amended Schedule A" Filing; Tender of
14 Series 1990 B Bonds. Upon completion of acquisition and
15 construction of the Project, the Issuer will file with the
16 Authority a schedule substantially in the form of the "Amended
17 Schedule A" to the Loan Agreement, setting forth the actual
18 costs of the Project and sources of funding therefor. In the
19 event such schedule reflects an excess of funding for the
20 Project, or if the Authority is otherwise advised of an excess,
21 the Authority may tender the Series 1990 B Bonds to the Issuer
22 for payment in an amount equal to such excess. Notwithstanding
23 the foregoing, if the Issuer has construction financing
24 outstanding upon completion of the acquisition and construction
25 of the Project, it will advise the Authority of such fact and
26 submit a second schedule to the Authority upon payment of such
27 construction financing, and the Authority will not tender its
28 Series 1990 B Bonds for payment until the outstanding
29 construction financing have been paid.

1 ARTICLE IV

3 SYSTEM REVENUES AND APPLICATION THEREOF

5 Section 4.01. Establishment of Fund and Accounts
7 with Depository Bank. The following special funds or accounts
9 are created 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:

11 (1) Revenue Fund;

13 (2) Renewal and Replacement Fund; and

15 (3) Bond Construction Trust Fund.

17 Section 4.02. Establishment of Funds and Accounts
19 with Commission. The following special funds or accounts are
hereby established with the Commission:

21 (1) Series 1990 A Bonds Sinking Fund;

23 (a) Within the Series 1990 A Bonds Sinking Fund,
the Series 1990 A Bonds Reserve Account.

25 (2) Series 1990 B Bonds Sinking Fund;

27 (a) Within the Series 1990 B Bonds Sinking Fund,
29 the Series 1990 B Bonds Reserve Account.

31 Section 4.03. System Revenues; Flow of Funds. A.
The entire Gross Revenues derived from the operation of the
33 System shall be deposited upon receipt in the Revenue Fund.
The Revenue Fund shall constitute a trust fund for the purposes
35 provided in this Bond Legislation and shall be kept separate
and distinct from all other funds of the Issuer and the
37 Depository Bank and used only for the purposes and in the
manner herein provided.

39 (1) The Issuer shall, each month, pay from the
41 Revenue Fund the Operating Expenses of the System.

43 (2) From the moneys remaining in the Revenue Fund,
the Issuer shall next, on the first day of each month,
45 commencing 7 months prior to the first date of payment of
interest on the Series 1990 A Bonds for which interest has
47 not been capitalized, apportion and set apart out of the
Revenue Fund and remit to the Commission, for deposit in
49 the Series 1990 A Bonds Sinking Fund, a sum equal to 1/6th
of the amount of interest which will become due on said
51 Series 1990 A Bonds on the next ensuing semiannual interest
payment date; provided, that, in the event the period to
53 elapse between the date of such initial deposit in the

1 Series 1990 A Bonds Sinking Fund and the next semiannual
2 interest payment date is less than 7 months, then such
3 monthly payments shall be increased proportionately to
4 provide, one month prior to the next semiannual interest
5 payment date, the required amount of interest coming due on
6 such date.

7
8 (3) The Issuer shall next, on the first day of each
9 month, commencing 13 months prior to the first date of
10 payment of principal on the Series 1990 A Bonds, apportion
11 and set apart out of the Revenue Fund and remit to the
12 Commission for deposit in the Series 1990 A Bonds Sinking
13 Fund, a sum equal to 1/12th of the amount of principal
14 which will mature and become due on said Series 1990 A
15 Bonds on the next ensuing principal payment date; provided
16 that, in the event the period to elapse between the date of
17 such initial deposit in the Series 1990 A Bonds Sinking
18 Fund and the next annual principal payment date is less
19 than 13 months then such monthly payments shall be
20 increased proportionately to provide, one month prior to
21 the next annual principal payment date, the required amount
22 of principal coming due on such date.

23
24 (4) The Issuer shall next, on the first day of each
25 month, commencing 13 months prior to the first date of
26 payment of principal of the Series 1990 A Bonds, if not
27 fully funded upon issuance of the Series 1990 A Bonds,
28 apportion and set apart out of the Revenue Fund and remit
29 to the Commission for deposit in the Series 1990 A Bonds
30 Reserve Account, an amount equal to 1/120 of the Series
31 1990 A Bonds Reserve Requirement; provided, that no further
32 payments shall be made into the Series 1990 A Bonds Reserve
33 Account when there shall have been deposited therein, and
34 as long as there shall remain on deposit therein, an amount
35 equal to the Series 1990 A Bonds Reserve Requirement.

36
37 (5) From the moneys remaining in the Revenue Fund, the
38 Issuer shall next, on the first day of each month,
39 commencing with the month succeeding the first full
40 calendar month after completion of the Project, transfer to
41 the Renewal and Replacement Fund a sum equal to 2 1/2% of
42 the Gross Revenues each month, exclusive of any payments
43 for account of the Series 1990 A Bonds Reserve Account or
44 the Series 1990 B Bonds Reserve Account. All funds in the
45 Renewal and Replacement Fund shall be kept apart from all
46 other funds of the Issuer or of the Depository Bank and
47 shall be invested and reinvested in accordance with Article
48 VII hereof. Withdrawals and disbursements may be made from
49 the Renewal and Replacement Fund for replacements,
50 emergency repairs, improvements or extensions to the
51 System; provided, that any deficiencies in the Series 1990
52 A Bonds Reserve Account [except to the extent such
53 deficiency exists because the required payments into such

1 account have not, as of the date of determination of a
2 deficiency, funded such account to the maximum extent
3 required by Subsection 4.03(A)(4)] shall be promptly
4 eliminated with moneys from the Renewal and Replacement
5 Fund.

7 (6) The Issuer shall next, on the first day of each
8 month, commencing 13 months prior to the first date of
9 payment of principal on the Series 1990 B Bonds, apportion
10 and set apart out of the Revenue Fund and remit to the
11 Commission for deposit in the Series 1990 B Bonds Sinking
12 Fund, a sum equal to 1/12th of the amount of principal
13 which will mature and become due on said Series 1990 B
14 Bonds on the next ensuing principal payment date; provided
15 that, in the event the period to elapse between the date of
16 such initial deposit in the Series 1990 B Bonds Sinking
17 Fund and the next annual principal payment date is less
18 than 13 months then such monthly payments shall be
19 increased proportionately to provide, one month prior to
20 the next annual principal payment date, the required amount
21 of principal coming due on such date.

23 (7) The Issuer shall next, on the first day of each
24 month, commencing 13 months prior to the first date of
25 payment of principal of the Series 1990 B Bonds, if not
26 fully funded upon issuance of the Series 1990 B Bonds,
27 apportion and set apart out of the Revenue Fund and remit
28 to the Commission for deposit in the Series 1990 B Bonds
29 Reserve Account, an amount equal to 1/120 of the Series
30 1990 B Bonds Reserve Requirement; provided, that no further
31 payments shall be made into the Series 1990 B Bonds Reserve
32 Account when there shall have been deposited therein, and
33 as long as there shall remain on deposit therein, an amount
34 equal to the Series 1990 B Bonds Reserve Requirement.

35 Moneys in the Series 1990 A Bonds Sinking Fund and the
36 Series 1990 B Bonds Sinking Fund shall be used only for the
37 purposes of paying principal of and interest, if any, on
38 the respective series of Bonds as the same shall become
39 due. Moneys in the Series 1990 A Bonds Reserve Account and
40 the Series 1990 B Bonds Reserve Account shall be used only
41 for the purpose of paying principal of and interest, if
42 any, on the respective series of Bonds, as the same shall
43 come due, when other moneys in the attendant Sinking Fund
44 are insufficient therefor, and for no other purpose.

47 All investment earnings on moneys in the several
48 Sinking Funds and Reserve Accounts shall be returned, not
49 less than once each year, by the Commission to the Issuer,
50 and such amounts shall, during construction of the Project,
51 be deposited in the Bond Construction Trust Fund, and
52 following completion of construction of the Project, shall
53 be deposited in the Revenue Fund and applied in full, first

1 to the next ensuing interest payments, if any, due on the
2 respective Series of Bonds, and then to the next ensuing
3 principal payments due thereon.

5 Any withdrawals from the Series 1990 A Bonds Reserve
6 Account which result in a reduction in the balance of the
7 Series 1990 A Bonds Reserve Account to below the Series
8 1990 A Bonds Reserve Requirement shall be subsequently
9 restored from the first Net Revenues available after all
10 required payments to the Series 1990 A Bonds Sinking Fund
11 for payment of debt service on the Bonds have been made in
12 full.

13 Any withdrawals from the Series 1990 B Bonds Reserve
14 Account which result in a reduction in the balance of the
15 Series 1990 B Bonds Reserve Account to below the Series
16 1990 B Bonds Reserve Requirement shall be subsequently
17 restored from the first Net Revenues available after all
18 required payments to the Series 1990 A Bonds Sinking Fund,
19 the Series 1990 A Bonds Reserve Account, the Renewal and
20 Replacement Fund and the Series 1990 B Bonds Sinking Fund
21 have been made in full.

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

35 The Issuer shall not be required to make any further
36 payments into the Series 1990 A Bonds Sinking Fund, or the
37 Series 1990 B Bonds Sinking Fund or into the Reserve
38 Accounts therein when the aggregate amount of funds in said
39 respective Sinking Funds and Reserve Accounts are at least
40 equal to the aggregate principal amount of the respective
41 Bonds issued pursuant to this Bond Legislation then
42 Outstanding and all interest to accrue until the respective
43 maturities thereof.

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

51 The payments into the Sinking Funds shall be made on
52 the first day of each month, except that when the first day

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

7
8 Moneys in the Reserve Accounts shall be invested and
9 reinvested by the Commission in accordance with Section
10 7.01 hereof.

11
12 The Sinking Funds, including the Reserve Accounts
13 therein, shall be used solely and only for, and are hereby
14 pledged for, the purpose of servicing the respective Bonds
15 and any additional Bonds ranking on a parity therewith that
16 may be issued and Outstanding under the conditions and
17 restrictions hereinafter set forth.

18 B. Whenever all of the required and provided
19 transfers and payments from the Revenue Fund into the several
20 special funds, as hereinbefore provided, are current and there
21 remains in said Revenue Fund a balance in excess of the
22 estimated amounts required to be so transferred and paid into
23 the Sinking Funds, including the Reserve Accounts therein, and
24 the Renewal and Replacement Fund during the following month or
25 such other period as required by law, such excess shall be
26 considered Surplus Revenues. Surplus Revenues may be used for
27 any lawful purpose of the System.

28
29 C. The Issuer shall remit from the Revenue Fund to
30 the Commission, the Registrar or the Depository Bank, on such
31 dates as the Commission, the Registrar or the Depository Bank,
32 as the case may be, shall require, such additional sums as
33 shall be necessary to pay the Depository Bank's charges then
34 due.

35
36 D. The moneys in excess of the sum insured by the
37 maximum amounts insured by FDIC in the Revenue Fund and the
38 Renewal and Replacement Fund shall at all times be secured, to
39 the full extent thereof in excess of such insured sum, by
40 Qualified Investments as shall be eligible as security for
41 deposits of state and municipal funds under the laws of the
42 State.

43
44 E. If on any monthly payment date the revenues are
45 insufficient to place the required amount in any of the funds
46 and accounts as hereinabove provided, the deficiency shall be
47 made up in the subsequent payments in addition to the payments
48 which would otherwise be required to be made into the funds and
49 accounts on the subsequent payment dates.

50
51 F. All remittances made by the Issuer to the
52 Commission shall clearly identify the fund or account into
53 which each amount is to be deposited.

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

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

1

Except as provided in Section 5.01 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:

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

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

17 (C) That each of such costs has been otherwise
properly incurred; and
19

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

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

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

41 After completion of the Project, as certified by the
Consulting Engineers, the Depository Bank shall transfer any
43 moneys remaining in the Bond Construction Trust Fund to the
Series 1990 A Bonds Reserve Account, and when fully funded to
45 the Series 1990 B Bonds Reserve Account, and when both Reserve
Accounts are fully funded, shall return such remaining moneys
47 to the Issuer for deposit in the Revenue Fund. The Issuer
shall thereafter, apply such moneys in full, first to the next
49 ensuing interest payments, if any, due on the respective Series
of Bonds and thereafter to the next ensuing principal payments
51 due thereon. Notwithstanding the foregoing, if the Authority
tenders any of its Series 1990 B Bonds to the Issuer pursuant

1 to the provisions of the Supplemental Loan Agreement, such
moneys shall be applied to the purchase of such Series 1990 B
3 Bonds.

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1 realized shall be sufficient to pay fully all the Bonds
2 Outstanding, or to effectively defease this Bond Legislation in
3 accordance with Section 9.01 hereof. The proceeds from any
4 such sale, mortgage, lease or other disposition of the System
5 shall, with respect to the Bonds, immediately be remitted to
6 the Commission for deposit in the Sinking Funds, and, with the
7 written permission of the Authority, or in the event the
8 Authority is no longer a Bondholder, the Issuer shall direct
9 the Commission to apply such proceeds to the payment of
10 principal at maturity of and interest on the Bonds. Any
11 balance remaining after the payment of all the Bonds and
12 interest thereon shall be remitted to the Issuer by the
13 Commission unless necessary for the payment of other
14 obligations of the Issuer payable out of the revenues of the
15 System.

17 The foregoing provision notwithstanding, the Issuer
18 shall have and hereby reserves the right to sell, lease or
19 otherwise dispose of any of the property comprising a part of
20 the System hereinafter determined in the manner provided herein
21 to be no longer necessary, useful or profitable in the
22 operation thereof. Prior to any such sale, lease or other
23 disposition of such property, if the amount to be received
24 therefor, together with all other amounts received during the
25 same Fiscal Year for such sales, leases or other dispositions
26 of such properties, is not in excess of \$10,000, the Issuer
27 shall, by resolution, determine that such property comprising a
28 part of the System is no longer necessary, useful or profitable
29 in the operation thereof and may then provide for the sale of
30 such property. The proceeds of any such sale shall be
31 deposited in the Renewal and Replacement Fund. If the amount
32 to be received from such sale, lease or other disposition of
33 said property, together with all other amounts received during
34 the same Fiscal Year for such sales, leases or other
35 dispositions of such properties, shall be in excess of \$10,000
36 but not in excess of \$50,000, the Issuer shall first, determine
37 upon consultation with the Consulting Engineers that such
38 property comprising a part of the System is no longer
39 necessary, useful or profitable in the operation thereof and
40 may then, if it be so advised, by resolution duly adopted,
41 authorize such sale, lease or other disposition of such
42 property upon public bidding. The proceeds derived from any
43 such sale, lease or other disposition of such property,
44 aggregating during such Fiscal Year in excess of \$10,000 and
45 not in excess of \$50,000, shall with the written consent of the
46 Authority, be remitted by the Issuer to the Commission for
47 deposit in the Sinking Fund and shall be applied only to the
48 purchase of Bonds of the last maturities then Outstanding at
49 prices not greater than the par value thereof plus 3% of such
50 par value or otherwise. Such payment of such proceeds into the
51 Sinking Fund or the Renewal and Replacement Fund shall not
52 reduce the amounts required to be paid into said funds by other
53 provisions of this Bond Legislation. No sale, lease or other

1 disposition of the properties of the System shall be made by
the Issuer if the proceeds to be derived therefrom, together
3 with all other amounts received during the same Fiscal Year for
such sales, leases, or other dispositions of such properties,
5 shall be in excess of \$50,000 and insufficient to pay all Bonds
then Outstanding without the prior approval and consent in
7 writing of the Holders, or their duly authorized
representatives, of over 50% in amount of the Bonds then
9 Outstanding and the Consulting Engineers. The Issuer shall
prepare the form of such approval and consent for execution by
11 the then Holders of the Bonds for the disposition of the
proceeds of the sale, lease or other disposition of such
13 properties of the System.

15 Section 6.06. Issuance of Other Obligations Payable
Out of Revenues and General Covenant Against Encumbrances.

17 Except as provided in this Section 6.06 and in Section 6.07B,
the Issuer shall not issue any other obligations whatsoever
19 payable from the revenues of the System which rank prior to, or
equally, as to lien on and source of and security for payment
21 from such revenues with the Bonds; provided, however, that
additional Bonds on a parity with the Series 1990 B Bonds only
23 may be issued as provided for in Section 6.07 hereof. All
obligations issued by the Issuer after the issuance of the
25 Bonds and payable from the revenues of the System, except such
additional parity Bonds, shall contain an express statement
27 that such obligations are junior and subordinate, as to lien on
and source of and security for payment from such revenues and
29 in all other respects, to the Series 1990 A Bonds and the
Series 1990 B Bonds; provided, that no such subordinate
31 obligations shall be issued unless all payments required to be
made into the Reserve Accounts and the Renewal and Replacement
33 Fund at the time of the issuance of such subordinate
obligations have been made and are current.

35
Except as provided above, the Issuer shall not create,
37 or cause or permit to be created, any debt, lien, pledge,
assignment, encumbrance or any other charge having priority
39 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
41 System pledged for payment of the Bonds and the interest
thereon in this Bond Legislation, or upon the System or any
43 part thereof.

45 Section 6.07. Parity Bonds A. No Parity Bonds,
payable out of the revenues of the System, shall be issued
47 after the issuance of any Bonds pursuant to this Bond
Legislation, except under the conditions and in the manner
49 herein provided.

51 All Parity Bonds issued hereunder shall be on a parity
in all respects with the Series 1990 B Bonds. No Parity Bonds

1 shall be issued which shall be payable out of the revenues of
the System on a parity with the Series 1990 A Bonds, unless the
3 Series 1990 B Bonds are no longer outstanding.

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

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

27 (1) The Bonds then Outstanding;

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

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

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

47 The Net Revenues actually derived from the System
49 during the 12-consecutive-month period hereinabove referred to
may be adjusted by adding to such Net Revenues such additional
51 Net Revenues which would have been received, in the opinion of
the Consulting Engineers and the said Independent Certified
53 Public Accountants, as stated in a certificate jointly made and

1 signed by the Consulting Engineers and said Independent
2 Certified Public Accountants, on account of increased rates,
3 rentals, fees and charges for the System adopted by the Issuer,
4 the period for appeal of which has expired prior to issuance of
5 such Parity Bonds.

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

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

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

35 Parity Bonds shall not be deemed to include bonds,
36 notes, certificates or other obligations subsequently issued,
37 the lien of which on the revenues of the System is subject to
38 the prior and superior liens of the Series 1990 A Bonds and the
39 Series 1990 B Bonds on such revenues. The Issuer shall not
40 issue any obligations whatsoever payable from the revenues of
41 the System, or any part thereof, which rank prior to or, except
42 in the manner and under the conditions provided in this
43 section, equally, as to lien on and source of and security for
44 payment from such revenues, with the Series 1990 A Bonds or the
45 Series 1990 B Bonds.

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

1

B. Notwithstanding the foregoing, or any provision of Section 6.06 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 6.07, 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.

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

21 The accounting system for the System shall follow
22 current generally accepted accounting principles and safeguards
23 to the extent allowed and as prescribed by the Public Service
24 Commission of West Virginia. Separate control accounting
25 records shall be maintained by the Issuer. Subsidiary records
26 as may be required shall be kept in the manner and on the
27 forms, books and other bookkeeping records as prescribed by the
28 Governing Body. The Governing Body shall prescribe and
29 institute the manner by which subsidiary records of the
30 accounting system which may be installed remote from the direct
31 supervision of the Governing Body shall be reported to such
32 agent of the Issuer as the Governing Body shall direct.

33 The Issuer shall file with the Consulting Engineers
34 and the Authority, or any other original purchaser of the
35 Bonds, and shall mail in each year to any Holder or Holders of
36 Bonds requesting the same, an annual report containing the
37 following:

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

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

49 (C) The amount of any Bonds or other obligations
50 outstanding.

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

1 Independent Certified Public Accountants and shall mail upon
request, and make available generally, the report of said
3 Independent Certified Public Accountants, or a summary thereof,
to any Holder or Holders of Bonds and shall submit said report
5 to the Authority, or any other original purchaser of the
Bonds. Such audit report submitted to the Authority shall
7 include a statement that the Issuer is in compliance with the
terms and provisions of the Loan Agreement and this Bond
9 Legislation.

11 Section 6.09. Rates. Equitable rates or charges for
the use of and service rendered by the System have been
13 established all in the manner and form required by law, and
copies of such rates and charges so established will be
15 continuously on file with the Recorder, which copies will be
open to inspection by all interested parties. The schedule of
17 rates and charges shall at all times be adequate to produce
Gross Revenues from said System sufficient to pay Operating
19 Expenses and to make the prescribed payments into the funds
created hereunder. Such schedule of rates and charges shall be
21 changed and readjusted whenever necessary so that the aggregate
of the rates and charges will be sufficient for such purposes.
23 In order to assure full and continuous performance of this
covenant, with a margin for contingencies and temporary
25 unanticipated reduction in income and revenues, the Issuer
hereby covenants and agrees that the schedule of rates or
27 charges from time to time in effect shall be sufficient,
together with other revenues of the System (i) to provide for
29 all reasonable expenses of operation, repair and maintenance of
the System and (ii) to leave a balance each year equal to at
31 least 115% of the maximum amount required in any year for
payment of principal of and interest on the Bonds and all other
33 obligations secured by a lien on or payable from such revenues
prior to or on a parity with the Bonds; provided that, in the
35 event an amount equal to or in excess of the Reserve
Requirement is on deposit respectively in the Reserve Accounts
37 and reserve accounts for obligations prior to or on a parity
with the Bonds are funded at least at the requirement therefor,
39 such balance each year need only equal at least 110% of the
maximum amount required in any year for payment of principal of
41 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
43 with the Bonds.

45 Section 6.10. Operating Budget and Audit. The
Issuer shall annually, at least 45 days preceding the beginning
47 of each Fiscal Year, prepare and adopt by resolution a
detailed, balanced budget of the estimated expenditures for
49 operation and maintenance of the System during the succeeding
Fiscal Year. No expenditures for the operation and maintenance
51 of the System shall be made in any Fiscal Year in excess of the
amounts provided therefor in such budget without a written
53 finding and recommendation by the Consulting Engineers, which

1 finding and recommendation shall state in detail the purpose of
2 and necessity for such increased expenditures for the operation
3 and maintenance of the System, and no such increased
4 expenditures shall be made until the Issuer shall have approved
5 such finding and recommendation by a resolution duly adopted.
6 No increased expenditures in excess of 10% of the amount of
7 such budget shall be made except upon the further certificate
8 of the Consulting Engineers that such increased expenditures
9 are necessary for the continued operation of the System. The
10 Issuer shall mail copies of such annual budget and all
11 resolutions authorizing increased expenditures for operation
12 and maintenance to the Authority and to any Holder of any
13 Bonds, who shall file his or her address with the Issuer and
14 request in writing that copies of all such budgets and
15 resolutions be furnished him or her and shall make available
16 such budgets and all resolutions authorizing increased
17 expenditures for operation and maintenance of the System at all
18 reasonable times to any Holder of any Bonds or anyone acting
19 for and in behalf of such Holder of any Bonds.

21 Section 6.11. No Competing Franchise. To the extent
22 legally allowable, the Issuer will not grant or cause, consent
23 to or allow the granting of, any franchise or permit to any
24 person, firm, corporation, body, agency or instrumentality
25 whatsoever for the providing of any services which would
26 compete with services provided by the System.

27 Section 6.12. Enforcement of Collections. The
28 Issuer will diligently enforce and collect all fees, rentals or
29 other charges for the services and facilities of the System,
30 and take all steps, actions and proceedings for the enforcement
31 and collection of such fees, rentals or other charges which
32 shall become delinquent to the full extent permitted or
33 authorized by the Act, the rules of the Issuer, the rules and
34 regulations of the Public Service Commission of West Virginia
35 and other laws of the State of West Virginia.

36
37 Whenever any fees, rates, rentals or other charges for
38 the services and facilities of the System shall remain unpaid
39 for a period of 30 days after the same shall become due and
40 payable, the property and the owner thereof, as well as the
41 user of the services and facilities, shall be delinquent until
42 such time as all such rates and charges are fully paid. To the
43 extent authorized by the laws of the State and the rules and
44 regulations of the Public Service Commission of West Virginia,
45 rates, rentals and other charges, if not paid, when due, shall
46 become a lien on the premises served by the System. The Issuer
47 further covenants and agrees that, it will, to the full extent
48 permitted by law and the rules and regulations promulgated by
49 the Public Service Commission of West Virginia, discontinue and
50 shut off the services of the System and any services and
51 facilities of the water system, if so owned by the Issuer, to
52 all users of the services of the System delinquent in payment
53

1 of charges for the services of the System and will not restore
such services of either system until all delinquent charges for
3 the services of the System, plus reasonable interest and
penalty charges for the restoration of service, have been fully
5 paid and shall take all further actions to enforce collections
to the maximum extent permitted by law.

7

Section 6.13. No Free Services. The Issuer will not
9 render or cause to be rendered any free services of any nature
by the System, nor will any preferential rates be established
11 for users of the same class; and in the event the Issuer, or
any department, agency, instrumentality, officer or employee of
13 the Issuer shall avail itself or themselves of the facilities
or services provided by the System, or any part thereof, the
15 same rates, fees or charges applicable to other customers
receiving like services under similar circumstances shall be
17 charged the Issuer and any such department, agency,
instrumentality, officer or employee. The revenues so received
19 shall be deemed to be revenues derived from the operation of
the System, and shall be deposited and accounted for in the
21 same manner as other revenues derived from such operation of
the System.

23

Section 6.14. Insurance and Construction Bonds. A.
25 The Issuer hereby covenants and agrees that so long as any of
the Bonds remain Outstanding, the Issuer will, as an Operating
27 Expense, procure, carry and maintain insurance with a reputable
insurance carrier or carriers as is customarily covered with
29 respect to works and properties similar to the System. Such
insurance shall initially cover the following risks and be in
31 the following amounts:

33

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

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

11 (3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES
12 OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND
13 PAYMENT BONDS, such bonds to be in the amounts of 100% of
14 the construction contract and to be required of each
15 contractor contracting directly with the Issuer, and such
16 payment bonds will be filed with the Clerk of The County
17 Commission of the County in which such work is to be
18 performed prior to commencement of construction of the
19 Project in compliance with West Virginia Code, Chapter 38,
20 Article 2, Section 39.

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

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

27 B. The Issuer shall also require all contractors
28 engaged in the construction of the Project to carry such worker
29 s compensation coverage for all employees working on the
30 Project and public liability insurance, vehicular liability
31 insurance and property damage insurance in amounts adequate for
32 such purposes and as is customarily carried with respect to
33 works and properties similar to the Project. In the event the
34 Loan Agreement so requires, such insurance shall be made
35 payable to the order of the Authority, the Issuer, the prime
36 contractor and all subcontractors, as their interests may
37 appear.

39 Section 6.15. Completion of Project. The Issuer
40 will complete the Project and operate and maintain the System
41 in good condition.

43 Section 6.16. Tax Covenants. The Issuer hereby
44 further covenants and agrees as follows:

47 A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall
48 assure that (i) not in excess of 10% of the Net Proceeds of the
49 Bonds are used for Private Business Use if, in addition, the
50 payment of more than 10% of the principal or 10% of the
51 interest due on the Bonds during the term thereof is, under the
52 terms of the Bonds or any underlying arrangement, directly or
53 indirectly, secured by any interest in property used or to be

1 used for a Private Business Use or in payments in respect of
3 property used or to be used for a Private Business Use or is to
5 be derived from payments, whether or not to the Issuer, in
7 respect of property or borrowed money used or to be used for a
9 Private Business Use; and (ii) and that, in the event that both
11 (A) in excess of 5% of the Net Proceeds of the Bonds are used
13 for a Private Business Use, and (B) an amount in excess of 5%
15 of the principal or 5% of the interest due on the Bonds during
17 the term thereof is, under the terms of the Bonds or any
19 underlying arrangement, directly or indirectly, secured by any
21 interest in property used or to be used for said Private
23 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 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 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.

25 B. PRIVATE LOAN LIMITATION. The Issuer shall assure
27 that not in excess of 5% of the Net Proceeds of the Bonds are
29 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.

31 C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall
33 not take any action or permit or suffer any action to be taken
35 if the result of the same would be to cause the Bonds to be
"federally guaranteed" within the meaning of Section 149(b) of
the Code and Regulations promulgated thereunder.

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

43 E. FURTHER ACTIONS. The Issuer will take any and all
45 actions that may be required of it (including those deemed
47 necessary by the Authority) so that the interest on the 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 determined by the Authority)
which would adversely affect such exclusion.

49 Section 6.17. Mandatory Connections. To the extent
51 authorized by the laws of the State and the rules and
53 regulations of the PSC, the Issuer shall require prospective
users of the System to be connected thereto.

1 it will take all actions that may be required of it (including,
2 without implied limitation, the timely filing of a Federal
3 information return with respect to the Bonds) so that the
4 interest on the Bonds will be and remain excluded from gross
5 income for Federal income tax purposes, and will not take any
6 actions which would adversely affect such exclusion.

7

8 Section 7.03. Rebate of Excess Investment Earnings to
9 the United States. In accordance with Section 148(f)(4)(C) of
10 the Code, the Issuer covenants that it is a governmental unit
11 with general taxing powers; that the Bonds are not private
12 activity bonds as defined in Section 141 of the Code; that 95%
13 or more of the Net Proceeds of the Bonds are to be used for
14 local governmental activities of the Issuer (or of a
15 governmental unit the jurisdiction of which is entirely within
16 the jurisdiction of the Issuer); and that the aggregate face
17 amount of all the tax-exempt obligations (other than private
18 activity bonds as defined in Section 141 of the Code) issued by
19 the Issuer during the calendar year in which the Bonds are
20 issued will not exceed \$5,000,000, determined in accordance
21 with Section 148(f)(4)(C) of the Code and the Regulations
22 promulgated thereunder. For purposes of this Section 7.03 and
23 for purposes of applying Section 148(f)(4)(C) of the Code, the
24 Issuer and all entities which issue obligations on behalf of
25 the Issuer shall be treated as one issuer; all obligations
26 issued by a subordinate entity shall, for purposes of applying
27 this Section 7.03 and Section 148(f)(4)(C) of the Code to any
28 other entity to which such entity is subordinate, be treated as
29 issued by such other entity; and an entity formed (or, to the
30 extent provided by the Secretary, as set forth in the Code,
31 availed of) to avoid the purposes of such Section 148(f)(4)(C)
32 of the Code and all other entities benefiting thereby shall be
33 treated as one issuer.

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

38

39 A. CREATION OF FUNDS. There are hereby created, to
40 be held by the Depository Bank as separate funds distinct from
41 all other funds and accounts held by the Depository Bank under
42 this Bond Legislation, the Earnings Fund and the Rebate Fund.
43 All interest earnings and profits on amounts in all funds and
44 accounts established under this Bond Legislation, other than
45 (i) interest earnings and profits on any funds referenced in
46 Subsection C(5) of this Section if such earnings in any Bond
47 Year are less than \$100,000, (ii) interest earnings and profits
48 on amounts in funds and accounts which do not constitute Gross
49 Proceeds, and (iii) interest earnings and profits on the Rebate
50 Fund shall, upon receipt by the Depository Bank, be deposited
51 in the Earnings Fund. In addition, all interest earnings and
52 profits on Gross Proceeds in funds held by the Issuer shall,
53

1 upon receipt, be paid to the Depository Bank for deposit in the
Earnings Fund. Annually, on or before the 30th day following
3 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
5 earlier date as may be required under the Code, the Depository
Bank shall transfer from the Earnings Fund to the Rebate Fund
7 for purposes of ultimate payment to the United States an amount
equal to Excess Investment Earnings, all as more particularly
9 described in this Section. Following the transfer referenced
in the preceding sentence, the Depository Bank shall transfer
11 all amounts remaining in the Earnings Fund to be used for the
payment of Debt Service on the next interest payment date and
13 for such purpose, Debt Service due from the Issuer on such date
shall be credited by an amount equal to the amount so
15 transferred.

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

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

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

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

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

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

21 (4) In determining the amount described in clause (B)
23 of the definition of Excess Investment Earnings, all income
attributable to the excess described in clause (A) of said
25 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."

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

39 D. PAYMENT TO THE UNITED STATES. The Issuer shall
direct the Depository Bank to pay from the Rebate Fund an
41 amount equal to Excess Investment Earnings to the United States
in installments with the first payment to be made not later
43 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
45 preceding payment was due. The Issuer shall assure that each
such installment is in an amount equal to at least 90% of the
47 Excess Investment Earnings with respect to the Gross Proceeds
as of the close of the computation period. Not later than 60
49 days after the retirement of the Bonds, the Issuer shall direct
the Depository Bank to pay from the Rebate Fund to the United
51 States 100% of the theretofore unpaid Excess Investment
Earnings in the Rebate Fund. In the event that there are any
53 amounts remaining in the Rebate Fund following the payment

1 required by the preceding sentence, the Depository Bank shall
2 pay said amounts to the Issuer to be used for any lawful
3 purpose of the System. The Issuer shall remit payments to the
4 United States at the address prescribed by the Regulations as
5 the same may be in time to time in effect with such reports and
6 statements as may be prescribed by such Regulations. In the
7 event that, for any reason, amounts in the Rebate Fund are
8 insufficient to make the payments to the United States which
9 are required by this Subsection D, the Issuer shall assure that
10 such payments are made by the Issuer to the United States, on a
11 timely basis, from any funds lawfully available therefor.

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

29 F. MAINTENANCE OF RECORDS. The Issuer shall keep and
30 retain for a period of 6 years following the retirement of the
31 Bonds, records of the determinations made pursuant to this
32 Section 7.03.

33 G. INDEPENDENT CONSULTANTS. In order to provide for
34 the administration of this Section 7.03, the Issuer and the
35 Depository Bank (at the expense of the Issuer) may provide for
36 the employment of independent attorneys, accountants or
37 consultants compensated on such reasonable basis as the Issuer
38 or the Depository Bank may deem appropriate.

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

47 I. REPORTING TO AUTHORITY. The Issuer shall furnish
48 to the Authority, annually, at such time as it is required to
49 perform its rebate calculations under the Code, a certificate
50 with respect to its rebate calculations and, at any time, any
51 additional information relating thereto as may be requested by
the Authority. In addition, the Issuer shall cooperate with

1 the authority in preparing rebate calculations and in all other
2 respects in connection with rebates and hereby consents to the
3 performance of all matters in connection with such rebates by
4 the Authority at the expense of the Issuer.

5

1 application thereof. If there be any Event of Default with
2 respect to such Bonds any Registered Owner of a Bond shall, in
3 addition to all other remedies or rights, have the right by
4 appropriate legal proceedings to obtain the appointment of a
5 receiver to administer the System or to complete the
6 acquisition and construction of the Project on behalf of the
7 Issuer with power to charge rates, rentals, fees and other
8 charges sufficient to provide for the payment of Operating
9 Expenses of the System, the payment of the Bonds and interest
10 and the deposits into the funds and accounts hereby
11 established, and to apply such rates, rentals, fees, charges or
12 other revenues in conformity with the provisions of this Bond
13 Legislation and the Act.

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

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

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

47 Any receiver appointed as provided herein shall hold
48 and operate the System in the name of the Issuer and for the
49 joint protection and benefit of the Issuer and Registered
50 Owners of the Bonds. Such receiver shall have no power to
51 sell, assign, mortgage or otherwise dispose of any assets of
52 any kind or character belonging or pertaining to the System,
53

1 but the authority of such receiver shall be limited to the
possession, operation and maintenance of the System for the
3 sole purpose of the protection of both the Issuer and
Registered Owners of such Bonds and the curing and making good
5 of any Event of Default with respect thereto under the
provisions of this Bond Legislation, and the title to and
7 ownership of said System shall remain in the Issuer, and no
court shall have any jurisdiction to enter any order or decree
9 permitting or requiring such receiver to sell, assign, mortgage
or otherwise dispose of any assets of the System.

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

5 Section 9.02. Defeasance of Series 1990 B Bonds. If
the Issuer shall pay or cause to be paid, or there shall
7 otherwise be paid, to the respective Holders of all Series 1990
B Bonds, the principal due or to become due thereon, at the
9 times and in the manner stipulated therein and in this Bond
Legislation, then with respect to the Series 1990 B Bonds only,
11 the pledge of Net Revenues and other moneys and securities
pledged under this Bond Legislation and all covenants,
13 agreements and other obligations of the Issuer to the
Registered Owners of the Series 1990 B Bonds shall thereupon
15 cease, terminate and become void and be discharged and
satisfied.

17 Series 1990 B Bonds for the payment of which either
19 moneys in an amount which shall be sufficient, or securities
the principal of and the interest on which, when due, will
21 provide moneys which, together with the moneys, if any,
deposited with the Paying Agents at the same or earlier time,
23 shall be sufficient, to pay as and when due either at maturity
or at the next redemption date the principal installments of
25 such Series 1990 B Bonds shall be deemed to have been paid
within the meaning and with the effect expressed in the first
27 paragraph of this section. All Series 1990 B Bonds shall,
prior to the maturity thereof, be deemed to have been paid
29 within the meaning and with the effect expressed in the first
paragraph of this section if there shall have been deposited
31 with the Commission or its agent, either moneys in an amount
which shall be sufficient, or securities the principal of and
33 the interest on which, when due, will provide moneys which,
together with other moneys, if any, deposited with the
35 Commission at the same time, shall be sufficient to pay when
due the principal installments of said Series 1990 B Bonds on
37 and prior to the next redemption date or the maturity dates
thereof. Neither securities nor moneys deposited with the
39 Commission pursuant to this section nor principal or interest
payments on any such securities shall be withdrawn or used for
41 any purpose other than, and shall be held in trust for, the
payment of the principal installments of said Series 1990 B
43 Bonds; provided, that any cash received from such principal or
interest payments on such securities deposited with the
45 Commission or its agent, if not then needed for such purpose,
shall, to the extent practicable, be reinvested in securities
47 maturing at times and in amounts sufficient to pay when due
the principal installments of and interest to become due on
49 said Bonds on and prior to the next redemption date or the
maturity dates thereof, and interest earned from such
51 reinvestments shall be paid over to the Issuer as received by
the Commission or its agent, free and clear of any trust, lien
53 or pledge. For the purpose of this section, securities shall
mean and include only Government Obligations.

55

1 Section 10.06. Covenant of Due Procedure, Etc. The
3 Issuer covenants that all acts, conditions, things and
5 procedures required to exist, to happen, to be performed or to
7 be taken precedent to and in the enactment of this Ordinance do
9 exist, have happened, have been performed and have been taken
11 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.

13 Section 10.07. Effective Date. This Ordinance shall
15 take effect immediately following public hearing hereon.

17 Section 10.08. Statutory Notice and Public Hearing.
19 Upon adoption hereof, an abstract of this Bond Legislation
21 determined by the Governing Body to contain sufficient
23 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 Charleston Daily
25 Mail, which is a qualified newspaper of general circulation in
the Town of Handley, together with a notice stating that this
Bond Legislation has been adopted and that the Issuer
contemplates the issuance of the Bonds, and that any person
interested may appear before the Town Council upon a date
certain, not less than ten days subsequent to the date of the
first publication of the abstract 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.

37 Passed on First Reading - April 23, 1990

39 Passed on Second Reading - April 30, 1990

41 Passed on Final Reading
43 Following Public
45 Hearing - May 14, 1990

47 Paul E. Evans
 Mayor
49 Ralph C. Simpson
51 Town Recorder

CERTIFICATION

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Certified a true copy of an Ordinance duly enacted by
5 the Council of the TOWN OF HANDLEY on the 30th day of April,
1990.

7

Dated: July 27, 1990, 1990

9

11 [SEAL]


Town Recorder

13

RESOLUTION NO.

Resolution re: AMENDING AND SUPPLEMENTING AN ORDINANCE ENTITLED "ORDINANCE AUTHORIZING THE ACQUISITION, CONSTRUCTION, IMPROVEMENT AND BETTERMENT OF PUBLIC SEWERAGE SYSTEM FACILITIES OF THE TOWN OF HANDLEY AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$160,000.00 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1990 A, NOT MORE THAN \$10,000.00 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1990 B; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; 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 ADOPTING OTHER PROVISIONS RELATING THERETO" PASSED BY THE COUNCIL OF THE TOWN OF HANDLEY, WEST VIRGINIA ON APRIL 30, 1990; AND IN THE AFORE-MENTIONED ORDINANCE IT IS PROVIDED THAT THE MATURITY DATES, INTEREST RATE, INTEREST PAYMENT DATES ON THE BONDS, AS WELL AS THE AGGREGATE PRINCIPAL AMOUNT SHOULD BE ESTABLISHED BY SUPPLEMENTAL RESOLUTION; AND PROVIDING FOR CERTAIN AMENDMENTS TO SAID ORDINANCE; NAMING CITY NATIONAL BANK, AS REGISTRAR AND DEPOSITORY BANK; INSERTING CERTAIN INFORMATION IN BLANKS PROVIDED FOR IN SUCH ORDINANCE THE SAME TO BE PROVIDED BY THIS SUPPLEMENTAL RESOLUTION; APPROVING THE SCHEDULE OF ANNUAL DEBT SERVICE; APPROVING THE FORM OF THE LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT AND AUTHORIZING THE MAYOR TO EXECUTE SUCH LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT; AND APPROVING THE SALE OF SAID BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY IN THE AGGREGATE PRINCIPAL AMOUNT OF \$162,262; AS WELL AS TO OTHER MATTERS RELATING TO THE BONDS BE HEREIN PROVIDED FOR.

WHEREAS, the Council (the "Governing Body") of The Town of Handley West Virginia (the "Town"), on April 30, 1990, enacted an ordinance entitled "ORDINANCE AUTHORIZING THE ACQUISITION, CONSTRUCTION, IMPROVEMENT AND BETTERMENT OF PUBLIC SEWERAGE SYSTEM FACILITIES OF THE TOWN OF HANDLEY AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$160,000.00 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1990 A, NOT MORE THAN \$10,000.00 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1990 B; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; 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 ADOPTING OTHER PROVISIONS RELATING THERETO" (the "Ordinance"), all in accordance with the provisions of Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), which Ordinance became effective on May 14, 1990; and

WHEREAS, the Ordinance provides for the inclusion of certain information such as the maturity dates, interest rate, interest payment dates and sale price of the Bonds which should be established by way of Supplemental Resolution thereto, as well as other matters relating to the Bonds be herein provided for; and

WHEREAS, the Bonds are proposed to be purchased by the West Virginia Water Development Authority (the "Original Purchaser"), pursuant to a Loan Agreement and Supplemental Loan Agreement dated as of July 27, 1990; and

WHEREAS, it is the intention of Governing Body of the Town of Handley, West Virginia that this Resolution is, and the same shall be treated as, the Supplemental Resolution relative to the issuance of the subject Bonds as so provided for in said Ordinance; and

WHEREAS, the Governing Body deems it essential and desirable that this Supplemental Resolution be adopted and that the Loan Agreement and Supplemental Loan Agreement be approved, that the price, the maturity date, the redemption provisions, the interest rate and the interest 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 Council of The Town of Handley, West Virginia:

1. City National Bank, Charleston, West Virginia, is hereby named and selected as the Bond Registrar and Depository Bank, as such terms appear in the Ordinance and City National Bank shall have and be entitled to the authority conferred on each term by said Ordinance.

2. The Town has authorized by the Bond Ordinance this Supplemental Resolution which is adopted and pursuant hereto there is authorized and ordered to be issued in the aggregate principal amount One Hundred Sixty Two Thousand Two Hundred Sixty Two Dollars (\$162,262) of the Town's Sewer Revenue Bonds in the form of Series 1990 A Bonds in the aggregate principal amount of \$155,251.00 and Series 1990 B Bonds in the aggregate principal amount of \$7,011.00.

3. The Bonds shall be dated July 27, 1990, the same being the date of delivery to the Original Bond Purchaser and the Schedule of Annual Debt Service as attached hereto, is hereby approved and the same shall be inserted as Exhibit A on pages 24 and 31 of the Ordinance and shall be appended to the Series 1990 A and B Bonds as Exhibit A thereto. The Series 1990 A Bonds will bear interest at the rate of 8.10% per annum, from the date of delivery payable semi-annually on April 1 and October 1 of each year, commencing October 1, 1990, upon

original issuance, with the final interest payment date and maturity on October 1, 2029, unless sooner redeemed with the prior written consent of the West Virginia Water Development Authority, its successors and/or assigns, and upon the terms and conditions prescribed by and otherwise in compliance with the Loan Agreement. The principal of the Series 1990 A Bonds shall be payable annually, on October 1, commencing October 1, 1992, as more fully shown on the above-stated Schedule of Annual Debt Service. The Series 1990 A Bonds shall be issued in the form of one bond in the denomination of \$155,251.00. All other provisions relating to the Series 1990 A Bonds shall be as provided in the Ordinance, and the Bond shall be in substantially the form provided in the Ordinance.

The Series 1990 B Bonds will bear interest at the rate of 0% per annum, from the date of delivery, upon original issuance with principal payments to be made on the first day of October of each year, commencing October 1, 1992, with the final principal payment date and maturity on October 1, 2029, unless sooner redeemed with the prior written consent of the West Virginia Water Development Authority, its successors and/or assigns, and upon the terms and conditions prescribed by and otherwise in compliance with the Loan Agreement. The Series 1990 B Bonds shall be issued in the form of one Bond in the denomination of \$7,011.00. All other provisions relating to the Series 1990 B Bonds shall be as provided in the Ordinance, and the Bond shall be in substantially the form provided in the Ordinance.

So long as the Authority is the holder or owner of either the 1990 Series A Bond or the 1990 Series B Bond, the Town will not authorize the redemption of any Bond without the consent of the Authority.

The form of the Loan Agreement and the Supplemental Loan Agreement, both made by and between the Town and the West Virginia Water Development Authority, dated July 27, 1990, are hereby approved as to both form and content, a copy of which is hereby incorporated by reference.

4. The form of Bond as to the Series 1990 A and B Bonds shall be and the same are hereby amended to reflect that the Bonds are issued pursuant to the Ordinance duly enacted by the Town on the 30th day of April, 1990 as supplemented on July 23, 1990.

5. The Mayor of the Town is hereby authorized and directed to execute and deliver the Loan Agreement and Supplemental Loan Agreement made by and between the Town and the West Virginia Water Development Authority; and the Mayor, the Town Recorder, and other officers and employees of the Town are hereby authorized and directed to do all things necessary and proper to cause the Bonds to be issued and delivered to the

West Virginia Water Development Authority, as the Original Purchaser, and 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.

6. The sale of the Series 1990 A and B Bonds in the aggregate principal amount of \$162,262 to the West Virginia Water Development Authority, as Original Purchaser is hereby approved.

7. In accordance with the provisions of Section 5.01 of the Ordinance it is determined and hereby authorized that the sum of \$ 0, from the proceeds of the Series A Bonds, be deposited in the 1990 Series A Bonds Sinking Fund, for capitalized interest on the Series A Bonds during the construction period and the sum of \$ 0 shall be deposited in the both the 1990 Series A Bonds and 1990 Series B Bonds Reserve Funds.

8. Section 1.02 B. of the Ordinance is hereby amended and reenacted to read as follows:

B. The Issuer presently owns and operates a public sewer collection 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 the existing sewerage facilities of the Issuer consisting of the construction of feeder and main collection lines and pump grinder stations within the jurisdiction of the Issuer, and all appurtenant facilities (the "Project") which constitute properties for the collection and transportation of wastewater (the existing sewerage system facilities of the Issuer, the Project and any further additions thereto or extensions thereof is herein called the "System") at an estimated cost of \$1,822,179.00, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

9. Section 1.02 D. of the Ordinance is hereby amended and reenacted to read as follows:

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds in the total aggregate principal amount of not more than \$170,000.00 in two series, being the Series 1990 A Bonds in the aggregate principal amount of not more than \$160,000.00, and the Series 1990 B Bonds in the aggregate of not more than \$10,000.00 (collectively, the "Original Bonds"), to finance temporarily 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 on the Bonds prior to and during construction or acquisition and for a period not

exceeding 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 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; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Bonds or the repayment of indebtedness incurred by the Issuer for such purposes, shall be deemed Costs of the Project, as hereinafter defined.

10. Section 1.02 H. of the Ordinance is hereby amended and reenacted to read as follows:

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, 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 either have expired prior to the issuance of the Bonds or such final order will not be subject to appeal.

11. Section 1.04 of the Ordinance, definition of "Bond Registrar", is hereby amended and reenacted to read as follows:

"Bond Registrar" means the Bond Registrar designated in the Supplemental Resolution, or its successors and assigns.

12. Section 1.04 of the Ordinance, definition of "Series 1990 A Bonds Sinking Fund", is hereby amended and reenacted to read as follows:

"Series 1990 A Bonds Sinking Fund" means the Series 1990 A Bonds Sinking Fund established by Section 4.02 hereof.

13. Section 1.04 of the Ordinance, definition of "Series 1990 B Bonds", is hereby amended and reenacted to read as follows:

"Series 1990 B Bonds" or "Series B Bonds" means the not more than \$10,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1990 B, of the Issuer.

14. Section 2.01 of the Ordinance is hereby amended and reenacted to read as follows:

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 \$1,822,179.00, 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 Bonds hereby authorized shall be applied as provided in Article V hereof.

15. Section 3.01 of the Ordinance is hereby amended and reenacted to read as follows:

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 1990 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 of the Original Bonds and related costs, or any of such purposes, as determined by the Supplemental Resolution, there shall be issued negotiable Original Bonds of the Issuer, in an aggregate principal amount of not more than \$170,000.00. Said Bonds shall be issued in two series, to be designated respectively, "Sewer Revenue Bonds, Series 1990 A," in the aggregate principal amount of not more than \$160,000.00, and "Sewer Revenue Bonds, Series 1990 B," in the aggregate principal amount of not more than \$10,000.00, 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 or credited to the Bond Construction Trust Fund established by Section 4.01 hereof.

16. Section 3.11 of the Ordinance is hereby amended and reenacted to read as follows:

Section 3.11. "Amended Schedule A" Filing; Tender of Series 1990 B Bonds. Upon completion of acquisition and construction of the Project, the Issuer will file with the Authority a schedule substantially in the form of the "Amended Schedule A" to the Loan Agreement, setting forth the actual costs of the Project and sources of funding therefor. In the event such schedule reflects an excess of funding for the

Project, or if the Authority is otherwise advised of an excess, the Authority may tender the Series 1990 B Bonds to the Issuer for payment in an amount equal to such excess. Notwithstanding the foregoing, if the Issuer has construction financing outstanding upon completion of the acquisition and construction of the Project, it will advise the Authority of such fact and submit a second schedule to the Authority upon payment of such construction financing, and the Authority will not tender its Series 1990 B Bonds for payment until the outstanding construction financing has been paid.

17. Section 4.03 (5) of the Ordinance is hereby amended and reenacted to read as follows:

(5) 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 the Project, transfer to the Renewal and Replacement Fund a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of the Series 1990 A Bonds Reserve Account or the Series 1990 B 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 VII 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 1990 A Bonds Reserve Account or in the Series 1990 B Bonds 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 by Subsection 4.03(A)(4)] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

18. Section 6.08 of the Ordinance is hereby amended and reenacted to read as follows:

Section 6.08. 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 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 Consulting Engineers and the Authority, or any other original purchaser of the Bonds, and shall mail in each year to any Holder or Holders of 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 with respect to said Bonds and the status of all said funds and accounts.

(C) The amount of any Bonds 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 and shall submit said report to 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, and that the Revenues of the System are adequate to meet its operation and maintenance expenses and debt service requirements.

19. Section 6.10 of the Ordinance is hereby amended and reenacted to read as follows:

Section 6.10. 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 revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority within 30 days of adoption thereof. 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 Authority and to any Holder of any Bonds, 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 any Holder of any Bonds or anyone acting for and in behalf of such Holder of any Bonds.

20. The Ordinance is hereby amended by adding the following as Section 6.18:

Section 6.18. Engineer's Certificate. The Issuer shall obtain a certificate of the Consulting Engineer to the effect that the Project has been or will be constructed in accordance with the plans, specifications and design as submitted to the Authority, the Project is adequate for the purposes for which it was designed and the funding plan as submitted to the Authority is sufficient to pay the costs of acquisition and construction of the Project.

21. The Ordinance is hereby amended by adding the following as Section 6.19:

Section 6.19. Water Termination. The Issuer shall, to the full extent permitted by applicable law and the rules and regulations of the West Virginia Public Service Commission, terminate the services of any water facility owned by it to any customer of the System who is delinquent in payment of charges for the services provided by the System and will not restore the services of the water facility until all delinquent charges for the services of the System have fully paid or, if the water facility is not owned by the Issuer, then the Issuer shall enter into a termination agreement with the water provider.

22. The Ordinance is hereby amended by adding the following as Section 6.20:

Section 6.20. Information to the Authority. The Issuer shall furnish to the Authority such information with respect to earnings on all funds constituting "gross proceeds"

of the Bonds (as that term is defined in the Code) from time to time as the Authority may request.

23. Section 7.03 C and D of the Ordinance is hereby amended and reenacted to read as follows:

C. CALCULATION OF EXCESS INVESTMENT EARNINGS. Within 15 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 or in accordance with such other requirements as may be applicable under the regulations:

(1) Except as provided in (2), in determining the amount described in clause A(i) 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 or such other period required under the Regulations. 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.

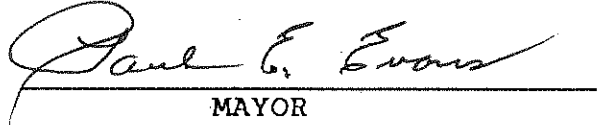
24. The Depository Bank is hereby authorized to invest the proceeds of the Bonds deposited with it in Qualified

Investments, as defined in the Ordinance, and as may be more specifically designated by the Mayor of the Issuer.

25. This Supplemental Resolution shall take effect immediately upon its adoption.

Motion by Councilperson McClure, seconded by Councilperson Lively to adopt this Resolution. Motion carried unanimously.

ENACTED: July 23, 1990.


MAYOR


RECORDER

Town of Handley
Debt Service Schedule
Analysis of Borrowing from Series 1990 A Pool
38 Principal Payments
Closing Date: 27-Jul-90

Average Life: 28.55 Years
Average Coupon 7.750%

	Date	Coupon	Principal	Interest	Debt Service 8.10% Bonds	Interest Free Loan	Total Debt Service
	01-Oct-90			2,235.61	2,235.61		2,235.61
	01-Oct-91			12,575.33	12,575.33		12,575.33
1	01-Oct-92	8.10%	688.00	12,575.33	13,263.33	184.50	13,447.83
2	01-Oct-93	8.10%	743.00	12,519.60	13,262.60	184.50	13,447.10
3	01-Oct-94	8.10%	803.00	12,459.42	13,262.42	184.50	13,446.92
4	01-Oct-95	8.10%	868.00	12,394.38	13,262.38	184.50	13,446.88
5	01-Oct-96	8.10%	939.00	12,324.07	13,263.07	184.50	13,447.57
6	01-Oct-97	8.10%	1,015.00	12,248.01	13,263.01	184.50	13,447.51
7	01-Oct-98	8.10%	1,097.00	12,165.80	13,262.80	184.50	13,447.30
8	01-Oct-99	8.10%	1,186.00	12,076.94	13,262.94	184.50	13,447.44
9	01-Oct-2000	8.10%	1,282.00	11,980.87	13,262.87	184.50	13,447.37
10	01-Oct-2001	8.10%	1,386.00	11,877.03	13,263.03	184.50	13,447.53
11	01-Oct-2002	8.10%	1,498.00	11,764.76	13,262.76	184.50	13,447.26
12	01-Oct-2003	8.10%	1,619.00	11,643.43	13,262.43	184.50	13,446.93
13	01-Oct-2004	8.10%	1,751.00	11,512.29	13,263.29	184.50	13,447.79
14	01-Oct-2005	8.10%	1,892.00	11,370.46	13,262.46	184.50	13,446.96
15	01-Oct-2006	8.10%	2,046.00	11,217.20	13,263.20	184.50	13,447.70
16	01-Oct-2007	8.10%	2,211.00	11,051.48	13,262.48	184.50	13,446.98
17	01-Oct-2008	8.10%	2,390.00	10,872.39	13,262.39	184.50	13,446.89
18	01-Oct-2009	8.10%	2,584.00	10,678.80	13,262.80	184.50	13,447.30
19	01-Oct-2010	8.10%	2,793.00	10,469.49	13,262.49	184.50	13,446.99
20	01-Oct-2011	8.10%	3,020.00	10,243.26	13,263.26	184.50	13,447.76
21	01-Oct-2012	8.10%	3,264.00	9,998.64	13,262.64	184.50	13,447.14
22	01-Oct-2013	8.10%	3,529.00	9,734.26	13,263.26	184.50	13,447.76
23	01-Oct-2014	8.10%	3,814.00	9,448.41	13,262.41	184.50	13,446.91
24	01-Oct-2015	8.10%	4,123.00	9,139.47	13,262.47	184.50	13,446.97
25	01-Oct-2016	8.10%	4,457.00	8,805.51	13,262.51	184.50	13,447.01
26	01-Oct-2017	8.10%	4,818.00	8,444.49	13,262.49	184.50	13,446.99
27	01-Oct-2018	8.10%	5,209.00	8,054.24	13,263.24	184.50	13,447.74
28	01-Oct-2019	8.10%	5,630.00	7,632.31	13,262.31	184.50	13,446.81
29	01-Oct-2020	8.10%	6,087.00	7,176.28	13,263.28	184.50	13,447.78
30	01-Oct-2021	8.10%	6,580.00	6,683.23	13,263.23	184.50	13,447.73
31	01-Oct-2022	8.10%	7,113.00	6,150.25	13,263.25	184.50	13,447.75
32	01-Oct-2023	8.10%	7,689.00	5,574.10	13,263.10	184.50	13,447.60
33	01-Oct-2024	8.10%	8,311.00	4,951.29	13,262.29	184.50	13,446.79
34	01-Oct-2025	8.10%	8,985.00	4,278.10	13,263.10	184.50	13,447.60
35	01-Oct-2026	8.10%	9,713.00	3,550.31	13,263.31	184.50	13,447.81
36	01-Oct-2027	8.10%	10,499.00	2,763.56	13,262.56	184.50	13,447.06
37	01-Oct-2028	8.10%	11,350.00	1,913.14	13,263.14	184.50	13,447.64
38	01-Oct-2029	8.10%	12,269.00	993.79	13,262.79	184.50	13,447.29
155,251.00				363,547.33	518,798.33	7,011.00	525,809.33
Total Borrowing Amount:					162,262.00		



SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF HANDLEY
SEWER REVENUE BOND, SERIES 1990 A

July 27, 1990

\$155,251.00

No. AR-1

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF HANDLEY, a municipal corporation and political subdivision of the State of West Virginia in Kanawha 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 Hundred Fifty Five Thousand Two Hundred Fifty-one and 00/100 Dollars (\$155,251.00), 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, 1990. 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 City National Bank, 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 July 27, 1990.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, improvements and betterments to the sewerage system facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance and Supplemental Resolution, duly enacted and adopted, respectively, by the Issuer on April 30, 1990, and July 23, 1990, (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 Sewer Revenue Bonds, Series 1990 B, of the Issuer (the "Series 1990 B Bonds"), issued in the aggregate principal amount of \$7,011, which Series 1990 B Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Bonds.

This Bond is payable only from and secured by a first lien pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1990 A Bonds Reserve Account"), and unexpended proceeds of the Bonds and the Series 1990 B Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the 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 Net Revenues, the moneys in the Series 1990 A Bonds Reserve Account and unexpended Bond proceeds and Series 1990 B 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 required in any year for principal of and interest on the Bonds, the Series 1990 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 1990 B Bonds, provided however, that so long as there exists in the Series 1990 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 1990 B Bonds and any other obligations outstanding prior to or on a parity with the Bonds or the Series 1990 B 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 hereby 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 TOWN OF HANDLEY has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Town Recorder, and has caused this Bond to be dated July 27, 1990.

(SEAL)

ATTEST:

SPECIMEN

Town Recorder

AR-1

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1990 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 27, 1990

CITY NATIONAL BANK, as Registrar

SPECIMEN

Authorized Officer

AR-1

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

Town of Handley
 Debt Service Schedule
 Analysis of Borrowing from Series 1990 A Pool
 38 Principal Payments
 Closing Date: 27-Jul-90

Date	Coupon	Principal	Interest	Debt Service 8.10% Bonds
01-Oct-90			2,235.61	2,235.61
01-Oct-91	0.00%	0.00	12,575.33	12,575.33
01-Oct-92	8.10%	688.00	12,575.33	13,263.33
01-Oct-93	8.10%	743.00	12,519.60	13,262.60
01-Oct-94	8.10%	803.00	12,459.42	13,262.42
01-Oct-95	8.10%	868.00	12,394.38	13,262.38
01-Oct-96	8.10%	939.00	12,324.07	13,263.07
01-Oct-97	8.10%	1,015.00	12,248.01	13,263.01
01-Oct-98	8.10%	1,097.00	12,165.80	13,262.80
01-Oct-99	8.10%	1,186.00	12,076.94	13,262.94
01-Oct-2000	8.10%	1,282.00	11,980.87	13,262.87
01-Oct-2001	8.10%	1,386.00	11,877.03	13,263.03
01-Oct-2002	8.10%	1,498.00	11,764.78	13,262.76
01-Oct-2003	8.10%	1,619.00	11,643.43	13,262.43
01-Oct-2004	8.10%	1,751.00	11,512.29	13,263.29
01-Oct-2005	8.10%	1,892.00	11,370.46	13,262.46
01-Oct-2006	8.10%	2,046.00	11,217.20	13,263.20
01-Oct-2007	8.10%	2,211.00	11,051.48	13,262.48
01-Oct-2008	8.10%	2,390.00	10,872.39	13,262.39
01-Oct-2009	8.10%	2,584.00	10,678.80	13,262.80
01-Oct-2010	8.10%	2,793.00	10,489.49	13,262.49
01-Oct-2011	8.10%	3,020.00	10,243.26	13,263.26
01-Oct-2012	8.10%	3,264.00	9,998.64	13,262.64
01-Oct-2013	8.10%	3,529.00	9,734.26	13,263.26
01-Oct-2014	8.10%	3,814.00	9,448.41	13,262.41
01-Oct-2015	8.10%	4,123.00	9,139.47	13,262.47
01-Oct-2016	8.10%	4,457.00	8,805.51	13,262.51
01-Oct-2017	8.10%	4,818.00	8,444.49	13,262.49
01-Oct-2018	8.10%	5,209.00	8,054.24	13,263.24
01-Oct-2019	8.10%	5,630.00	7,632.31	13,262.31
01-Oct-2020	8.10%	6,087.00	7,176.28	13,263.28
01-Oct-2021	8.10%	6,580.00	6,683.23	13,263.23
01-Oct-2022	8.10%	7,113.00	6,150.25	13,263.25
01-Oct-2023	8.10%	7,689.00	5,574.10	13,263.10
01-Oct-2024	8.10%	8,311.00	4,951.29	13,262.29
01-Oct-2025	8.10%	8,985.00	4,278.10	13,263.10
01-Oct-2026	8.10%	9,713.00	3,550.31	13,263.31
01-Oct-2027	8.10%	10,499.00	2,763.56	13,262.56
01-Oct-2028	8.10%	11,350.00	1,913.14	13,263.14
01-Oct-2029	8.10%	12,269.00	993.79	13,262.79
		155,251.00	363,547.33	518,798.33

4.

6. (100) Humanistic view of man is that man is a free individual who is capable of making choices and decisions for himself.

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:



SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF HANDLEY
SEWER REVENUE BOND, SERIES 1990 B

July 27, 1990

\$7,011.00

No. BR-1

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF HANDLEY, a municipal corporation and political subdivision of the State of West Virginia in Kanawha 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 Seven Thousand Eleven and 00/100 Dollars (\$7,011.00), 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 July 27, 1990.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, improvements and betterments to the sewerage system facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance and Supplemental Resolution, duly enacted and adopted, respectively, by the Issuer on April 30, 1990, and July 23, 1990 (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 SEWER REVENUE BONDS, SERIES 1990 A, OF THE ISSUER (THE "SERIES 1990 A BONDS"), ISSUED CONCURRENTLY HERewith IN THE AGGREGATE PRINCIPAL AMOUNT OF \$155,251.00.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System after there has first been paid from said Net Revenues all payments then due and owing on account of the Series 1990 A Bonds herein described and from all moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1990 B Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the 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 Net Revenues, the moneys in the Series 1990 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 maximum amount required in any year for principal of and interest, if any, on the Bonds, the Series 1990 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 1990 A Bonds or the Bonds, provided however, that so long as there exists in the Series 1990 B Bonds Reserve Account and the reserve account established for the Series 1990 A Bonds, respectively, amounts at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds and the Series 1990 A Bonds in the then current or any succeeding year, and any reserve account for any such prior or parity obligations, 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 hereby 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 City National Bank, 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 1990 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 TOWN OF HANDLEY has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Town Recorder, and has caused this Bond to be dated July 27, 1990.

(SEAL)

ATTEST:

SPECIMEN

Town Recorder

BR-1

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1990 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 27, 1990

CITY NATIONAL BANK, as Registrar

SPLCIMER

Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

Town of Handley
 Debt Service Schedule
 Analysis of Borrowing from Series 1990 A
 38 Principal Payments
 Closing Date: 27-Jul-90

Date	Interest Free Loan
01-Oct-90	0.00
01-Oct-91	184.50
01-Oct-92	184.50
01-Oct-93	184.50
01-Oct-94	184.50
01-Oct-95	184.50
01-Oct-96	184.50
01-Oct-97	184.50
01-Oct-98	184.50
01-Oct-99	184.50
01-Oct-2000	184.50
01-Oct-2001	184.50
01-Oct-2002	184.50
01-Oct-2003	184.50
01-Oct-2004	184.50
01-Oct-2005	184.50
01-Oct-2006	184.50
01-Oct-2007	184.50
01-Oct-2008	184.50
01-Oct-2009	184.50
01-Oct-2010	184.50
01-Oct-2011	184.50
01-Oct-2012	184.50
01-Oct-2013	184.50
01-Oct-2014	184.50
01-Oct-2015	184.50
01-Oct-2016	184.50
01-Oct-2017	184.50
01-Oct-2018	184.50
01-Oct-2019	184.50
01-Oct-2020	184.50
01-Oct-2021	184.50
01-Oct-2022	184.50
01-Oct-2023	184.50
01-Oct-2024	184.50
01-Oct-2025	184.50
01-Oct-2026	184.50
01-Oct-2027	184.50
01-Oct-2028	184.50
01-Oct-2029	184.50

7,011.00

ASSIGNMENT

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: