THE CITY OF LOGAN
SEWER REVENUE BONDS, SERIES 2008 A
(WEST VIRGINIA SRF PROGRAM)

BOND ORDINANCE

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THE CITY OF LOGAN

ORDINANCE AUTHORIZING THE PAYMENT OF THE SEWER REVENUE NOTES, SERIES 2006 AND THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE CITY OF LOGAN AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $5,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A BOND PURCHASE AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Ordinance. This Ordinance (together with any ordinance, order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is enacted pursuant to the provisions of Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

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

B. The Issuer presently owns and operates a public sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain additions, betterments and improvements to the existing public sewerage system of the Issuer, consisting of modification of the existing combined sewer system to reduce the quantity of wastewater discharged, together with all appurtenant facilities (collectively, the "Project"), which constitute properties for the collection, transportation, treatment, purification, or disposal of liquid or solid wastes, residential sewage or industrial waste (the existing public sewerage system of the Issuer, the Project and any further additions, betterments and improvements thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The Issuer has heretofore temporarily financed the design and other preliminary costs of the Project by the issuance of the Sewer Revenue Notes, Series 2006, dated March 17, 2006 issued in the original aggregate principal amount of $1,575,000 (the "Prior Notes").

D. The Prior Notes were issued pursuant to an Ordinance of the Issuer previously enacted for such purpose (such resolution, as amended and supplemented is herein called the "Prior Notes Ordinance").

E. It is deemed necessary and desirable for the Issuer to pay the Prior Notes.

F. The Issuer intends to pay the Prior Notes and permanently finance a portion of the costs of acquisition and construction of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority"), in connection with the West Virginia Water Pollution Control Revolving Fund Program (the "SRF Program"), which the Authority administers pursuant to the Act.

G. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program), in the total aggregate principal amount of not more than $5,500,000 (the "Series 2008 A Bonds"), initially to be represented by a single bond, to pay the prior Notes, to permanently finance a portion of the costs of acquisition and construction of the Project and pay costs of issuance thereof. The costs of the Project shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor and eligible under the SRF Program; amounts which may be deposited in the Series 2008 A Bonds Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense; commitment fees; fees and expenses of the Authority, including the SRF Administrative Fee (as hereafter defined); discount; initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2008 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; the acquisition or construction of the Project and the placing of same in

operation; and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2008 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

I. It is in the best interests of the Issuer that its Series 2008 A Bonds be sold to the Authority pursuant to the terms and provisions of a bond purchase agreement by and among the Issuer, the Authority and the West Virginia Department of Environmental Protection (the "DEP"), in form satisfactory to the Issuer, the Authority, and the DEP (the "Bond Purchase Agreement"), to be approved hereby if not previously approved by resolution of the Issuer.

J. The Issuer has outstanding its (i) Sewer Revenue Bonds, Series 1987 A (West Virginia Water Development Authority) dated September 25, 1987, issued in the original aggregate principal amount of $623,087 (the "Series 1987 A Bonds"); (ii) Sewer Revenue Bonds, Series 1987 B (West Virginia Water Development Authority) dated September 25, 1987, issued in the original aggregate principal amount of $152,833 (the "Series 1987 B Bonds"); (iii) Sewer Revenue Bonds, Series 1993 A (West Virginia Water Development Authority) dated March 29, 1993, issued in the original aggregate principal amount of $2,284,839 (the "Series 1993 A Bonds"); (iv) Sewer Revenue Bonds, Series 1993 B (West Virginia Water Development Authority), dated March 29, 1993, issued in the original aggregate principal amount of $76,161 (the "Series 1993 B Bonds"); (v) Sewer Revenue Bonds, Series 1995 (West Virginia Water Development Authority), dated August 31, 1995, issued in the original aggregate principal amount of $377,980 (the "Series 1995 Bonds"); and (vi) Sewer Revenue Notes, Series 2003 A, dated September 23, 2003, issued in the original aggregate principal amount of $151,290 (the "Series 2003 A Notes").

The Series 1987 A Bonds, Series 1993 A Bonds, Series 1995 Bonds, and Series 2003 A Notes are payable from and secured by a first lien on the Net Revenues (as hereinafter defined) of the System on a parity with each other and are herein called the 'First Lien Bonds".

The Series 1987 B Bonds and Series 1993 B Bonds are secured by a junior and subordinate lien to the lien of the First Lien Bonds on the Net Revenues of the System on parity with each other and are herein called the ASubordinate Bonds.

The First Lien Bonds and the Subordinate Bonds are herein collectively called, the APrior Bonds. The Series 2008 A Bonds shall be payable with respect to liens, pledge and source of and security for payment from the Net Revenues of the System on a parity with the First Lien Bonds and prior and senior to the Subordinate Bonds.

The Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the First Lien Bonds are met; (ii) the written consent of the Holders of the First Lien Bonds to the issuance of the Series 2008 A

Bonds on a parity with the First Lien Bonds; and (iii) the written consent of the Holders of the Subordinate Bonds to the issuance of the Series 2008 A Bonds on a senior and prior basis to the Subordinate Bonds. After payment of the Prior Notes, other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with all covenants of the Prior Bonds and Prior Ordinances.

K. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System, the principal of and interest on the Bonds (as hereinafter defined) and to make all payments into all funds, accounts and other payments provided for herein.

L. The Issuer has complied with all requirements of West Virginia law and the Bond Purchase Agreement relating to authorization of the acquisition and construction of the Project and the operation of the System and issuance of the Series 2008 A Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the approval of the Project and the financing thereof by the West Virginia Infrastructure and Jobs Development Council and the obtaining of a certificate of public 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 Series 2008 A Bonds or such final order will not be subject to appeal.

M. Pursuant to the Act, the Issuer has heretofore established a Sanitary Board, and the Sanitary Board has petitioned the Governing Body to issue the Series 2008 A Bonds for the purposes set forth herein.

N. The Project has been reviewed and determined to be technically and financially feasible by the West Virginia Infrastructure and Jobs Development Council as required under Chapter 31, Article 15A of the West Virginia Code of 1931, as amended.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2008 A Bonds by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Series 2008 A Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means, collectively, Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2008 A Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the DEP under the Act.

"Authorized Officer" means the Mayor of the Issuer, or any other officer of the Issuer specifically designated by resolution of the Governing Body.

"Board" means the Sanitary Board of the Issuer.

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

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

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

"Bond Purchase Agreement" means the Bond Purchase Agreement heretofore entered into, or to be entered into, by and among the Issuer, the Authority and the DEP, providing for the purchase of the Series 2008 A Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

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

"Bonds" means, collectively, the Series 2008 A Bonds, the Prior Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

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

"Clerk" means the Clerk of the Issuer.

"Closing Date" means the date upon which there is an exchange of the Series 2008 A Bonds for all or a portion of the proceeds of the Series 2008 A Bonds from the Authority and the DEP.

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

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

"Completion Date" means the completion date of the Project, as defined in the SRF Regulations.

"Consulting Engineers" means Dunn Engineers, Charleston, West Virginia, or any qualified engineer or firm of engineers, licensed by the State, that shall at any time hereafter be procured by the Issuer as Consulting Engineers for the System, or portion thereof, in accordance with Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended; provided however, that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions, or political subdivisions.

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

"DEP" means the West Virginia Department of Environmental Protection, or any other agency, board or department of the State that succeeds to the functions of the DEP.

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

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

"First Lien Bonds" means collectively, the: (i) Series 1987 A Bonds; (ii) Series 1993 A Bonds; (iii) Series 1995 Bonds; and (iv) Series 2003 A Notes.

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

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

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

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

(including Qualified Investments, as hereinafter defined, purchased pursuant to Article 8.01 hereof) or any Tap Fees, as hereinafter defined.

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

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

"Issuer" means The City of Logan, a municipal corporation and political subdivision of the State of West Virginia, in Logan County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2008 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2008 A Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2008 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

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

"Outstanding," when used with reference to Bonds or Prior Bonds and as of any particular date, describes all Bonds and Prior Bonds theretofore and thereupon being authenticated and delivered, except (i) any Bond or Prior Bonds cancelled by the Bond Registrar or the registrar for Prior Bonds at or prior to said date; (ii) any Bond or Prior Bonds for the payment of which monies, equal to its principal amount and redemption premium, if applicable,

with interest to the date of maturity or redemption shall be in trust hereunder and set aside for such payment (whether upon or prior to maturity); (iii) any Bond deemed to have been paid as provided in Article X hereof; (iv) any Prior Bond deemed to have been paid in accordance with the resolution authorizing the issuance thereof; and (v) for purposes of consents or other action by a specified percentage of Bondholders, or holders of Prior Bonds, any Bonds or Prior Bonds registered to the Issuer.

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

"Paying Agent" means the Commission or other entity or authority designated as such for the Series 2008 A Bonds in the Supplemental Resolution, with the written consent of the Authority and the DEP.

"Prior Bonds" means, collectively, the (i) Series 1987 A Bonds; (ii) Series 1987 B Bonds; (iii) Series 1993 A Bonds; (iv) Series 1993 B Bonds; (v) Series 1995 Bonds; and (vi) Series 2003 A Notes.

"Prior Notes" means the Series 2006 Notes.

"Prior Notes Ordinance" means the ordinance of the Issuer, as supplemented, authorizing the Prior Notes.

"Prior Ordinances" means, collectively, the ordinances of the Issuer, including all amendments and supplements thereto, authorizing the issuance of the Prior Bonds.

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

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

(a) Government Obligations;

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

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

Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;

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

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

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

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

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

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

"Registrar" means the Bond Registrar.

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

"Renewal and Replacement Fund" means the Renewal and Replacement Fund created by the Prior Ordinances and continued hereby.

"Reserve Accounts" means, collectively, the respective reserve account established for the Series 2008 A Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amount required to be on deposit in any Reserve Account for the Prior Bonds and the Series 2008 A Bonds.

"Revenue Fund" means the Revenue Fund created by the Prior Ordinances and continued hereby.

"Series 1987 A Bonds" means the Issuer=s Sewer Revenue Bonds, Series 1987 A (West Virginia Water Development Authority) dated September 25, 1987, issued in the original aggregate principal amount of $623,087.

"Series 1987 B Bonds" means the Issuer's Sewer Revenue Bonds, Series 1987 B, (West Virginia Water Development Authority) dated September 25, 1987, issued in the original aggregate principal amount of $152,833.

"Series 1993 A Bonds" means the Issuer's Sewer Revenue Bonds, Series 1993 A, (West Virginia Water Development Authority) dated March 29, 1993, issued in the original aggregate principal amount of $2,284,839.

"Series 1993 B Bonds" means the Issuer's Sewer Revenue Bonds, Series 1993 B, (West Virginia Water Development Authority) dated March 29, 1993, issued in the original aggregate principal amount of $76,161.

"Series 1995 Bonds" means the Issuer's Sewer Revenue Bonds, Series 1995, (West Virginia Water Development Authority) dated August 31, 1995, issued in the original aggregate principal amount of $377,980.

"Series 2003 A Notes" means the Issuer's Sewer Revenue Bonds, Series 2003 A, dated September 23, 2003, issued in the original aggregate principal amount of $151,290.

"Series 2006 A Notes" means the Issuer's Sewer Revenue Bonds, Series 2006 A, dated May 17, 2006, issued in the original aggregate principal amount of $1,575,000.

"Series 2008 A Bonds" means Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program), of the Issuer, authorized by this Bond Legislation.

"Series 2008 A Bonds Construction Trust Fund" means the Series 2008 A Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2008 A Bonds Reserve Account" means the Series 2008 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2008 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2008 A Bonds in the then current or any succeeding year.

"Series 2008 A Bonds Sinking Fund" means the Series 2008 A Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective sinking fund established for the Prior Bonds and the Series 2008 A Bonds.

"SRF Administrative Fee" means any administrative fee required to be paid pursuant to the Bond Purchase Agreement.

"SRF Program" means the State's Water Pollution Control Revolving Fund Program, under which the Authority purchases the water pollution control revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds of a capitalization grant award from the United States Environmental Protection Agency and funds of the State.

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

"State" means the State of West Virginia.

"Subordinate Bonds" means, collectively, the Series 1987 B Bonds and the Series 1993 B Bonds.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 2008 A Bonds;

provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2008 A Bonds, and not so included may be included in another Supplemental Resolution.

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

"System" means, collectively, the complete existing municipal sewage treatment and collection system of the Issuer, as presently existing in its entirety or any integral part thereof, and shall include the Project and any and all additions, betterments and improvements thereto hereafter acquired or constructed for the System from any sources whatsoever, both within and without the Issuer.

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

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

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT AND PAYMENT OF THE PRIOR NOTES

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed $5,500,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2008 A Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received or will receive bids and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the DEP.

The cost of the Project is estimated not to exceed $5,500,000 which will be obtained from proceeds of the Series 2008 A Bonds.

Section 2.02. Authorization of Payment of the Prior Notes. There is hereby authorized and ordered the payment in full of the entire outstanding principal of and the interest on the Prior Notes on the Closing Date. The cost of which will be paid from the proceeds of the Series 2008 A Bonds. Upon payment in full of the Prior Notes, any funds pledged in favor of the holders of the Prior Notes imposed by the Prior Notes Ordinance are hereby ordered terminated, discharged and released.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF BOND PURCHASE AGREEMENT

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2008 A Bonds, funding a reserve account for the Series 2008 A Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 2008 A Bonds of the Issuer. The Series 2008 A Bonds shall be issued as a single bond, designated "Sewer Revenue Bond, Series 2008 A (West Virginia SRF Program)", in the principal amount of not more than $5,500,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2008 A Bonds remaining after funding of the Series 2008 A Bonds Reserve Account (if funded from Bond proceeds) and capitalizing interest on the Series 2008 A Bonds, if any, shall be deposited in or credited to the Series 2008 A Bonds Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2008 A Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Bond Purchase Agreement. The Series 2008 A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest, if any, on the Series 2008 A Bonds shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2008 A Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2008 A Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2008 A Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 2008 A Bonds shall be executed in the name of the Issuer by the Mayor, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Clerk. In case any one or more of the officers who shall have signed or sealed the Series 2008 A Bonds shall cease to be such officer of the Issuer before the Series 2008 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2008 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of the authorization of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2008 A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2008 A Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2008 A Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2008 A Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2008 A Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Series 2008 A Bonds.

The registered Series 2008 A Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 2008 A Bonds or transferring the registered Series 2008 A Bonds are exercised, all Series 2008 A Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2008 A Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Series 2008 A Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Series 2008 A Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2008 A Bonds or, in the case of any proposed redemption of Series 2008 A Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2008 A Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2008 A Bonds shall not, in any event, be or constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No Holder or Holders of the Series 2008 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2008 A Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Positions with respect to Prior Bonds. The payment of the debt service of all Series 2008 A Bonds shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System, on a parity with the lien on the Net Revenues in favor of the Holders of the First Lien Bonds, and senior and prior to the lien on the Net Revenues in favor of the Holders of the Subordinate Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 2008 A Bonds and the Prior Bonds and to

make the payments into all funds and accounts and all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as the same become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2008 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2008 A Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 2008 A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2008 A Bonds to the original purchasers;

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

D. An executed copy of the Bond Purchase Agreement; and

E. The unqualified approving opinion of bond counsel on the Series 2008 A Bonds.

Section 3.10. Form of Bonds. The text of the Series 2008 A Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF LOGAN
SEWER REVENUE BONDS, SERIES 2008 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF LOGAN, a municipal corporation and political subdivision of the State of West Virginia in Logan 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 _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1,200____, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The SRF Administrative fee (as defined in the hereinafter describe Bond Legislation) on this Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____, 20___, as set forth on EXHIBIT B attached hereto.

This Bond shall bear no 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 the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Bond Purchase Agreement (the "Bond Purchase Agreement") by and among the Issuer, the Authority and the DEP, dated _____, 2008.

This Bond is issued (i) to pay the Issuer=s Sewer Revenue Notes, Series 2006 (the "Prior Notes"); (ii) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); (iii) to fully fund the Series 2008 A Bonds Reserve Account; and (iv) to pay

certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage system of the Issuer, the Project, and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on _____, 2008, and a Supplemental Resolution duly adopted by the Issuer on _____, 2008 (collectively, the "Bond Legislation"), and is subject to all the terms and conditious thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S:

(1) SEWER REVENUE BONDS, SERIES 1987 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED SEPTEMBER 25, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $623,087 (THE "SERIES 1987 A BONDS");

(2) SEWER REVENUE BONDS, SERIES 1993 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED MARCH 29, 1993, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,284,839 (THE "SERIES 1993 A BONDS");

(3) SEWER REVENUE BONDS, SERIES 1995 (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED AUGUST 31, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $377,980; AND

(4) SEWER REVENUE NOTES, SERIES 2003 A, DATED SEPTEMBER 23, 2003, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $151,290 (THE "SERIES 2003 A NOTES") (THE SERIES 1987 A BONDS, THE SERIES 1993 A BONDS, THE SERIES 1995 BONDS, AND THE SERIES 2003 A NOTES ARE COLLECTIVELY CALLED THE "FIRST LIEN BONDS")

AND SENIOR AND PRIOR WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE ISSUER'S:

(1) SEWER REVENUE BONDS, SERIES 1987 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED SEPTEMBER 25, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $152,833 (THE "SERIES 1987 B BONDS"); AND

(2) SEWER REVENUE BONDS, SERIES 1993 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED MARCH 29, 1993, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $76,161 (THE "SERIES 1987 B BONDS") THE SERIES 1987 B BONDS AND SERIES 1993 B BONDS ARE COLLECTIVELY CALLED THE "SUBORDINATE BONDS". (THE FIRST LIEN BONDS AND SUBORDINATE BONDS ARE COLLECTIVELY, THE "PRIOR BONDS").

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, on a parity with the pledge of Net Revenues in favor of the Holders of the First Lien Bonds, and senior and prior to the pledge of Net Revenues in favor of the Holders of the Subordinate Bonds, and from monies in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2008 A 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 or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2008 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2008 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net 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.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF LOGAN has caused this Bond to be signed by its Mayor, and its corporate seal to be hereunto affixed and attested by its Clerk, and has caused this Bond to be dated _____, 2008.

[SEAL]

_____
Mayor

ATTEST:

_____
Clerk

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2008 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: _____, 2008.

THE HUNTINGTON NATIONAL BANK,
as Registrar

_____
Authorized Officer

EXHIBIT A

(Form of)

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$_____		(15)	$_____	
(2)	$_____		(16)	$_____	
(3)	$_____		(17)	$_____	
(4)	$_____		(18)	$_____	
(5)	$_____		(19)	$_____	
(6)	$_____		(20)	$_____	
(7)	$_____		(21)	$_____	
(8)	$_____		(22)	$_____	
(9)	$_____		(23)	$_____	
(10)	$_____		(24)	$_____	
(11)	$_____		(25)	$_____	
(12)	$_____		(26)	$_____	
(13)	$_____		(27)	$_____	
(14)	$_____		(28)	$_____	

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Bond Purchase Agreement. The Series 2008 A Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Bond Purchase Agreement. If not so authorized by previous ordinance or resolution, the Mayor is specifically authorized and directed to execute the Bond Purchase Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the Clerk is directed to affix the seal of the Issuer, attest the same and deliver the Bond Purchase Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Bond Purchase Agreement, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Bond Legislation.

Section 3.12. "Amended Schedule" Filing. Within 60 days following the Completion Date of the Project, the Issuer will file with the Authority and the DEP a schedule, the form of which will be provided by the DEP, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

(1) Revenue Fund (established by the Prior Ordinance and continued hereby);

(2) Renewal and Replacement Fund (established by the Prior Ordinance and continued hereby); and

(3) Series 2008 A Bonds Construction Trust Fund.

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

(1) Series 1987 A Bonds Sinking Fund (established by the Prior Ordinance and continued hereby);

(2) Series 1987 A Bonds Reserve Account (established by the Prior Ordinance and continued hereby);

(3) Series 1987 B Bonds Sinking Fund (established by the Prior Ordinance and continued hereby);

(4) Series 1987 B Bonds Reserve Account (established by the Prior Ordinance and continued hereby);

(5) Series 1993 A Bonds Sinking Fund (established by the Prior Ordinance and continued hereby);

(6) Series 1993 A Bonds Reserve Account (established by the Prior Ordinance and continued hereby);

(7) Series 1993 B Bonds Sinking Fund (established by the Prior Ordinance and continued hereby);

(8) Series 1993 B Bonds Reserve Account (established by the Prior Ordinance and continued hereby);

(9) Series 1995 Bonds Sinking Fund (established by the Prior Ordinance and continued hereby);

(10) Series 1995 Bonds Reserve Account (established by the Prior Ordinance and continued hereby);

(11) Series 2003 A Notes Sinking Fund (established by the Prior Ordinance and continued hereby);

(12) Series 2003 A Notes Reserve Account (established by the Prior Ordinance and continued hereby);

(13) Series 2008 A Bonds Sinking Fund; and

(14) Series 2008 A Bonds Reserve Account.

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

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission for deposit in the Sinking Funds for the First Lien Bonds, the amounts required by the Prior Ordinance to pay the interest on the First Lien Bonds.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the Sinking Funds for the First Lien Bonds, the amounts required by the Prior Ordinance to pay the principal of the First Lien Bonds; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 2008 A Bonds, for deposit in the Series 2008 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature

and become due on the Series 2008 A Bonds on the next ensuing quarterly principal payment date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the Reserve Accounts for the First Lien Bonds, the amounts required by the Prior Ordinance; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 2008 A Bonds, if not fully funded upon issuance of the Series 2008 A Bonds, for deposit in the Series 2008 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2008 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2008 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2008 A Bonds Reserve Requirement.

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

(6) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission for deposit in the Sinking Funds for the Subordinate Bonds, the amounts required by the Prior Ordinance to pay the principal of the Subordinate Bonds.

(7) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission for deposit in the Reserve Accounts for the Subordinate Bonds, the amounts required by the Prior Ordinance.

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

All investment earnings on monies in the Series 2008 A Bonds Sinking Fund and the Series 2008 A Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2008 A Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2008 A Bonds and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2008 A Bonds Reserve Account which result in a reduction in the balance of the Series 2008 A Bonds Reserve Account to below the Series 2008 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the priority as set forth above.

As and when additional Bonds ranking on a parity with the Series 2008 A Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve account in an amount equal to the requirement therefor.

The Issuer shall not be required to make any further payments into the Series 2008 A Bonds Sinking Fund or into the Series 2008 A Bonds Reserve Account therein when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2008 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Principal, interest or reserve payments, whether for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the First Lien Bonds, and thereafter, with respect to the Subordinate Bonds, all in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2008 A Bonds Sinking Fund and the Series 2008 A Bonds Reserve Account created hereunder, and all required amounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer

shall make the necessary arrangements whereby required payments into the Series 2008 A Bonds Sinking Fund and the Series 2008 A Bonds Reserve Account shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 2008 A Bonds Sinking Fund and the Series 2008 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2008 A Bonds Sinking Fund, including the Series 2008 A Bonds Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2008 A Bonds under the conditions and restrictions set forth herein.

B. The Issuer shall, on the first day of each month (if the first day is not a business day, then the first business day of each month), deposit with the Commission the required interest, if any, principal and reserve account payments with respect to the Series 2008 A Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. The Issuer shall, on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission, the SRF Administrative Fee as set forth in the Schedule Y attached to the Bond Purchase Agreement.

C. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Bond Purchase Agreement, and submit a copy of said form along with a copy of its payment check to the Authority by the 5th day of such calendar month.

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

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

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

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

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

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

J. All Tap Fees shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the monies received from the sale of the Series 2008 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2008 A Bonds, there shall first be deposited with the Commission in the Series 2008 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

B. Next, from the proceeds of the Series 2008 A Bonds, there shall be deposited with the Commission in the Series 2008 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2008 A Bonds Reserve Account.

C. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2008 A Bonds, such monies shall be deposited with the Depository Bank in the 2008 A Bonds Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02 hereof, and until expended, are hereby pledged as additional security for the Series 2008 A Bonds.

D. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2008 A Bonds shall be expended as approved by the DEP.

Section 6.02. Disbursements From the Series 2008 A Bonds Construction Trust Fund. On or before the Closing Date, the Issuer shall have delivered to the Authority and the DEP a report listing the specific purposes for which the proceeds of the Series 2008 A Bonds will be expended and the disbursement procedures of such proceeds, including an estimated monthly draw schedule. Payments for Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2008 A Bonds Construction Trust Fund shall be made only after submission to, and approved from, the Authority and the DEP of the following:

(1) a completed and signed "Payment Requisition Form," a form of which is attached to the Bond Purchase Agreement, in compliance with the construction schedule; and

(2) a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

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

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

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

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

Pending such application, monies in the Series 2008 A Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2008 A Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2008 A Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2008 A Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2008 A Bonds shall not be nor constitute a corporate indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Series 2008 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2008 A Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to Prior Bonds. The payment of the debt service of the Series 2008 A Bonds shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in favor of the Holders of the First Lien Bonds and senior and prior to the lien on the Net Revenues in favor of the Holders of the Subordinate Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Prior Bonds and the Series 2008 A Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal and the Issuer shall provide an opinion of counsel to such effect. Such rates and charges shall be sufficient to comply with the requirements of the Bond Purchase Agreement and the Issuer shall provide a certificate of certified public accountant to such effect. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the sewer rate ordinance of the Issuer enacted August 22, 2006, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2008 A Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the

Bond Legislation and in compliance with the Bond Purchase Agreement. In the event the schedule of rates and charges initially established for the System in connection with the Series 2008 A Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Bond Purchase Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Bond Purchase Agreement.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of or encumber the System, or any part thereof, except as provided in the Prior Ordinances.

Additionally, so long as the Series 2008 A Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the DEP, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2008 A Bonds, immediately be remitted to the Commission for deposit in the Series 2008 A Bonds Sinking Fund, and, with the written permission of the Authority or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2008 A Bonds. Any balance remaining after the payment of the Bonds and the interest, if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Issuer shall, by resolution duly adopted, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, in writing determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding in accordance with the laws of the State. The proceeds of any such sale shall be remitted by the Issuer to the Renewal and Replacement Fund. The payment of such

proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into such funds by other provisions of this Bond Legislation.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in this Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2008 A Bonds and the Prior Bonds. All obligations issued by the Issuer after the issuance of the Series 2008 A Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 2008 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts established by this Bond Legislation have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2008 A Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2008 A Bonds and the interest, if any, thereon in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinances shall be applicable. Additionally, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2008 A Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and the DEP under the conditions and in the manner herein provided (unless less restrictive than the provisions of the Prior Ordinances).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2008 A Bonds.

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

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

(1) The Bonds then Outstanding;

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

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

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from the improvements to be financed by such Parity Bonds and any increase in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to the issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Clerk prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12-consecutive month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent Certified Public Accountants, as stated in a certificate, on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to issuance of such Parity Bonds.

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

created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior lien of the Series 2008 A Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2008 A Bonds.

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

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

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

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

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the Public Service Commission of West Virginia. Separate control accounting records shall be maintained by the Governing Body. 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 Authority and the DEP, or any other original purchaser of the Series 2008 A Bonds, and shall mail in each year to any Holder or Holders of the Series 2008 A Bonds, requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants (and in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto, to the extent legally required), 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 the Series 2008 A Bonds and shall submit said report to the Authority and the DEP, or any other original purchaser of the Series 2008 A Bonds. Such audit report submitted to the Authority and the DEP shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Bond Purchase Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

Subject to the terms, conditions and provisions of the Bond Purchase Agreement and the Act, the Issuer has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is doing or has done all things necessary to construct the Project in accordance with the plans, specifications and designs prepared by the Consulting Engineers. All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Issuer.

The Issuer shall provide the DEP with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in EXHIBIT E of the Bond Purchase Agreement or as promulgated from time to time.

The Issuer shall permit the Authority and the DEP, or their agents and representatives, to enter and inspect the Project site and Project facilities at all reasonable times.

Prior to, during and after completion of construction and commencement of operation of the Project, the Issuer shall provide the Authority and the DEP, or their agents and representatives, with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority and the DEP with respect to the System pursuant to the Act.

Section 7.09. Rates. Prior to the issuance of the Series 2008 A Bonds, equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Clerk, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2008 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Series 2008 A Bonds, including the Prior Bonds; provided that, in the event the amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 2008 A Bonds Reserve Account and any Reserve Accounts for obligations on a parity with or junior to the Series 2008 A Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2008 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Series 2008 A Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance described in Section 7.04 hereof.

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the DEP and 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 a registered professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a registered professional engineer that such increased expenditures

are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance within 30 days of adoption to the Authority and the DEP and to any Holder of the 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 the DEP, the Authority and to any Holder of any Bonds, or anyone acting for and in behalf of such Holder of any Bonds.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for two years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the Bond Purchase Agreement, and forward a copy of such report to the DEP and the Authority by the 10th day of each month.

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

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

The Issuer shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Issuer shall notify the DEP in writing of such receipt. The Issuer shall submit a "Performance Certificate," a form of which is attached to the Bond Purchase Agreement as Exhibit A, to the DEP within 60 days of the end of the first year after the Project is completed.

The Issuer shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to the DEP when the Project is 90% completed. The Issuer shall at all times provide operation and maintenance of the System in compliance with all state and federal standards.

The Issuer shall employ qualified operating personnel properly certified by the State before the Project is 50% complete and shall retain such a certified operator to operate the System during the entire term of the Bond Purchase Agreement. The Issuer shall notify the DEP in writing of the certified operator employed at the 50% completion stage.

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

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

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

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

deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 2008 A Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

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

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

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

in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

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

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

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

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

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

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

owner, tenant or occupant shall, after a 30-day notice of the availability of the System, pay the rates and charges established therefor.

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

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

The Issuer has obtained all permits required by State and federal laws for the acquisition and construction of the Project, all orders and approvals from the Public Service Commission of West Virginia necessary for the acquisition and construction of the Project and the operation of the System and has obtained all approvals for the issuance of the Series 2008 A Bonds required by State law, with all appeal periods having expired without successful appeal and shall provide an opinion of counsel to such effect.

Section 7.18. Compliance with Bond Purchase Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Bond Purchase Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer shall provide the DEP with copies of all documents submitted to the Authority.

The Issuer shall also comply with all applicable laws, rules and regulations issued by the Authority, DEP or other State, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

Section 7.19. [RESERVED]

Section 7.20. Securities Laws Compliance. The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

Section 7.21. Contracts; Change Orders; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2008 A Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the DEP for written approval. The Issuer shall obtain the written approval of the DEP before expending any proceeds of the Series 2008 A Bonds held in Acontingency as set forth in the Schedule attached

to the Certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the DEP before expending any proceeds of the Series 2008 A Bonds made available due to bid or construction or project underruns.

Section 7.22. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2008 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the 2008 A Bonds, and shall be on a parity with the statutory mortgage in favor of the Holders of the First Lien Bonds and senior and prior to the Subordinate Bonds.

ARTICLE VIII

INVESTMENT OF FUNDS

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2008 A Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest on the Series 2008 A Bonds from gross income for federal income tax purposes.

Section 8.02. Certificate as to Use of Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2008 A Bonds as a condition to issuance of the Series 2008 A Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2008 A Bonds as may be necessary in order to maintain the status of the Series 2008 A Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer=s use of the proceeds of the Series 2008 A Bonds which would cause any bonds, the interest on which is exempt from federal income taxation

under Section 103(a) of the Code, issued by the Authority or the DEP, as the case may be, from which the proceeds of the Series 2008 A Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the DEP, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall annually furnish to the Authority information with respect to the Issuer=s use of the proceeds of the Series 2008 A Bonds and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2008 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2008 A Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2008 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2008 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond; or

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

(4) If default occurs with respect to the Prior Bonds or the Prior Ordinances.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds; (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2008 A Bonds shall be on a parity with the Holders of the First Lien Bonds and senior and prior to the Holders of the Subordinate Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services

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

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

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

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

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

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2008 A Bonds, the principal of and interest due or to become due thereon, if any, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2008 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 2008 A Bonds from gross income for federal income tax purposes.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2008 A Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2008 A Bonds, no material modification or amendment of this Ordinance, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2008 A Bonds, shall be made without the consent in writing of the Registered Owners of the Series 2008 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest, if any, thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2008 A Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest, if any, on the Series 2008 A Bonds from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2008 A Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution or the Series 2008 A Bonds.

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

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

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, the Clerk and members of the Governing Body were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

Section 11.07. Effective Date. This Ordinance shall take effect immediately following the public hearing and final reading hereof.

Section 11.08. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in *The Logan Banner*, a newspaper published and of general circulation in The City of Logan, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2008 A Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

Passed on First Reading:	-	April 8, 2008
Passed on Second Reading:	-	April 15, 2008
Passed on Final Reading Following Public Hearing:	-	May 14, 2008

Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of The City of Logan on the 14th day of May, 2008.

Dated: June 26, 2008

[SEAL]

Clerk

04.03.08
532980.00005

EXHIBIT A

Bond Purchase Agreement included in bond transcript as Document 3.

THE CITY OF LOGAN

Sewer Revenue Bonds, Series 2008 A
(West Virginia SRF Program)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA SRF PROGRAM), OF THE CITY OF LOGAN; APPROVING AND RATIFYING THE BOND PURCHASE AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the council (the "Governing Body") of The City of Logan (the "Issuer") has duly and officially adopted and enacted a bond ordinance, effective May 14, 2008 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE PAYMENT OF THE SEWER REVENUE NOTES, SERIES 2006 AND THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE CITY OF LOGAN

AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $5,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A BOND PURCHASE AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Ordinance provides for the issuance of Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program), of the Issuer, in an aggregate principal amount not to exceed $5,500,000 (the "Bonds" or the "Series 2008 A Bonds");

WHEREAS, the Bond Ordinance has authorized the execution and delivery of the bond purchase agreement relating to the Series 2008 A Bonds, including all schedules and exhibits attached thereto, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP") (the "Bond Purchase Agreement"), all in accordance with Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and in the Bond Ordinance it is provided that the form of the Bond Purchase Agreement and the exact principal amount, date, maturity date, redemption provision, interest rate, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein

provided for;

WHEREAS, the Bond Purchase Agreement has been presented to the Issuer at this meeting;

WHEREAS, the Bonds are proposed to be purchased by the Authority pursuant to the Bond Purchase Agreement; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Bond Purchase Agreement be approved and ratified by the Issuer, that the exact principal amount, the date, the maturity date, the redemption provision, the interest rate, the interest and principal payment dates and the sale price of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

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

Section I. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $4,468,000. The Series 2008 A Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2048, and shall bear no interest. The principal of the Series 2008 A Bonds shall be payable quarterly, on March I, June 1, September I and December 1 of each year, commencing March 1, 2010, to and including June 1, 2048, and in the amounts as set forth in the "Schedule Y" attached to the Bond Purchase Agreement and incorporated in and made a part of the Series 2008 A Bonds. The Series 2008 A Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the redemption premium, if any, and otherwise in compliance with the Bond Purchase Agreement, so long as the Authority shall be the registered owner of the Series 2008 A Bonds. The Issuer does hereby approve and shall pay the SRF Administrative Fee equal to 1/2% of the principal amount of the Series 2008 A Bonds set forth in the "Schedule Y" attached to the Bond Purchase Agreement.

Section 2. All other provisions relating to the Bonds and the text of the Bonds shall be in substantially the form provided in the Bond Ordinance.

Section 3. The Issuer does hereby authorize, approve, ratify and accept the Bond Purchase Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Bond Purchase Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Bond Purchase Agreement and in the applications to the DEP and the Authority. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer does hereby appoint and designate The Huntington National Bank, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Bonds under the Bond Ordinance and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed.

Section 5. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Bonds under the Bond Ordinance.

Section 6. The Issuer does hereby appoint and designate Logan Bank & Trust, Logan, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 7. Series 2008 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2008 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 2008 A Bonds proceeds in the amount of $116,052 shall be deposited in the Series 2008 A Bonds Reserve Account.

Section 9. Series 2008 A Bonds proceeds in the amount of $1,326,547.00 shall be deposited with Logan Bank & Trust Company, Logan, West Virginia to pay the outstanding principal balance of and all accrued interest on the Issuer's Sewer Revenue Notes, Series 2006 (the "Prior Notes") at Closing.

Section 10. The balance of the proceeds of the Series 2008 A Bonds

shall be deposited in or credited to the Series 2008 A Bonds Construction Trust Fund as received from the DEP from time to time for payment of the costs of the Project, including, without limitation, costs of issuance of the Bonds and related costs.

Section 11. The Mayor and the City Clerk are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered on or about June 27, 2008, to the Authority pursuant to the Bond Purchase Agreement.

Section 12. The payment of the Prior Notes and the acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 13. The Issuer does hereby approve and authorize all contracts relating to the financing, acquisition and construction of the Project.

Section 14. The Issuer hereby determines to invest all monies in the funds and accounts established by the Bond Ordinance held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such monies to be invested in such repurchase agreements or time accounts until further directed in writing by the Issuer. Monies in the Series 2008 A Bonds Sinking Fund and the Series 2008 A Bonds Reserve Account shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 15. This Supplemental Resolution shall be effective immediately following adoption hereof.

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Adopted this 10th day of June, 2008.

By: 
Its: Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of the City of Logan on the 10th day of June, 2008.

Dated: June 26, 2008

[SEAL]

Clerk

06.09.08
532980.00005

SRF-BPA-1
(11/01/04)

BOND PURCHASE AGREEMENT

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

CITY OF LOGAN
(Local Government)

W I T N E S S E T H:

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

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

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

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

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

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

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

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

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

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

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

WHEREAS, the Local Government meets the "disadvantaged community" provisions of the SRF Regulations.

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

ARTICLE I

Definitions

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

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

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

1.4 "Local Bonds" means the revenue bonds to be issued by the Local Government pursuant to the provisions of the Local Statute, as hereinafter defined, and to be purchased by the Authority with money held in the Fund, all in accordance with the provisions of this Bond Purchase Agreement.

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

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

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

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

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

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

1.11 Additional terms and phrases are defined in this Bond Purchase Agreement as they are used.

ARTICLE II

The Project and the System

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

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

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

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

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

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

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

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

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

2.10 The Local Government shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to DEP when the Project is 90% completed. The Local Government shall at all times provide operation and maintenance of the System in compliance with any and all State and federal standards. The Local Government shall employ qualified operating personnel properly certified by the State before the Project is 50% complete and shall retain such a certified operator(s) to operate the System during the entire term of this Bond Purchase Agreement. The Local Government shall notify DEP in writing of the certified operator employed at the 50% completion stage.

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

2.12 The Local Government, commencing on the date contracts are executed for the acquisition or construction of the Project and for two years following the completion of acquisition or construction of the Project, shall each month complete a Monthly Financial Report, the form of which is attached hereto as Exhibit B and incorporated herein by reference, and forward a copy by the 10th of each month to the DEP and the Authority.

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

ARTICLE III

Conditions to Purchase of Local Bonds;
Issuance of Local Bonds

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

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

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

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

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

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

(f) The Local Government shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") and the West Virginia Infrastructure and Jobs Development Council necessary for the construction of the Project and operation of the System, with all requisite appeal periods having expired without

successful appeal and the Authority and DEP shall have received an opinion of counsel to the Local Government, which may be local counsel to the Local Government, bond counsel or special PSC counsel but must be satisfactory to the Authority and DEP, to such effect;

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

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

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

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

3.2 Subject to the terms and provisions of this Bond Purchase Agreement, the rules and regulations promulgated by the Authority and DEP, including the SRF Regulations, or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government, it is hereby agreed that

the Authority shall purchase the Local Bonds of the Local Government and the Local Government shall issue and sell the Local Bonds to the Authority, and in furtherance thereof it is agreed that the Local Government shall sell to the Authority and the Authority shall purchase the Local Bonds in the principal amount and at the price set forth in Schedule X hereto. The Local Bonds shall have such further terms and provisions as described in Article IV hereof.

3.3 The Local Bonds shall be secured and shall be repaid in the manner hereinafter provided in this Bond Purchase Agreement.

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

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

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

ARTICLE IV

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

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

(a) That the gross revenues of the System shall always be used for purposes of the System. Such gross revenues will be used monthly, in the order of priority listed below:

(i) to pay Operating Expenses of the System;

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

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

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

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

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by a pledge of either the net or gross revenues of the System as provided in the Local Act;

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

(iii) That the Local Government shall complete the Project and operate and maintain the System in good condition;

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

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

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

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

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

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

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

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

(xi) That the Local Government shall annually cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority and DEP, which report shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the Local Government's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

(xii) That the Local Government shall annually adopt a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding fiscal year and shall submit a copy of such budget to the Authority and DEP within 30 days of adoption thereof;

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

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

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

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

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

(xviii) That, unless it qualifies for an exception to the provisions of Section 148 of the Internal Revenue Code of 1986, as amended, which exception shall be set forth in an opinion of bond counsel, the Local Government will furnish to the Authority, annually, at such time as it is required to perform its rebate calculations under the Internal Revenue Code of 1986, as amended, a certificate with respect to its rebate calculations and, at any time, any additional information requested by the Authority;

(xix) That the Local Government shall have obtained the certificate of the Consulting Engineers to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority and DEP, the Project is adequate for the purposes for which it was designed, the

funding plan as submitted to the Authority and DEP is sufficient to pay the costs of acquisition and construction of the Project and all permits required by federal and State laws for construction of the Project have been obtained;

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

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

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

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

4.3 At least five percent (5%) of the proceeds of the Local Bonds will be advanced on the Date of Closing. The remaining proceeds of the Local Bonds shall be advanced by the DEP monthly as required by the Local Government to pay Costs of the Project, provided, however, if the proceeds of the Local Bonds will be used to repay an interim financing, the proceeds will be advanced on a schedule mutually agreeable to the Local Government, the DEP and the Authority. The Local Bonds shall not bear interest during the construction period but interest shall commence accruing on the completion date as defined in the SRF Regulations, provided that the annual repayment of principal and payment of interest shall begin not later than one (1) year after the completion date. The repayment of principal and interest on the Local Bonds shall be as set forth on Schedule Y hereto. In no event shall

the interest rate on or the net interest cost of the Local Bonds exceed any statutory limitation with regard thereto.

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

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

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

ARTICLE V

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

5.1 The Local Government hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Bond Purchase Agreement and the Local Act. The Local Government hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to purchase the Local Bonds, it has fixed and collected, or will fix and collect, the rates, fees and other charges for the use of the System and will take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Local Act and in compliance with the provisions of Subsections 4.1(a) and 4.1(b)(ii) hereof.

5.2 In the event, for any reason, the schedule of rates, fees and charges initially established for the System in connection with the Local Bonds shall prove to be insufficient to produce the required sums set forth in the Local Act and this Bond Purchase Agreement, the Local Government hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges (or where applicable, immediately file with the PSC for a rate increase) and take all

such actions necessary to provide funds sufficient to produce the required sums set forth in the Local Act and this Bond Purchase Agreement.

5.3 In the event the Local Government defaults in any payment due to the Authority pursuant to this Bond Purchase Agreement, the amount of such default shall bear interest at the interest rate of the installment of the Local Bonds next due, from the date of the default until the date of the payment thereof.

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

ARTICLE VI

Other Agreements of the Local Government

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

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

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

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

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

6.6 The Local Government hereby agrees to give the Authority and DEP prior written notice of the issuance by it of any other obligations to be used for the System, payable from the revenues of the System or from any grants for the Project or otherwise related to the Project or the System.

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

ARTICLE VII

Miscellaneous

7.1 Schedules X and Y shall be attached to this Bond Purchase Agreement by the Authority as soon as practicable after the Date of Closing is established and shall be approved by an official action of the Local Government supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority.

7.2 If any provision of this Bond Purchase Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this Bond Purchase Agreement, and this Bond

Purchase Agreement shall be construed and enforced as if such invalid or unenforceable provision had not been contained herein.

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

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

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

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

7.7 This Bond Purchase Agreement shall terminate upon the earlier of:

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

(ii) the end of ninety (90) days after the date of execution hereof by the Authority or such later date as is agreed to in writing by DEP if the Local Government has failed to deliver the Local Bonds to the Authority;

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

(iv) payment in full of the principal of and interest on the Local Bonds and of any fees and charges owed by the Local Government to the Authority or DEP; provided that the amount of the Local Bonds purchased under this Bond Purchase Agreement in any succeeding fiscal year is contingent upon funds being appropriated by the State legislature or otherwise being available to purchase the Local Bonds. In the event funds are not appropriated or otherwise available to purchase all of the Local Bonds, the responsibility of the Authority

and DEP to purchase the Local Bonds is terminated; provided further that the obligation of the Local Government to repay the outstanding amount of the Local Bonds is not terminated due to such non-funding on any balance of the Local Bonds. The DEP agrees to use its best efforts to have the amount contemplated under this Bond Purchase Agreement included in its budget. Non-appropriation or non-funding of the Loan shall not be considered an event of default under this Bond Purchase Agreement.

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

CITY OF LOGAN

By: _____
Its: Mayor
Date: June 10, 2008

(SEAL)

Attest:

_____
Its: Recorder

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

By: _____
Its: Director
Date: June 9, 2008

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: _____
Its: Executive Director
Date: June 6, 2008

(SEAL)

Attest:

_____
Its: Secretary-Treasurer

EXHIBIT A

FORM OF PERFORMANCE CERTIFICATE

[To Be Provided By DEP]

EXHIBIT B

MONTHLY FINANCIAL REPORT

Name of Local Government _____

Name of Bond Issue(s) _____

Type of Project _____ **Water** _____ **Wastewater**

Fiscal Year _____ **Report Month** _____

Item	Current Month	Total Year To Date	Budget Year To Date	Budget Year To Date Minus Total Year To Date
1. Gross Revenues				
2. Operating Expenses				
3. Bond Payments:				
Type of Issue				
Clean Water SRF				
Drinking Water TRF				
Infrastructure Fund				
Water Development Authority				
Rural Utilities Service				
Economic Development Administration				
Other (Identify)				
_____				
_____				
4. Renewal and Replacement Fund Deposits				

_____

Name of Person Completing Form

_____

Address

_____

Telephone

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

Item 1 — You will need a copy of the current fiscal year budget adopted by the Local Government to complete Items 1 and 2. In Item 1, provide the amount of actual **Gross Revenues** for the current month and the total amount year-to-date in the respective columns. Divide the budgeted annual Gross Revenues by 12. For example, if Gross Revenues of $1,200 are anticipated to be received for the year, each month the base would be increased by $100 ($1,200/12). This is the incremental amount for the Budget Year-to-Date column.

Item 2 — Provide the amount of actual **Operating Expenses** for the current month and the total amount year-to-date in the respective columns. Any administrative fee should be included in the Operating Expenses. Divide the budgeted annual Operating Expenses by 12. For example, if Operating Expenses of $900 are anticipated to be incurred for the year, each month the base would be increased by $75 ($900/12). This is the incremental amount for the Budget Year-to-Date column.

Item 3 — Provide the **Bond Payments (principal, interest and reserve account)** for all the outstanding bonds of the Local Government according to the source of funding. For example, Clean Water State Revolving Fund loan from Department of Environmental Protection, Drinking Water Treatment Revolving Fund loan from Bureau for Public Health, Infrastructure Fund loan from Infrastructure and Jobs Development Council, or a loan from the Water Development Authority, etc.

Item 4 — Provide the amount deposited into the **Renewal and Replacement Fund** each month. This amount is equal to 2.5% of Gross Revenues minus the total reserve account payments included in Item 3. If Gross Revenues are $1,200, then $30 (2.5% of $1,200), LESS the amount of all reserve account payments in Item 3 should be deposited into the Renewal and Replacement Fund. The money in the Renewal and Replacement Fund should be kept separate and apart from all other funds of the Local Government.

The Local Government must complete the Monthly Financial Report and forward it to the Water Development Authority by the 10th day of each month, commencing on the date contracts are executed for the acquisition or construction of the Project and for two years following the completion of acquisition or construction of the Project.

EXHIBIT C

PAYMENT REQUISITION FORM

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

EXHIBIT D

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

I, _____, Registered Professional Engineer, West Virginia License No._____, of _____, Consulting Engineers, _____, _____, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of _____ to the _____ system (the "Project") of _____ (the "Issuer"), to be constructed primarily in _____County, West Virginia, which acquisition and construction are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer. Capitalized words not defined herein shall have the same meaning set forth in the bond _____ adopted or enacted by the Issuer on _____, and the Bond Purchase Agreement by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Department of Environmental Protection (the "DEP"), dated _____.

2. The Bonds are being issued for the purposes of (i) _____, and (ii) paying certain issuance and other costs in connection therewith.

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the DEP and any change orders approved by the Issuer, the DEP and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least _____ years, if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in Schedule

attached hereto as Exhibit A, and my firm[1] has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the DEP and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) as of the effective date thereof[2], the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Bond Purchase Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the DEP; and (xi) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project; Sources of Funds and Cost of Financing" for the Project.

WITNESS my signature and seal on this _____ day of _____, _____.

_____

By _____

West Virginia License No. __

[SEAL]

---

[1]If another responsible party, such as the Issuer's attorney, reviews the insurance and payment bonds, then insert the following: [and in reliance upon the opinion of _____, Esq.] and delete "my firm has ascertained that".

[2]If the Rule 42 Exhibit and/or rate structure was prepared by an accountant, then insert the following: "In reliance upon the certificate of _____ of even date herewith," at the beginning of (ix).

EXHIBIT E

SPECIAL CONDITIONS

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

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

C. Submission of Final Title Opinion prior to bond closing, and

D. Full June payment of $44,578.36 made to MBC.

EXHIBIT F

MONTHLY PAYMENT FORM

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

Re: [Name of bond issue]

Ladies and Gentlemen:

The following deposits were made to the West Virginia Municipal Bond Commission on behalf of [Name of Local Government] on [Date].

Sinking Fund:

Interest	$_____
Principal	$_____
Total:	$_____
Reserve Account:	$_____

Witness my signature this ___ day of_____.

[Name of Local Government]

By: _____
Authorized Officer

Enclosure: copy of check(s)

EXHIBIT G

OPINION OF BOND COUNSEL FOR LOCAL GOVERNMENT

[To Be Dated as of Date of Closing]

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

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

Ladies and Gentlemen:

We are bond counsel to _____ (the "Local Government"), a _____.

We have examined a certified copy of proceedings and other papers relating to the authorization of (i) a bond purchase agreement dated _____, ___, including all schedules and exhibits attached thereto (the "Bond Purchase Agreement"), among the Local Government, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"), and (ii) the issue of a series of revenue bonds of the Local Government, dated _____, ___ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Bond Purchase Agreement. The Local Bonds are issued in the principal amount of $_____, in the form of one bond, registered as to principal only to the Authority, with principal payable quarterly on March 1, June 1, September 1, and December 1 of each year, beginning _____ 1, _____, and ending ___ _ 1, _____, all as set forth in the "Schedule Y" attached to the Bond Purchase Agreement and incorporated in and made a part of the Local Bonds.

The Local Bonds are issued for the purposes of (i) _____, and (ii) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the bond _____ duly adopted or enacted by the Local Government on _____, as supplemented by the supplemental resolution duly adopted by the Local Government on _____ (collectively, the "Local

Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Bond Purchase Agreement has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Bond Purchase Agreement.

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

1. The Bond Purchase Agreement has been duly authorized by and executed on behalf of the Local Government and is a valid and binding special obligation of the Local Government, enforceable in accordance with the terms thereof.

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

3. The Local Government is a duly organized and validly existing _____ _____, with full power and authority to acquire and construct the Project, to operate and maintain the System, to adopt or enact the Local Act and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.

4. The Local Act and all other necessary orders and resolutions have been legally and effectively adopted or enacted by the Local Government and constitute valid and binding obligations of the Local Government, enforceable against the Local Government in accordance with their terms. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Bond Purchase Agreement.

5. The Local Bonds have been duly authorized, issued, executed and delivered by the Local Government to the Authority and are valid, legally enforceable and binding special obligations of the Local Government, payable from the net or gross revenues of the System set forth in the Local Act and secured by a first lien on and pledge of the net or gross revenues of the System, all in accordance with the terms of the Local Bonds and the Local Act.

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

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

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

Very truly yours,

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds	$4,468,000
Purchase Price of Local Bonds	$4,468,000

The Local Bonds shall bear no interest. Commencing March 1, 2010, principal of the Local Bonds is payable quarterly, with an administrative fee of 0.5%. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

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

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

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

See next page.

(1) Sewer Revenue Bonds, Series 1987 A (West Virginia Water Development Authority), dated September 25, 1987, issued in the original principal amount of $623,087;

(2) Sewer Revenue Bonds, Series 1993 A (West Virginia Water Development Authority), dated March 29, 1993, issued in the original principal amount of $2,284,839;

(3) Sewer Revenue Bonds, Series 1995 (West Virginia Water Development Authority), dated August 31, 1995, issued in the original principal amount of $377,980; and

(4) Sewer Revenue Notes, Series 2003 A, dated September 23, 2003, issued in the original principal amount of $151,290

and senior and prior with respect to liens, pledge and source of and security for payment, and in all respects, to the issuer's:

(1) Sewer Revenue Bonds, Series 1987 B (West Virginia Water Development Authority), dated September 25, 1987, issued in the original principal amount of $152,83; and

(2) Sewer Revenue Bonds, Series 1993 B (West Virginia Water Development Authority), dated March 29, 1993, issued in the original principal amount of $76,161.

$4,468,000
City of Logan
40 Years; 0% Interest Rate; 0.5% Administrative Fee
Closing Date: June 26, 2008

Debt Service Schedule

Part 1 of 4

Date	Principal	Coupon	Total P+I
09/01/2008	-	-	-
12/01/2008	-	-	-
03/01/2009	-	-	-
06/01/2009	-	-	-
09/01/2009	-	-	-
12/01/2009	-	-	-
03/01/2010	29,013.00	-	29,013.00
06/01/2010	29,013.00	-	29,013.00
09/01/2010	29,013.00	-	29,013.00
12/01/2010	29,013.00	-	29,013.00
03/01/2011	29,013.00	-	29,013.00
06/01/2011	29,013.00	-	29,013.00
09/01/2011	29,013.00	-	29,013.00
12/01/2011	29,013.00	-	29,013.00
03/01/2012	29,013.00	-	29,013.00
06/01/2012	29,013.00	-	29,013.00
09/01/2012	29,013.00	-	29,013.00
12/01/2012	29,013.00	-	29,013.00
03/01/2013	29,013.00	-	29,013.00
06/01/2013	29,013.00	-	29,013.00
09/01/2013	29,013.00	-	29,013.00
12/01/2013	29,013.00	-	29,013.00
03/01/2014	29,013.00	-	29,013.00
06/01/2014	29,013.00	-	29,013.00
09/01/2014	29,013.00	-	29,013.00
12/01/2014	29,013.00	-	29,013.00
03/01/2015	29,013.00	-	29,013.00
06/01/2015	29,013.00	-	29,013.00
09/01/2015	29,013.00	-	29,013.00
12/01/2015	29,013.00	-	29,013.00
03/01/2016	29,013.00	-	29,013.00
06/01/2016	29,013.00	-	29,013.00
09/01/2016	29,013.00	-	29,013.00
12/01/2016	29,013.00	-	29,013.00
03/01/2017	29,013.00	-	29,013.00
06/01/2017	29,013.00	-	29,013.00
09/01/2017	29,013.00	-	29,013.00
12/01/2017	29,013.00	-	29,013.00
03/01/2018	29,013.00	-	29,013.00
06/01/2018	29,013.00	-	29,013.00
09/01/2018	29,013.00	-	29,013.00
12/01/2018	29,013.00	-	29,013.00
03/01/2019	29,013.00	-	29,013.00
06/01/2019	29,013.00	-	29,013.00

$4,468,000
City of Logan
40 Years; 0% Interest Rate; 0.5% Administrative Fee
Closing Date: June 26, 2008

Debt Service Schedule

Part 2 of 4

Date	Principal	Coupon	Total P+I
09/01/2019	29,013.00	-	29,013.00
12/01/2019	29,013.00	-	29,013.00
03/01/2020	29,013.00	-	29,013.00
06/01/2020	29,013.00	-	29,013.00
09/01/2020	29,013.00	-	29,013.00
12/01/2020	29,013.00	-	29,013.00
03/01/2021	29,013.00	-	29,013.00
06/01/2021	29,013.00	-	29,013.00
09/01/2021	29,013.00	-	29,013.00
12/01/2021	29,013.00	-	29,013.00
03/01/2022	29,013.00	-	29,013.00
06/01/2022	29,013.00	-	29,013.00
09/01/2022	29,013.00	-	29,013.00
12/01/2022	29,013.00	-	29,013.00
03/01/2023	29,013.00	-	29,013.00
06/01/2023	29,013.00	-	29,013.00
09/01/2023	29,013.00	-	29,013.00
12/01/2023	29,013.00	-	29,013.00
03/01/2024	29,013.00	-	29,013.00
06/01/2024	29,013.00	-	29,013.00
09/01/2024	29,013.00	-	29,013.00
12/01/2024	29,013.00	-	29,013.00
03/01/2025	29,013.00	-	29,013.00
06/01/2025	29,013.00	-	29,013.00
09/01/2025	29,013.00	-	29,013.00
12/01/2025	29,013.00	-	29,013.00
03/01/2026	29,013.00	-	29,013.00
06/01/2026	29,013.00	-	29,013.00
09/01/2026	29,013.00	-	29,013.00
12/01/2026	29,013.00	-	29,013.00
03/01/2027	29,013.00	-	29,013.00
06/01/2027	29,013.00	-	29,013.00
09/01/2027	29,013.00	-	29,013.00
12/01/2027	29,013.00	-	29,013.00
03/01/2028	29,013.00	-	29,013.00
06/01/2028	29,013.00	-	29,013.00
09/01/2028	29,013.00	-	29,013.00
12/01/2028	29,013.00	-	29,013.00
03/01/2029	29,013.00	-	29,013.00
06/01/2029	29,013.00	-	29,013.00
09/01/2029	29,013.00	-	29,013.00
12/01/2029	29,013.00	-	29,013.00
03/01/2030	29,013.00	-	29,013.00
06/01/2030	29,013.00	-	29,013.00

$4,468,000
City of Logan
40 Years; 0% Interest Rate; 0.5% Administrative Fee
Closing Date: June 26, 2008

Debt Service Schedule

Part 3 of 4

Date	Principal	Coupon	Total P+I
09/01/2030	29,013.00	-	29,013.00
12/01/2030	29,013.00	-	29,013.00
03/01/2031	29,013.00	-	29,013.00
06/01/2031	29,013.00	-	29,013.00
09/01/2031	29,013.00	-	29,013.00
12/01/2031	29,013.00	-	29,013.00
03/01/2032	29,013.00	-	29,013.00
06/01/2032	29,013.00	-	29,013.00
09/01/2032	29,013.00	-	29,013.00
12/01/2032	29,013.00	-	29,013.00
03/01/2033	29,013.00	-	29,013.00
06/01/2033	29,013.00	-	29,013.00
09/01/2033	29,013.00	-	29,013.00
12/01/2033	29,013.00	-	29,013.00
03/01/2034	29,013.00	-	29,013.00
06/01/2034	29,013.00	-	29,013.00
09/01/2034	29,013.00	-	29,013.00
12/01/2034	29,013.00	-	29,013.00
03/01/2035	29,013.00	-	29,013.00
06/01/2035	29,013.00	-	29,013.00
09/01/2035	29,013.00	-	29,013.00
12/01/2035	29,013.00	-	29,013.00
03/01/2036	29,013.00	-	29,013.00
06/01/2036	29,013.00	-	29,013.00
09/01/2036	29,013.00	-	29,013.00
12/01/2036	29,013.00	-	29,013.00
03/01/2037	29,013.00	-	29,013.00
06/01/2037	29,013.00	-	29,013.00
09/01/2037	29,013.00	-	29,013.00
12/01/2037	29,013.00	-	29,013.00
03/01/2038	29,013.00	-	29,013.00
06/01/2038	29,013.00	-	29,013.00
09/01/2038	29,013.00	-	29,013.00
12/01/2038	29,013.00	-	29,013.00
03/01/2039	29,013.00	-	29,013.00
06/01/2039	29,013.00	-	29,013.00
09/01/2039	29,013.00	-	29,013.00
12/01/2039	29,013.00	-	29,013.00
03/01/2040	29,013.00	-	29,013.00
06/01/2040	29,013.00	-	29,013.00
09/01/2040	29,013.00	-	29,013.00
12/01/2040	29,013.00	-	29,013.00
03/01/2041	29,013.00	-	29,013.00
06/01/2041	29,013.00	-	29,013.00

$4,468,000
City of Logan
40 Years; 0% Interest Rate; 0.5% Administrative Fee
Closing Date: June 26, 2008

Debt Service Schedule

Part 4 of 4

Date	Principal	Coupon	Total P+I
09/01/2041	29,013.00	-	29,013.00
12/01/2041	29,013.00	-	29,013.00
03/01/2042	29,013.00	-	29,013.00
06/01/2042	29,013.00	-	29,013.00
09/01/2042	29,013.00	-	29,013.00
12/01/2042	29,013.00	-	29,013.00
03/01/2043	29,013.00	-	29,013.00
06/01/2043	29,013.00	-	29,013.00
09/01/2043	29,013.00	-	29,013.00
12/01/2043	29,013.00	-	29,013.00
03/01/2044	29,013.00	-	29,013.00
06/01/2044	29,013.00	-	29,013.00
09/01/2044	29,013.00	-	29,013.00
12/01/2044	29,013.00	-	29,013.00
03/01/2045	29,013.00	-	29,013.00
06/01/2045	29,013.00	-	29,013.00
09/01/2045	29,013.00	-	29,013.00
12/01/2045	29,013.00	-	29,013.00
03/01/2046	29,013.00	-	29,013.00
06/01/2046	29,013.00	-	29,013.00
09/01/2046	29,013.00	-	29,013.00
12/01/2046	29,013.00	-	29,013.00
03/01/2047	29,013.00	-	29,013.00
06/01/2047	29,013.00	-	29,013.00
09/01/2047	29,013.00	-	29,013.00
12/01/2047	29,013.00	-	29,013.00
03/01/2048	29,012.00	-	29,012.00
06/01/2048	29,012.00	-	29,012.00
Total	**$4,468,000.00**	-	**$4,468,000.00** *

*Plus $2,810.64 one-half percent Administrative Fee paid quarterly. Total fee over life of loan is $432,838.56.

Yield Statistics

Bond Year Dollars	$92,959.18
Average Life	20.806 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	1.49E-10
Bond Yield for Arbitrage Purposes	1.49E-10
All Inclusive Cost (AIC)	0.4638485%

IRS Form 8038

Net Interest Cost	-
Weighted Average Maturity	20.806 Years

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF LOGAN
SEWER REVENUE BONDS, SERIES 2008 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-1 $4,468,000

KNOW ALL MEN BY THESE PRESENTS: The 27th day of June, 2008, that THE CITY OF LOGAN, a municipal corporation and political subdivision of the State of West Virginia in Logan 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 FOUR MILLION FOUR HUNDRED SIXTY EIGHT THOUSAND DOLLARS ($4,468,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2010, to and including June 1, 2048 as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The SRF Administrative fee (as defined in the hereinafter describe Bond Legislation) on this Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2010 as set forth on EXHIBIT B attached hereto.

This Bond shall bear no 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 the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Bond Purchase Agreement (the "Bond Purchase Agreement") by and among the Issuer, the Authority and the DEP, dated June 6, 2008.

This Bond is issued (i) to pay the Issuer's Sewer Revenue Notes, Series 2006 (the "Prior Notes"); (ii) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); (iii) to fully fund the Series 2008 A Bonds Reserve Account; and (iv) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage system of the Issuer, the Project, and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority

of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on May 14, 2008, and a Supplemental Resolution duly adopted by the Issuer on June 10, 2008 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S:

(1) SEWER REVENUE BONDS, SERIES 1987 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED SEPTEMBER 25, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $623,087 (THE "SERIES 1987 A BONDS");

(2) SEWER REVENUE BONDS, SERIES 1993 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED MARCH 29, 1993, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,284,839 (THE "SERIES 1993 A BONDS");

(3) SEWER REVENUE BONDS, SERIES 1995 (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED AUGUST 31, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $377,980 (THE "SERIES 1995 BONDS"); AND

(4) SEWER REVENUE NOTES, SERIES 2003 A, DATED SEPTEMBER 23, 2003, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $151,290 (THE "SERIES 2003 A NOTES") (THE SERIES 1987 A BONDS, THE SERIES 1993 A BONDS, THE SERIES 1995 BONDS, AND THE SERIES 2003 A NOTES ARE COLLECTIVELY CALLED THE "FIRST LIEN BONDS")

AND SENIOR AND PRIOR WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE ISSUER'S:

(1) SEWER REVENUE BONDS, SERIES 1987 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED SEPTEMBER 25, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $152,833 (THE "SERIES 1987 B BONDS"); AND

(2) SEWER REVENUE BONDS, SERIES 1993 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED MARCH 29, 1993, ISSUED IN THE

ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $76,161 (THE "SERIES 1987 B BONDS") THE SERIES 1987 B BONDS AND SERIES 1993 B BONDS ARE COLLECTIVELY CALLED THE "SUBORDINATE BONDS". (THE FIRST LIEN BONDS AND SUBORDINATE BONDS ARE COLLECTIVELY, THE "PRIOR BONDS").

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, on a parity with the pledge of Net Revenues in favor of the Holders of the First Lien Bonds, and senior and prior to the pledge of Net Revenues in favor of the Holders of the Subordinate Bonds, and from monies in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2008 A 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 or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2008 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2008 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net 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.

[Remainder of Page Intentionally Blank]

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

[SEAL]

SPECIMEN

Mayor

ATTEST:

SPECIMEN

Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2008 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: June 27, 2008.

THE HUNTINGTON NATIONAL BANK,
as Registrar

SPECIMEN

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $ 1,771,359	June 27, 2008	(19)	
(2)		(20)	
(3)		(21)	
(4)		(22)	
(5)		(23)	
(6)		(24)	
(7)		(25)	
(8)		(26)	
(9)		(27)	
(10)		(28)	
(11)		(29)	
(12)		(30)	
(13)		(31)	
(14)		(32)	
(15)		(33)	
(16)		(34)	
(17)		(35)	
(18)		(36)	

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

$4,468,000
City of Logan
40 Years; 0% Interest Rate; 0.5% Administrative Fee
Closing Date: June 27, 2008

Debt Service Schedule

Part 1 of 4

Date	Principal	Coupon	Total P+I
09/01/2008	-	-	-
12/01/2008	-	-	-
03/01/2009	-	-	-
06/01/2009	-	-	-
09/01/2009	-	-	-
12/01/2009	-	-	-
03/01/2010	29,013.00	-	29,013.00
06/01/2010	29,013.00	-	29,013.00
09/01/2010	29,013.00	-	29,013.00
12/01/2010	29,013.00	-	29,013.00
03/01/2011	29,013.00	-	29,013.00
06/01/2011	29,013.00	-	29,013.00
09/01/2011	29,013.00	-	29,013.00
12/01/2011	29,013.00	-	29,013.00
03/01/2012	29,013.00	-	29,013.00
06/01/2012	29,013.00	-	29,013.00
09/01/2012	29,013.00	-	29,013.00
12/01/2012	29,013.00	-	29,013.00
03/01/2013	29,013.00	-	29,013.00
06/01/2013	29,013.00	-	29,013.00
09/01/2013	29,013.00	-	29,013.00
12/01/2013	29,013.00	-	29,013.00
03/01/2014	29,013.00	-	29,013.00
06/01/2014	29,013.00	-	29,013.00
09/01/2014	29,013.00	-	29,013.00
12/01/2014	29,013.00	-	29,013.00
03/01/2015	29,013.00	-	29,013.00
06/01/2015	29,013.00	-	29,013.00
09/01/2015	29,013.00	-	29,013.00
12/01/2015	29,013.00	-	29,013.00
03/01/2016	29,013.00	-	29,013.00
06/01/2016	29,013.00	-	29,013.00
09/01/2016	29,013.00	-	29,013.00
12/01/2016	29,013.00	-	29,013.00
03/01/2017	29,013.00	-	29,013.00
06/01/2017	29,013.00	-	29,013.00
09/01/2017	29,013.00	-	29,013.00
12/01/2017	29,013.00	-	29,013.00
03/01/2018	29,013.00	-	29,013.00
06/01/2018	29,013.00	-	29,013.00
09/01/2018	29,013.00	-	29,013.00
12/01/2018	29,013.00	-	29,013.00
03/01/2019	29,013.00	-	29,013.00
06/01/2019	29,013.00	-	29,013.00

$4,468,000
City of Logan
40 Years; 0% Interest Rate; 0.5% Administrative Fee
Closing Date: June 27, 2008

Debt Service Schedule

Part 2 of 4

Date	Principal	Coupon	Total P+I
09/01/2019	29,013.00	-	29,013.00
12/01/2019	29,013.00	-	29,013.00
03/01/2020	29,013.00	-	29,013.00
06/01/2020	29,013.00	-	29,013.00
09/01/2020	29,013.00	-	29,013.00
12/01/2020	29,013.00	-	29,013.00
03/01/2021	29,013.00	-	29,013.00
06/01/2021	29,013.00	-	29,013.00
09/01/2021	29,013.00	-	29,013.00
12/01/2021	29,013.00	-	29,013.00
03/01/2022	29,013.00	-	29,013.00
06/01/2022	29,013.00	-	29,013.00
09/01/2022	29,013.00	-	29,013.00
12/01/2022	29,013.00	-	29,013.00
03/01/2023	29,013.00	-	29,013.00
06/01/2023	29,013.00	-	29,013.00
09/01/2023	29,013.00	-	29,013.00
12/01/2023	29,013.00	-	29,013.00
03/01/2024	29,013.00	-	29,013.00
06/01/2024	29,013.00	-	29,013.00
09/01/2024	29,013.00	-	29,013.00
12/01/2024	29,013.00	-	29,013.00
03/01/2025	29,013.00	-	29,013.00
06/01/2025	29,013.00	-	29,013.00
09/01/2025	29,013.00	-	29,013.00
12/01/2025	29,013.00	-	29,013.00
03/01/2026	29,013.00	-	29,013.00
06/01/2026	29,013.00	-	29,013.00
09/01/2026	29,013.00	-	29,013.00
12/01/2026	29,013.00	-	29,013.00
03/01/2027	29,013.00	-	29,013.00
06/01/2027	29,013.00	-	29,013.00
09/01/2027	29,013.00	-	29,013.00
12/01/2027	29,013.00	-	29,013.00
03/01/2028	29,013.00	-	29,013.00
06/01/2028	29,013.00	-	29,013.00
09/01/2028	29,013.00	-	29,013.00
12/01/2028	29,013.00	-	29,013.00
03/01/2029	29,013.00	-	29,013.00
06/01/2029	29,013.00	-	29,013.00
09/01/2029	29,013.00	-	29,013.00
12/01/2029	29,013.00	-	29,013.00
03/01/2030	29,013.00	-	29,013.00
06/01/2030	29,013.00	-	29,013.00

$4,468,000
City of Logan
40 Years; 0% Interest Rate; 0.5% Administrative Fee
Closing Date: June 27, 2008

Debt Service Schedule

Part 3 of 4

Date	Principal	Coupon	Total P+I
09/01/2030	29,013.00	-	29,013.00
12/01/2030	29,013.00	-	29,013.00
03/01/2031	29,013.00	-	29,013.00
06/01/2031	29,013.00	-	29,013.00
09/01/2031	29,013.00	-	29,013.00
12/01/2031	29,013.00	-	29,013.00
03/01/2032	29,013.00	-	29,013.00
06/01/2032	29,013.00	-	29,013.00
09/01/2032	29,013.00	-	29,013.00
12/01/2032	29,013.00	-	29,013.00
03/01/2033	29,013.00	-	29,013.00
06/01/2033	29,013.00	-	29,013.00
09/01/2033	29,013.00	-	29,013.00
12/01/2033	29,013.00	-	29,013.00
03/01/2034	29,013.00	-	29,013.00
06/01/2034	29,013.00	-	29,013.00
09/01/2034	29,013.00	-	29,013.00
12/01/2034	29,013.00	-	29,013.00
03/01/2035	29,013.00	-	29,013.00
06/01/2035	29,013.00	-	29,013.00
09/01/2035	29,013.00	-	29,013.00
12/01/2035	29,013.00	-	29,013.00
03/01/2036	29,013.00	-	29,013.00
06/01/2036	29,013.00	-	29,013.00
09/01/2036	29,013.00	-	29,013.00
12/01/2036	29,013.00	-	29,013.00
03/01/2037	29,013.00	-	29,013.00
06/01/2037	29,013.00	-	29,013.00
09/01/2037	29,013.00	-	29,013.00
12/01/2037	29,013.00	-	29,013.00
03/01/2038	29,013.00	-	29,013.00
06/01/2038	29,013.00	-	29,013.00
09/01/2038	29,013.00	-	29,013.00
12/01/2038	29,013.00	-	29,013.00
03/01/2039	29,013.00	-	29,013.00
06/01/2039	29,013.00	-	29,013.00
09/01/2039	29,013.00	-	29,013.00
12/01/2039	29,013.00	-	29,013.00
03/01/2040	29,013.00	-	29,013.00
06/01/2040	29,013.00	-	29,013.00
09/01/2040	29,013.00	-	29,013.00
12/01/2040	29,013.00	-	29,013.00
03/01/2041	29,013.00	-	29,013.00
06/01/2041	29,013.00	-	29,013.00

$4,468,000
City of Logan
40 Years; 0% Interest Rate; 0.5% Administrative Fee
Closing Date: June 27, 2008

Debt Service Schedule

Part 4 of 4

Date	Principal	Coupon	Total P+I
09/01/2041	29,013.00	-	29,013.00
12/01/2041	29,013.00	-	29,013.00
03/01/2042	29,013.00	-	29,013.00
06/01/2042	29,013.00	-	29,013.00
09/01/2042	29,013.00	-	29,013.00
12/01/2042	29,013.00	-	29,013.00
03/01/2043	29,013.00	-	29,013.00
06/01/2043	29,013.00	-	29,013.00
09/01/2043	29,013.00	-	29,013.00
12/01/2043	29,013.00	-	29,013.00
03/01/2044	29,013.00	-	29,013.00
06/01/2044	29,013.00	-	29,013.00
09/01/2044	29,013.00	-	29,013.00
12/01/2044	29,013.00	-	29,013.00
03/01/2045	29,013.00	-	29,013.00
06/01/2045	29,013.00	-	29,013.00
09/01/2045	29,013.00	-	29,013.00
12/01/2045	29,013.00	-	29,013.00
03/01/2046	29,013.00	-	29,013.00
06/01/2046	29,013.00	-	29,013.00
09/01/2046	29,013.00	-	29,013.00
12/01/2046	29,013.00	-	29,013.00
03/01/2047	29,013.00	-	29,013.00
06/01/2047	29,013.00	-	29,013.00
09/01/2047	29,013.00	-	29,013.00
12/01/2047	29,013.00	-	29,013.00
03/01/2048	29,012.00	-	29,012.00
06/01/2048	29,012.00	-	29,012.00
Total	$4,468,000.00	-	$4,468,000.00 *

*Plus $2,810.64 one-half percent Administrative Fee paid quarterly. Total fee over life of loan is $432,838.56.

Yield Statistics

Bond Year Dollars	$92,959.18
Average Life	20.806 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	1.49E-10
Bond Yield for Arbitrage Purposes	1.49E-10
All Inclusive Cost (AIC)	0.4638485%

IRS Form 8038

Net Interest Cost	-
Weighted Average Maturity	20.806 Years

(Form of)

ASSIGNMENT

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

Dated: _____, 20____.

_____

In the presence of:

_____

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

Chase Tower, Eighth Floor
P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
www.steptoe-johnson.com

Writer's Contact Information

June 27, 2008

The City of Logan
Sewer Revenue Bonds, Series 2008 A
(West Virginia SRF Program)

The City of Logan
Logan, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel to The City of Logan (the "Issuer"), a municipal corporation and political subdivision of the State of West Virginia in connection with its $4,468,000 Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program), dated the date hereof (the "Bonds").

We have examined the law and a certified copy of proceedings and other papers relating to the authorization of (i) a bond purchase agreement dated June 6, 2008, including all schedules and exhibits attached thereto (the "Bond Purchase Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Department of Environmental Protection (the "DEP"), and (ii) the Bonds to be purchased by the Authority in accordance with the provisions of the Bond Purchase Agreement. The Bonds are issued in the principal amount of $4,468,000, in the form of one bond, bearing no interest, registered as to principal only to the Authority, with principal payable quarterly on March 1, June 1, September 1, and December 1 of each year, beginning March 1, 2010 to and including June 1, 2048, all as set forth in "Schedule Y" attached to the Bond Purchase Agreement and incorporated in and made a part of the Bonds. The Series 2008 A Bonds are subject to the SRF Administrative Fee equal to 0.5% of the principal amount of the Series 2008 A Bonds as set forth in the Schedule Y attached to the Bond Purchase Agreement.

The Bonds are issued for the purposes of (i) paying the Issuer's Sewer Revenue Notes, Series 2006 (the "Prior Notes"); (ii) paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); (iii) funding the Series 2008 A Bonds Reserve Account; and (iv) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of Chapter 16, Article 13 and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (collectively, the "Act"), and the bond ordinance duly enacted by the Issuer on May 14, 2008, as supplemented by the Supplemental Resolution and Conformed Ordinance duly adopted by the Issuer on June 10, 2008 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Bond Purchase Agreement has been undertaken. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Bond Purchase Agreement. All capitalized terms used herein and not defined herein shall have the same meanings set forth in the Bond Legislation.

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

1. The Bond Purchase Agreement has been duly authorized by and executed on behalf of the Issuer and is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof.

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

3. The Issuer is a duly organized and presently existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System, to adopt or enact the Bond Legislation and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

4. The Bond Legislation and all other necessary ordinances and resolutions have been legally and effectively adopted or enacted by the Issuer and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms. The Bond Legislation contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Bond Purchase Agreement.

5. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with the Issuer's (i) Sewer Revenue Bonds, Series 1987 A (West Virginia Water Development Authority), dated September 25, 1987, issued in the original aggregate principal amount of $623,087 (the "Series 1987 A Bonds"); (ii) Sewer Revenue Bonds, Series 1993 A (West Virginia Water Development Authority), dated March 29, 1993, issued in the original aggregate principal amount of $2,284,839, (the "Series 1993 A Bonds"); (iii) Sewer Revenue Bonds, Series 1995 (West Virginia Water Development Authority), dated August 31, 1995, issued in the original aggregate principal amount of $377,980 (the "Series 1995 Bonds"); and (iv) Sewer Revenue Notes, Series 2003, dated September 23, 2003, issued in the original aggregate principal amount of $151,290 (the "Series 2003 Notes"); and senior and prior to, with respect to liens, pledge and source of and security for payment the Issuer's (i) Sewer Revenue Bonds, Series 1987 B (West Virginia Water Development authority), dated September 25, 1987, issued in the original aggregate principal amount of $152,833 (the "Series 1987 B Bonds"); and (ii) Sewer Revenue Bonds, Series 1993 B

(West Virginia Water Development Authority), dated March 29, 1993, issued in the original aggregate principal amount of $76,161 (the "Series 1993 B Bonds"), all in accordance with the terms of the Bond Legislation.

6. The Bonds are, under the Act, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

7. The Bonds have not been issued on the basis that the interest thereon, if any, is or will be excluded from the gross income of the owners thereof for federal income tax purposes. We express no opinion regarding the excludability of such interest from the gross income of the owners thereof for federal income tax purposes or other federal tax consequences arising with respect to the Bonds.

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

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

Very truly yours,

STEPTOE & JOHNSON PLLC

06.09.08
532980.00005

H. Wyatt Hanna, III

ATTORNEY AT LAW

512 D STREET • P.O. BOX 8070 • SOUTH CHARLESTON, WEST VIRGINIA 25303
(304) 744-3150 • FAX (304) 744-3157

June 27, 2008

The City of Logan
Logan, WV

WV Water Development Authority
Charleston, WV

WV Department of Environmental Protection
Charleston, WV

Steptoe & Johnson PLLC
Charleston, WV

RE: The City of Logan
Sewer Revenue Bonds, Series 2008 A
(West Virginia SRF Program)

Ladies and Gentlemen:

I am counsel to the City of Logan in Logan County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Steptoe & Johnson PLLC, as bond counsel, a bond purchase agreement for the Bonds, dated June 6, 2008, including all schedules and exhibits attached thereto, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP") (the "Bond Purchase Agreement"), a Bond Ordinance duly enacted by the Issuer on May 14, 2008, as supplemented by a Supplemental Resolution duly adopted by the Issuer on June 10, 2008 (collectively, the "Bond Legislation"), a Petition of the Sanitary Board duly adopted on March 13, 2008, and other documents relating to the above-captioned Bonds of the Issuer (the "Bonds"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Bond Purchase Agreement when used herein.

I am of the opinion that:

1. The Issuer has been duly created and is validly existing as a municipal corporation and political subdivision of the State of West Virginia, and the Mayor, Clerk, and members of the Council of the Issuer and the Sanitary Board have been duly and properly elected or appointed, as applicable, have taken the requisite oaths, and are authorized to act on behalf of the Issuer in their respective capacities. The Sanitary Board has been duly created by the Issuer and is validly existing as a sanitary board under the Act.

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

3. The Bond Legislation has been duly adopted and enacted by the Issuer and is in full force and effect.

4. The execution and delivery of the Bonds and the Bond Purchase Agreement and the consummation of the transactions contemplated by the Bonds, the Bond Purchase Agreement, and the Bond Legislation, and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the Issuer, a breach of or default under any ordinance, order, resolution, agreement or other instrument to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, court order or consent decree to which the Issuer is subject.

5. The Issuer has received all orders and approvals from the Public Service Commission of West Virginia, including the Recommended Decision entered on June 13, 2008, which became a Final Order on July 3, 2007, in Case No. 06-0898-S-CN, among other things, granting to the Issuer a certificate of convenience and necessity for the Project and approving the financing for the Project. The time for appeal of such Final Order has expired prior to the date hereof without any appeal. Such Order is not subject to any appeal, further hearing, reopening or rehearing by any customer, protestant, intervenor or other person not a party to such Order. The Order remains in full force and effect.

6. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges for use of the System, including, without limitation, the receipt of all requisite orders and approvals from the West Virginia Department of Environmental Protection, the West Virginia Infrastructure and Jobs Development Council and the Public Service Commission of West Virginia, and has taken any other action required for the imposition of such

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

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

8. All successful bidders have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds will be verified for accuracy. Prior to the issuance of the Notice To Proceed to the contractor(s), a review of the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project will be conducted. Such review will ensure that the surety bonds and policies (1) are in compliance with the contracts; (2) are adequate in form, substance and amount to protect the various interests of the Issuer; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act, the Bond Legislation and the Bond Purchase Agreement; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

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

Sincerely,

H. Wyatt Hanna, III

HWHIII/rb

cc: City of Logan

THE CITY OF LOGAN

Sewer Revenue Bonds, Series 2008 A
(West Virginia SRF Program)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. CERTIFICATION OF COPIES OF DOCUMENTS
6. INCUMBENCY AND OFFICIAL NAME
7. LAND AND RIGHTS-OF-WAY
8. MEETINGS, ETC.
9. CONTRACTORS' INSURANCE, ETC.
10. BOND PURCHASE AGREEMENT
11. RATES
12. SIGNATURES AND DELIVERY
13. BOND PROCEEDS
14. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE
15. PUBLIC SERVICE COMMISSION ORDERS
16. SPECIMEN BOND
17. CONFLICT OF INTEREST
18. PROCUREMENT OF ENGINEERING SERVICES
19. CLEAN WATER ACT
20. EXECUTION OF COUNTERPARTS

We, the undersigned MAYOR and CLERK of The City of Logan in Logan County, West Virginia (the "Issuer"), and the undersigned COUNSEL to the ISSUER, hereby certify this 27th day of June, 2008 in connection with the Issuer's Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program), dated the date hereof (the "Bonds" or the "Series 2008 A Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning as set forth in the Bond Ordinance of the Issuer duly enacted May 14, 2008 and the Supplemental Resolution duly adopted June 10, 2008 (collectively, the "Bond Legislation").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Bonds, the acquisition and construction of the Project, the operation of the System, the receipt of the Net Revenues or any grants, or in any way contesting or affecting the validity of the Bonds, or any proceedings of the Issuer taken with respect to the issuance or sale of the Bonds, the pledge or application of the Net Revenues or any other monies or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, the acquisition and construction of the Project, the operation of the System, the collection of the Gross Revenues or the pledge of Net Revenues as security for the Bonds.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the acquisition and construction of the Project, the operation of the System, the imposition of rates and charges, and the issuance of the Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the West Virginia Code of 1931, as amended, which bids remain in full force and effect.

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

There are outstanding obligations of the Issuer which will rank either on a parity with or junior and subordinate to the Series 2008 A Bonds as to liens, pledge, source of and security for payment, being the Issuer's (i) Sewer Revenue Bonds, Series 1987 A (West Virginia Water Development Authority), dated September 25, 1987, issued in the original aggregate principal amount of $623,087 (the "Series 1987 A Bonds"); (ii) Sewer Revenue Bonds, Series 1993 A (West Virginia Water Development Authority), dated March 29, 1993, issued in the original aggregate principal amount of $2,284,839 (the "Series 1993 A Bonds"); (iii) Sewer Revenue Bonds, Series 1995 (West Virginia Water Development Authority), dated August 31, 1995, issued in the original aggregate principal amount of $377,980 (the "Series 1995 Bonds"); (iv) Sewer Revenue Notes, Series 2003 A, dated September 23, 2003, issued in the original aggregate principal amount of $151,290 (the "Series 2003 A Notes"); (v) Sewer Revenue Bonds, Series 1987 B, dated September 25, 1987, issued in the original aggregate principal amount of $152,833 (the "Series 1987 B Bonds") and (vi) Sewer Revenue Bonds, Series 1993 B, dated March 29, 1993, issued in the original aggregate principal amount of $76,161 (the "Series 1993 B Bonds") (collectively, the "Prior Bonds").

The Series 2008 A Bonds shall be issued on a parity with the Series 1987 A Bonds, the Series 1993 A Bonds, the Series 1995 Bonds, and the Series 2003 A Notes (collectively, the "First Lien Bonds") and senior and prior to the Series 1987 B Bonds and the Series 1993 B Bonds (collectively the "Subordinate Bonds") with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has obtained (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the First Lien Bonds are met; (ii) the written consent of the Holders of the First Lien Bonds to the issuance of the Series 2008 A Bonds on a parity with the First Lien Bonds, and (iii) the written consent of the Holder of the Subordinate Bonds to the issuance of the Series 2008 A Bonds on a senior and prior basis to the Subordinate Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with the terms and provisions of the Prior Ordinances and no default exists with respect to the Prior Bonds.

5. CERTIFICATION OF COPIES OF DOCUMENTS: The copies of the below-listed documents hereto attached or delivered herewith or heretofore delivered are true, correct and complete copies of the originals of the documents of which they purport to be copies, and such original documents are in full force and effect and have not been repealed, rescinded, amended or changed in any way unless modification appears from later documents also listed below:

Bond Ordinance

Supplemental Resolution

Bond Purchase Agreement

Public Service Commission Orders

Infrastructure and Jobs Development Council Approval

Charter and Rules of Procedure

Oaths of Office of Officers and Councilmembers

Ordinance Creating Sanitary Board and Oaths of Members

Petition of Sanitary Board

Sewer Rate Ordinance

Affidavit of Publication of Sewer Rate Ordinance and Notice of Public Hearing

Minutes on Adoption and Enactment of Sewer Rate Ordinance

Affidavit of Publication of Abstract of Bond Ordinance and Notice of Public Hearing

Minutes on Adoption and Enactment of Bond Ordinance and Supplemental Resolution

NPDES Permit

Prior Bond Ordinances

Consent of West Virginia Water Development Authority

Evidence of Insurance

Receipt and Release of Prior Note

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "The City of Logan". The Issuer is a municipal corporation in Logan County and is presently existing under the laws of, and a political subdivision of, the State of West Virginia. The governing body of the Issuer is its council, consisting of a Mayor and 4 councilmembers, all duly elected or appointed, as applicable, qualified and acting, and whose names and dates of commencement and termination of current terms of office are as follows:

Name		Date of Commencement of Office	Date of Termination of Office
Serafino Nolletti,	Mayor	May 1, 2007	April 30, 2011
James Guy	Councilmember	May I, 2007	April 30, 2011
Greg Glick	Councilmember	May 1, 2007	April 30, 2011
Tom Fink	Councilmember	May 1, 2007	April 30, 2011
Don Browning	Councilmember	May 1, 2007	April 30, 2011
David Steele	Councilmember	May 1, 2007	April 30, 2011

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

Chairman (ex-officio)	-	Serafino Nolleti
Member	-	Ed Wood, P.E.
Member	-	Basil Lee

The duly appointed and acting Clerk of the Issuer is Amber Gore. The duly appointed and acting Counsel to the Issuer is Wyatt Hanna, III, Esquire, in South Charleston, West Virginia.

7. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the acquisition and construction of the Project and the operation and maintenance of the System have been acquired or can and will be acquired by purchase, or, if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Bonds.

8. MEETINGS, ETC.: All actions, ordinances, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the issuance of the Bonds and the acquisition, construction and financing of the Project or the operation of the System were authorized or adopted at regular or special meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including, particularly and without limitation, Chapter 6, Article 9A of the West Virginia Code of 1931, as amended, and a quorum of duly elected or appointed, as applicable, qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

9. CONTRACTORS' INSURANCE, ETC.: All contractors have been required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Bond Legislation. All insurance for the System required by the Bond Legislation and Bond Purchase Agreement is in full force and effect.

10. BOND PURCHASE AGREEMENT: As of the date hereof, (i) the representations of the Issuer contained in the Bond Purchase Agreement are true and correct in all material respects as if made on the date hereof; (ii) the Bond Purchase Agreement does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (iii) to the best knowledge of the undersigned, no event affecting the Issuer has occurred since the date of the Bond Purchase Agreement which should be disclosed for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information in the Bond Purchase Agreement not misleading; and (iv) the Issuer is in compliance with the Bond Purchase Agreement.

11. RATES: The Issuer has duly enacted a sewer rate ordinance on August 22, 2006, setting rates and charges for the services of the System. The time for appeal of such sewer rate ordinance has expired prior to the date hereof without any appeal, and such rates are currently effective.

12. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Mayor did officially sign all of the Bonds of the aforesaid issue, consisting upon original issuance of a single Bond, dated the date hereof, by his or her manual signature, and the undersigned Clerk

did officially cause the official seal of the Issuer to be affixed upon said Bonds and to be attested by his or her manual signature, and the Registrar did officially authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Bond Purchase Agreement. Said official seal of the Issuer is also impressed above the signatures appearing on this certificate.

13. BOND PROCEEDS: On the date hereof, the Issuer received $1,771,359 from the Authority and the DEP, being a portion of the principal amount of the Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

14. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE: Upon adoption of the Bond Ordinance, an abstract thereof, determined by the Governing Body to contain sufficient information as to give notice of the contents thereof, was published once each week for 2 successive weeks, with not less than 6 full days between each publication, the first such publication occurring not less than 10 days before the date stated below for the public hearing, in *the Logan Banner*, a qualified newspaper published and of general circulation in The City of Logan, together with a notice to all persons concerned, stating that the Bond Ordinance had been adopted and that the Issuer contemplated the issuance of the Bonds described in such Bond Ordinance, stating that any person interested may appear before the Governing Body at the public hearing held at a public meeting of Governing Body on the 14th day of May 2008, at 6:00 p.m., at the City Hall and present protests, and stating that a certified copy of the Bond Ordinance was on file at the office of the Clerk of the Issuer for review by interested parties during the office hours of the Issuer. At such hearing all objections and suggestions were heard by the Governing Body and the Bond Ordinance became finally adopted, enacted and effective as of the date of such public hearing, and remains in full force and effect.

15. PUBLIC SERVICE COMMISSION ORDERS: The Issuer has received all orders and approvals from the Public Service Commission of West Virginia, including the Recommended Decision entered on June 13, 2007, which became Final Order on July 3, 2007, in Case No. 06-0898-S-CN, among other things, granting to the Issuer a certificate of convenience and necessity for the Project and approving the financing for the Project. The time for appeal of such Final Order has expired prior to the date hereof without any appeal. Such Order is not subject to any appeal, further hearing, reopening or rehearing by any customer, protestant, intervenor or other person not a party to such Order. The order remains in full force and effect.

16. SPECIMEN BOND: Delivered concurrently herewith is a true and accurate specimen of the Bond.

17. CONFLICT OF INTEREST: No member, officer or employee of the Issuer or the Sanitary Board has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Bonds, the Bond Legislation and/or the Project, including, without limitation, with respect to the Depository Bank. For purposes of this paragraph, a "substantial financial interest" shall include,

without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

18. PROCUREMENT OF ENGINEERING SERVICES: The Issuer has complied in all respects with the requirements of Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended, in the procurement of engineering services to be paid from proceeds of the Bonds.

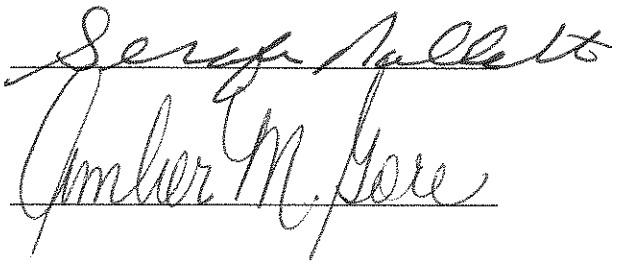
19. CLEAN WATER ACT: The Project as described in the Bond Ordinance complies with Sections 208 and 303(e) of the Clean Water Act.

20. EXECUTION OF COUNTERPARTS: This document may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same document.

[Remainder of Page Intentionally Blank]

WITNESS our signatures and the official seal of THE CITY OF LOGAN on the day and year first written above.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
	Mayor
	Clerk
_____	Counsel to the Issuer

06.09.08
532980.00005

WITNESS our signatures and the official seal of THE CITY OF LOGAN on the day and year first written above.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
_____	Mayor
_____	Clerk
	Counsel to the Issuer

06.09.08
532980.00005

THE CITY OF LOGAN

Sewer Revenue Bonds, Series 2008 A
(West Virginia SRF Program)

CERTIFICATE OF ENGINEER

I, F. Wayne Hypes, Registered Professional Engineer, West Virginia License No. 10949, of Dunn Engineers, Inc., Charleston, West Virginia, hereby certify this 27th day of June, 2008, as follows:

1. My firm is engineer for the acquisition and construction of certain extensions, additions, betterments and improvements (the "Project") to the sewerage system (the "System") of The City of Logan (the "Issuer"), to be constructed in Logan County, West Virginia, which acquisition and construction are being permanently financed by the proceeds of the above-captioned bonds (the "Bonds") of the Issuer. Capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Ordinance enacted by the Issuer on May 14, 2008, as supplemented by the Supplemental Resolution of the Issuer adopted June 10, 2008 (collectively, the "Bond Legislation") and the Bond Purchase Agreement for the Series 2008 A Bonds, by and among the Issuer, the Authority and the West Virginia Department of Environmental Protection (the "DEP"), dated June 6, 2008 (collectively, the "Bond Purchase Agreement").

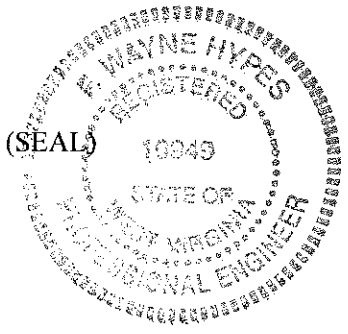
2. The Bonds are being issued (i) to pay the Issuer's Sewer Revenue Notes, Series 2006 (the "Prior Notes"); (ii) to pay a portion of the costs of acquisition and construction of the Project; (iii) fund the Series 2008 A Bonds Reserve Account; and (iv) to pay certain costs of issuance and related costs.

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the DEP, and the Authority and any change orders approved by the Issuer, the Authority, the DEP and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least 40 years, if properly constructed, operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B attached hereto as Exhibit A and Wyatt Hanna, counsel to the Issuer, will ascertain that all successful bidders have made required provisions for all insurance and payment and performance bonds and such insurance policies or

binders and such bonds will be verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the DEP and the bid forms provided to the bidders contain the critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) in reliance upon the certificate of the Issuer's certified public accountant, Jeff Vallet, of even date herewith, as of the effective date thereof, the rates and charges for the System as enacted by the Issuer will be sufficient to comply with the provisions of the Bond Purchase Agreement; (x) the net proceeds of the Bonds, together with all other monies on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the DEP; and (xi) attached hereto as Exhibit A is the final amended "Schedule B - Final Total Cost of Project, Sources of Funds and Cost of Financing" for the Project.

[Remainder of Page Intentionally Blank]

WITNESS my signature and seal on the day and year first written above.



(SEAL)

DUNN ENGINEERS, INC.

F. Wayne Hypes, P.E.
West Virginia License No. 10949

06.09.08
532980.00005

SCHEDULE B
CITY OF LOGAN
SEWER PROJECT

May 29, 2008

A. COST OF PROJECT		TOTAL	CWSRF
1	Construction	1,720,750.00	1,720,750.00
	Change Orders	615,008.30	615,008.30
2	Technical Services Dunn		
	a. Planning	0.00	0.00
	b. Design [not included in BAN]	305,940.00	305,940.00
	c Other	97,350.00	97,350.00
	d Inspection	130,000.00	130,000.00
3	Legal & Fiscal	30,000.00	30,000.00
4	Administrative	0.00	0.00
5	Sites & Other Lands	0.00	0.00
6	Loan Repayment	1,326,366.70	1,326,366.70
7	Miscellaneous / permits	10,000.00	10,000.00
8	Contingency	86,033.00	86,033.00
9	TOTAL of Lines 1 through 8	4,321,448.00	4,321,448.00
B. COST OF FINANCING			
10	Reserves	116,052.00	116,052.00
11	Registrar fees	500.00	500.00
12	Bond Counsel (S&J)	30,000.00	30,000.00
13	Cost of Issuance (lines 10 through12)	146,552.00	146,552.00
14	TOTAL PROJECT COST line 9 plus line 13	4,468,000.00	4,468,000.00
C. SOURCES OFOTHER FUNDS			
15	Federal Grants		
16	State Grants		
17	Other Grants		
18	Any Other Source		
19	TOTAL GRANTS Lines 15 through 18	0.00	0.00
20	Size of Bond Issue (line 14 minus line 19)	4,468,000.00	4,468,000.00

City of Logan

6-10-08
Date

Dunn Engineers

6/10/08
Date

THE CITY OF LOGAN

Sewer Revenue Bonds, Series 2008 A
(West Virginia SRF Program)

CERTIFICATE AS TO USE OF PROCEEDS

The undersigned Mayor of The City of Logan in Logan County, West Virginia (the "Issuer"), being the official of the Issuer duly charged with the responsibility for the issuance of $4,468,000 Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program), of the Issuer, dated June 27, 2008 (the "Bonds" or the "Series 2008 A Bonds"), on this 27th day of June, 2008, hereby certifies as follows:

1. I am the officer of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Ordinance duly enacted by the Issuer on May 14, 2008, as supplemented by Supplemental Resolution duly adopted by the Issuer on June 10, 2008 (the "Bond Legislation"), authorizing the Bonds.

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

3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on June 27, 2008, the date on which the Bonds are being physically delivered in exchange for an initial advance of $1,771,359, being a portion of the principal amount of the Series 2008 A Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

4. In the Bond Legislation pursuant to which the Bonds are issued, the Issuer has covenanted that it shall not take, or permit or suffer to be taken, any action with respect to Issuer's use of the proceeds of the Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (collectively, the "Code"), issued by the West Virginia Water Development Authority (the "Authority") or the West Virginia Department of Environmental Protection (the "DEP"), as the case may be, from which the proceeds of the Bonds are derived, to lose their status as tax-exempt bonds. The Issuer hereby covenants to take all actions necessary to comply with such covenant.

5. The Series 2008 A Bonds were sold on June 27, 2008, to the Authority, pursuant to a Bond Purchase Agreement dated June 6, 2008, by and among the Issuer, the Authority and the DEP, for an aggregate purchase price of $4,468,000 (100% of par), at which time, the Issuer received $1,771,359 from the Authority and the DEP, being the first advance of the principal amount of the Series 2008 A Bonds. No accrued interest has been or will be paid on the Series 2008 A Bonds. The balance of the principal amount of the Series 2008 A Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Series 2008 A Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying the Issuer's Sewer Revenue Notes, Series 2006 (the "Prior Notes"); (ii) paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); (iii) funding the Series 2008 A Bonds Reserve account; and (iv) paying certain costs of issuance of the Bonds and related costs.

7. Within 30 days after the delivery of the Bonds, the Issuer shall enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Bonds on the Project, constituting a substantial binding commitment. The acquisition and construction of the Project and the allocation of the net sale proceeds of the Bonds to expenditures of the Project shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds deposited in the Series 2008 A Bonds Reserve Account, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before September 1, 2009. The acquisition and construction of the Project is expected to be completed by June 1, 2009.

8. The total cost of the Project is estimated at $4,468.000. Sources and uses of funds for the Project are as follows:

SOURCES	
Proceeds of the Series 2008 A Bonds	$4,468,000
Total Sources	$4,468,000
USES	
Costs of Acquisition and Construction of the Project	$2,994,901.00
Payment of Prior Notes	1,326,547.00
Fund Series 2008 A Bonds Reserve Account	116,052.00
Costs of Issuance	30,500.00
Total Uses	$4,468,000.00

9. Pursuant to Article V of the Bond Legislation, the following special funds or accounts have been created or continued relative to the Series 2008 A Bonds:

(1) Revenue Fund;

(2) Renewal and Replacement Fund;

(3) Series 2008 A Bonds Construction Trust Fund;

(4) Series 2008 A Bonds Sinking Fund; and

(5) Series 2008 A Bonds Reserve Account.

10. Pursuant to Article VI of the Bond Legislation, the proceeds of the Bonds will be deposited as follows:

(1) Series 2008 A Bonds proceeds in the amount of $-0- will be deposited in the Series 2008 A Bonds Sinking Fund to cover capitalized interest.

(2) Series 2008 A Bonds proceeds in the amount of $116,052 will be deposited in the Series 2008 A Bonds Reserve Account.

(3) The balance of the proceeds of the Series 2008 A Bonds will be deposited in the Series 2008 A Bonds Construction Trust Fund as received from time to time and applied solely to payment of costs of the Project, including costs of issuance of the Series 2008 A Bonds and related costs.

11. Monies held in the Series 2008 A Bonds Sinking Fund will be used solely to pay principal of and interest on, if any, the Series 2008 A Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on monies in the Series 2008 A Bonds Sinking Fund and Series 2008 A Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2008 A Bonds Construction Trust Fund during construction of the Project, and following completion of the Project, will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Legislation.

12. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. The acquisition and construction of the Project is expected to be completed within 12 months of the date hereof.

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

14. With the exception of the amount deposited in the Series 2008 A Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 15 months from the date of issuance thereof.

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

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

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

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

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

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

21. The Bonds are not federally guaranteed.

22. The Issuer has retained the right to amend the Bond Legislation authorizing the issuance of the Bonds if such amendment is necessary to assure that the Bonds remain public purpose bonds.

23. The Issuer has either (a) funded the Series 2008 A Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year with the proceeds of the Bonds, or (b) created the Series 2008 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2008 A Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year. Monies in the Series 2008 A Bonds Reserve Account and the Series 2008 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to pay costs of the Project.

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

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

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

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

[Remainder of Page Intentionally Left Blank]

WITNESS my signature on the day and year first above written.

THE CITY OF LOGAN

By: _____
Its: Mayor

06.08.08
532980.00005

WV MUNICIPAL BOND COMMISSION
8 Capitol Street
Terminal Building, Suite 500
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: June 27, 2008

(See Reverse for Instructions)

ISSUE: The City of Logan
Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program)

ADDRESS: 219 Dingess Street, Logan, West Virginia 25601 COUNTY: Logan

PURPOSE OF ISSUE:
New Money: x
Refunding:

REFUNDS ISSUE(S) DATED: NA

ISSUE DATE: June 27, 2008 CLOSING DATE: June 27, 2008

ISSUE AMOUNT: $4,468,000 RATE: 0%: 1/2% admin fee

1ST DEBT SERVICE DUE: March 1, 2010 1ST PRINCIPAL DUE March 1, 2010

1ST DEBT SERVICE AMOUNT $29,013 PAYING AGENT: Municipal Bond Commission

BOND COUNSEL:
Firm: Steptoe & Johnson PLLC
Contact John Stump, Esquire
Phone: (304) 353.8196

UNDERWRITERS COUNSEL
Firm: Jackson Kelly, PLLC
Contact: Samme Gee, Esquire
Phone: (304) 340-1318

CLOSING BANK:
Bank: Logan Bank & Trust
Contact: Karen Richardson
Phone: 304.752.1166

ESCROW TRUSTEE:
Firm:
Contact:
Phone:

KNOWLEDGEABLE ISSUER CONTACT
Contact: Serafino Nolletti
Position: Mayor
Phone: (304) 752-4044

OTHER:
Agency: West Virginia Department of Environmental Protection
Contact: Rosalie Brodersen
Position: Program Manager
Phone: (304) 926-0499 (ext 1608)

DEPOSITS TO MBC AT CLOSE

By:				
X	Wire		Accrued Interest:	$
	Check		Capitalized Interest:	$
X			Reserve Account:	$ 116,052
			Other:	$

REFUNDS & TRANSFERS BY MBC AT CLOSE

By:			
	Wire		To Escrow Trustee $
	Check		To Issuer $
	IGT		To Cons. Invest. Fun $
			To Other: $

NOTES: The Series 2008 A Bonds Reserve Account will be fully funded with bond proceeds

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED:
TRANSFERS REQUIRED:

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the West Virginia Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all supplements, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes."

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at closing are required, please submit this form before closing. If no significant facts change by closing, no resubmission at closing is required. If, however, there are changes, please submit an updated form, with changes noted, at closing.

If you should have any questions concerning this form, please call the Commission.

THE CITY OF LOGAN

Sewer Revenue Bonds, Series 2008 A
(West Virginia SRF Program)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

LOGAN BANK & TRUST, Logan, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Ordinance of The City of Logan (the "Issuer") enacted by the Issuer on May 14, 2008, and a Supplemental Resolution adopted by the Issuer on June 10, 2008 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program), dated June 26, 2008, issued in the original aggregate principal amount of $4,468,000 (the "Bonds"), and agrees to serve as Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

WITNESS my signature on this 26th day of June, 2008.

LOGAN BANK & TRUST

By: T. Bat Wll VP
Its: Authorized Officer

06.10.08
532980.00005

THE CITY OF LOGAN

Sewer Revenue Bonds, Series 2008 A
(West Virginia SRF Program)

ACCEPTANCE OF DUTIES AS REGISTRAR

The Huntington National Bank, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with The City of Logan Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program), dated June 27, 2008, in the aggregate principal amount of $4,468,000 (the "Series 2008 A Bonds"), and agrees to perform all duties of Registrar in connection with the Series 2008 A Bonds, all as set forth in the Bond Legislation authorizing issuance of the Series 2008 A Bonds.

WITNESS my signature on this 27th day of June, 2008.

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

06.08.08
532980.00005

THE CITY OF LOGAN

Sewer Revenue Bonds, Series 2008 A
(West Virginia SRF Program)

CERTIFICATE OF REGISTRATION OF BONDS

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned Bonds of The City of Logan (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program), of the Issuer, dated June 27, 2008, in the principal amount of $4,468,000, numbered AR-1, was registered as to principal only in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of The Huntington National Bank, as Registrar.

WITNESS my signature on this 27th day of June, 2008.

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

06.09.08
532980.00005

THE CITY OF LOGAN

Sewer Revenue Bonds, Series 2008 A
(West Virginia SRF Program)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 27th day of June, 2008, by and between The City of Logan, a municipal corporation and political subdivision of the State of West Virginia (the "Issuer"), and THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $4,468,000 Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program), in fully registered form (the "Bonds"), pursuant to a Bond Ordinance of the Issuer duly enacted May 14, 2008, and a Supplemental Resolution of the Issuer duly adopted June 10, 2008 (collectively, the "Bond Legislation");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Bond Legislation, a copy of which is attached as EXHIBIT A hereto and incorporated herein by reference;

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Bond Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Bond Legislation, such duties

including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the Bonds from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Bond Legislation with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Bond Legislation, the terms of the Bond Legislation shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Bond Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER: The City of Logan
219 Dingess Street
Logan, West Virginia 25601
Attention: Mayor

REGISTRAR: The Huntington National Bank
One Huntington Square
Charleston, West Virginia 25301
Attention: Corporate Trust Department

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

9. This document may be executed in one or more counterparts each of which shall be deemed an original and all of which shall constitute but one and the same document.

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

THE CITY OF LOGAN

By: _____
Its: Mayor

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

06.09.08
532980.00005

EXHIBIT A

Bond Legislation included in bond transcript as Documents No. 1 and No. 2

Filed with me this 9th day of July 1992 WDA
Nickie Luke, Acting City Clerk

The City of Logan, West Virginia

Amendatory and Supplemental Bond

and Note Ordinance

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Exhibit B - 1992 Loan Agreement

Exhibit C - 1992 Supplemental Loan Agreement

1375P

AMENDATORY AND SUPPLEMENTAL BOND AND NOTE ORDINANCE

AN ORDINANCE AMENDING AND SUPPLEMENTING AN ORDINANCE PASSED BY THE COUNCIL OF THE CITY OF LOGAN, WEST VIRGINIA, ON AUGUST 11, 1987, ENTITLED "AN ORDINANCE SUPPLEMENTING AN ORDINANCE ADOPTED BY THE COUNCIL OF THE CITY OF LOGAN, WEST VIRGINIA, ON FEBRUARY 11, 1964, ENTITLED 'AN ORDINANCE AUTHORIZING THE ISSUANCE OF $308,000 PRINCIPAL AMOUNT OF SEWER REVENUE BONDS FOR THE PURPOSE OF REFUNDING CERTAIN OUTSTANDING BONDS AND TO PAY PART OF THE COST OF CONSTRUCTION AND ACQUISITION OF ADDITIONS, EXTENSIONS AND IMPROVEMENTS TO THE EXISTING SEWER SYSTEM OF THE CITY OF LOGAN, WEST VIRGINIA'; AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, IMPROVEMENTS AND BETTERMENTS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF THE CITY OF LOGAN; AUTHORIZING ISSUANCE OF NOT MORE THAN $720,000 IN AGGREGATE PRINCIPAL AMOUNT OF SUBORDINATE SEWERAGE SYSTEM REVENUE BONDS, SERIES 1987, AND NOT MORE THAN $180,000 IN AGGREGATE PRINCIPAL AMOUNT OF SUPPLEMENTAL SUBORDINATE SEWERAGE SYSTEM REVENUE BONDS, SERIES 1987, OF THE CITY OF LOGAN TO BE USED, ALONG WITH OTHER FUNDS AND MONEYS OF OR AVAILABLE TO THE CITY OF LOGAN THAT MAY BE LAWFULLY EXPENDED FOR SUCH PURPOSES, TO FINANCE THE COST OF SUCH ACQUISITION AND CONSTRUCTION; PROVIDING FOR THE SALE OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY AND FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING ISSUANCE OF NOT MORE THAN $1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWERAGE SYSTEM GRANT ANTICIPATION NOTES, SERIES 1987, TO BE USED TO FINANCE THE COST OF SUCH ACQUISITION AND CONSTRUCTION PENDING THE RECEIPT OF CERTAIN GRANT PROCEEDS; AND ENACTING OTHER PROVISIONS RELATING THERETO"; AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONAL EXTENSIONS, IMPROVEMENTS AND BETTERMENTS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF THE CITY OF LOGAN; AUTHORIZING ISSUANCE OF NOT MORE THAN $3,125,000 IN AGGREGATE PRINCIPAL AMOUNT OF SUBORDINATE SEWERAGE SYSTEM REVENUE BONDS, SERIES 1992, AND NOT MORE THAN $125,000 IN AGGREGATE PRINCIPAL AMOUNT OF SUPPLEMENTAL SUBORDINATE SEWERAGE SYSTEM REVENUE BONDS, SERIES 1992, OF THE CITY OF LOGAN TO BE USED, ALONG WITH OTHER FUNDS AND MONEYS OF OR AVAILABLE TO THE CITY OF LOGAN THAT MAY BE LAWFULLY EXPENDED FOR SUCH PURPOSES, TO FINANCE THE COST OF SUCH ACQUISITION AND CONSTRUCTION; PROVIDING FOR THE SALE OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY AND FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNER OF SUCH BONDS; AUTHORIZING A REVOLVING LINE OF CREDIT IN AN AMOUNT NOT TO EXCEED $500,000 TO PROVIDE FUNDS FOR SUCH ACQUISITION AND CONSTRUCTION TO THE EXTENT BOND PROCEEDS, GRANT RECEIPTS OR OTHER FUNDS ARE NOT TIMELY AVAILABLE THEREFOR AND AN AGREEMENT WITH RESPECT TO SAID LINE OF CREDIT; AUTHORIZING ISSUANCE OF A SEWERAGE SYSTEM CONSTRUCTION NOTE OF THE CITY OF LOGAN IN A STATED PRINCIPAL AMOUNT NOT TO EXCEED $500,000 TO EVIDENCE THE CITY'S OBLIGATION TO REPAY ANY DRAWS UPON SAID LINE OF CREDIT AND THE ISSUANCE,

IF NECESSARY, OF NOT MORE THAN $550,000 IN AGGREGATE PRINCIPAL AMOUNT OF SUBORDINATE SEWERAGE SYSTEM REVENUE BONDS OF THE CITY OF LOGAN TO PROVIDE FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SAID NOTE; AND ENACTING OTHER PROVISIONS RELATING THERETO.

Be It Enacted and Ordained by the Council of The City of Logan, West Virginia:

ARTICLE I

DEFINITIONS, STATUTORY AUTHORITY AND FINDINGS

Section 1.01. Definitions. Except as provided below, terms used in this Amendatory Ordinance have the meanings set forth in the Original Ordinance, as amended by this Amendatory Ordinance, unless the context expressly requires otherwise.

A. "Act" means Chapter 16, Article 13, of the Code of West Virginia, 1931, as amended and in effect on the date of enactment of this Amendatory Ordinance.

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

C. "Amendatory Ordinance" means this ordinance as hereafter amended or supplemented.

D. "Authority" means the West Virginia Water Development Authority, which shall be the original purchaser of the 1992 Bonds, as hereinafter defined, or any other agency of the State that succeeds to the functions of the Authority.

E. "Bank" means The National Bank of Logan, a national banking association with its principal offices in Logan, West Virginia, or other similar institution identified in the Supplemental Resolution, and any successor thereto.

F. "Code" means the Internal Revenue Code of 1986, as amended, including the rules and regulations promulgated pursuant thereto or to any predecessors or successors thereof.

G. "Costs" or "Costs of the Phase II Project" means those costs described in Subsection 1.03(E) hereof to be a part of the costs of the construction and acquisition of the Phase II Project, as hereinafter defined.

H. "Grant Agreement" means the written commitment, dated September 30, 1985, and forwarded to the City on October 7, 1985, for the payment of the Grant, specifying the amount of such Grant, the terms and conditions upon which such Grant is made and the date or dates or event or events upon which such Grant is to be paid to the City, as the same shall be supplemented or amended from time to time.

I. "Operating Expenses" includes the fees and charges due to the trustee for the Authority's bonds pursuant to Section 4.7 of the 1992 Loan Agreement, and fees and expenses of the Authority and any default interest thereon, all to the extent such are not capitalized from the proceeds of the 1992 Bonds.

J. "Ordinance" means the Original Ordinance, as hereinafter defined, as amended and supplemented by this Amendatory Ordinance and as further amended or supplemented. Unless the context clearly requires to the contrary, references to "this Ordinance" in the Original Ordinance mean the Ordinance.

K. "Original Ordinance" means the Bond and Note Ordinance passed by the Council of the City on August 11, 1987, described further in the title hereto.

L. "Origination Fee" means any fee to be paid by the City with respect to its participation in the State's revolving fund program established pursuant to Title VI of the Water Quality Act of 1987, to provide funds for the acquisition and construction of wastewater projects.

M. "Owner" or similar terms used in reference to the 1992 Note means the Bank and any registered assignee or assignees as the owner or owners of the 1992 Note.

N. "Phase II Line of Credit" means the revolving line of credit established by the City with The National Bank of Logan for interim financing of the design and construction of the Phase II Project, as hereinafter defined, and authorized by an ordinance passed by the Council on August 9, 1988.

O. "Phase II Line of Credit Bonds" means the subordinate bonds authorized by Article V of the ordinance establishing the Phase II Line of Credit.

P. "Phase II Note" means the note dated April 24, 1989, evidencing the City's obligation to repay draws under the Phase II Line of Credit.

Q. "Phase II Project" means the extensions, improvements and betterments to the existing sewerage system of the City described in Exhibit A attached hereto and incorporated herein by reference.

R. "Prior Bonds" means the City's Sewer Revenue Bonds dated as of March 1, 1964, issued in the aggregate principal amount of $308,000 and outstanding as of the date of introduction of this Amendatory Ordinance in the aggregate principal amount of $91,000, the lien of which Prior Bonds on the Net Revenues is prior and superior to that of the Bonds.

S. "Project" means the extensions, improvements and betterments to the existing sewerage system of the City as described in the Grant Agreement and includes the Phase II Project.

T. "Qualified Investments" means and includes, in addition to items (a) through (g) listed in the Original Ordinance, Advance-Refunded Municipal Bonds.

U. "Supplemental Resolution" means any ordinance or resolution of the Council amending or supplementing this Amendatory Ordinance and, when preceded by the article "the," refers specifically to the Supplemental Resolution authorizing the sale of the 1992 Bonds or the establishment of the 1992 Line of Credit; provided, that any matter intended by this Amendatory Ordinance to be included in the Supplemental Resolution with respect to the 1992 Bonds or the 1992 Line of Credit and not so included may be included in another Supplemental Resolution.

V. "1992 Bondholder" or "Owner of the 1992 Bonds" or any similar term means any person who is the registered owner of any Outstanding 1992 Bond or 1992 Bonds.

W. "1992 Bonds" means the 1992 Subordinate Bonds and the 1992 Supplemental Bonds, both as hereinafter defined.

X. "1992 Bond Construction Trust Fund" means the 1992 Bond Construction Trust Fund established by Section 5.02.

Y. "1992 Line of Credit" means the revolving line of credit established for the City by the Bank in an amount not to exceed $500,000.

Z. "1992 Line of Credit Agreement" means the agreement to be approved as to form and substance by the Supplemental Resolution, establishing the 1992 Line of Credit with the Bank.

AA. "1992 Line of Credit Bonds" means the not more than $550,000 in aggregate principal amount of Subordinate Sewerage System Revenue Bonds, authorized by Section 6.10 to be issued, if necessary, to pay the principal of and interest on the 1992 Note.

BB. "1992 Loan Agreement" means the Loan Agreement between the Authority and the City, in substantially the form attached as Exhibit B hereto and incorporated herein by reference, with any changes, insertions or deletions as may be requested by the Authority and approved by the Supplemental Resolution, providing for the purchase of the 1992 Subordinate Bonds from the City by the Authority.

CC. "1992 Note" means the Sewerage System Construction Note, in a stated principal amount not to exceed $500,000, authorized by Section 6.02 to evidence the City's obligation to repay any draws under the 1992 Line of Credit.

DD. "1992 Note Depository" means the Bank, in its capacity as a national banking association or state bank eligible under the laws of the State to receive deposits of state and municipal funds and insured by the FDIC, and any successor thereto appointed pursuant to Section 6.23.

EE. "1992 Note Payment Fund" means the Sewerage System 1992 Construction Note Payment Fund established by Section 6.08.

FF. "1992 Note Registrar" means the Bank, acting in the capacity as registrar, paying agent and authenticating agent for the 1992 Note, and any successor thereto appointed pursuant to Section 6.24.

GG. "1992 Reserve Account Requirement" means, as of any date of calculation, the maximum amount of principal and interest that will become due on the 1992 Subordinate Bonds in the then current or any succeeding year.

HH. "1992 Subordinate Bonds" means the not more than $3,125,000 in aggregate principal amount of Subordinate Sewerage System Revenue Bonds, Series 1992, originally authorized hereby to pay a portion of the costs of the Phase II Project.

II. "1992 Supplemental Bonds" means the not more than $125,000 in aggregate principal amount of Supplemental Subordinate Sewerage System Revenue Bonds, Series 1992, originally authorized hereby to pay a portion of the costs of the Phase II Project.

JJ. "1992 Supplemental Loan Agreement" means the Supplemental Loan Agreement between the Authority and the City, in substantially the form attached as Exhibit C hereto and incorporated herein by reference, with any changes, insertions or deletions requested by the Authority and approved by the Supplemental Resolution, providing for the purchase of the 1992 Supplemental Bonds from the City by the Authority.

KK. "1992 WDA Loan Agreements" or "1992 Authority Loan Agreements" means, collectively, the 1992 Loan Agreement and the 1992 Supplemental Loan Agreement.

LL. The terms "herein," "hereunder," "hereby," "hereto," "hereof" and any similar terms refer to this Amendatory Ordinance; and the term "hereafter" means after the date of enactment of this Amendatory Ordinance. Unless the context clearly requires to the contrary, the use of such terms in the Original Ordinance refers to the Ordinance.

Section 1.02. Authority of this Amendatory Ordinance. This Amendatory Ordinance is enacted pursuant to the provisions of the Original Ordinance, the Act and other applicable provisions of law and, so long as any of the Prior Bonds is outstanding, is supplemental to the Prior Ordinance and, so long as any of the Bonds is Outstanding, is amendatory of and supplemental to the Original Ordinance.

Section 1.03. Findings. In addition to those findings set forth in the Original Ordinance, it is hereby found, determined and declared as follows:

A. The Sanitary Board has presented a petition to the City for acquisition and construction of the Phase II Project, enactment of this Amendatory Ordinance, issuance of the 1992 Bonds, establishment of the 1992 Line of Credit, issuance of the 1992 Note, and, if necessary, issuance of the 1992 Line of Credit Bonds.

B. The City has been awarded the Grant pursuant to the Grant Agreement.

C. It is deemed necessary and desirable for the health, welfare and safety of the inhabitants of the City that the Phase II Project be acquired and constructed in accordance with the plans and specifications prepared by the Consulting Engineers, subject to the approval of the EPA, the issuance of a certificate of convenience and necessity by the PSC and any more specific authorizations by the Supplemental Resolution, which plans and specifications are on file with the Sanitary Board and the City Clerk and which Phase II Project is generally described in Exhibit A hereto.

D. The estimated maximum cost of the Phase II Project is $3,952,200, of which approximately $2,913,985 will be obtained from the proceeds of the 1992 Bonds and approximately $1,038,215 will be obtained from the Grant. The City may obtain other grants and contributions as may be necessary to pay the cost of the Phase II Project. The cost of the Phase II Project may be revised to reflect conditions imposed by the West Virginia Department of Natural Resources and set forth in the Grant Agreement; provided, that in no

event shall the cost require an increase in the rates for the use of the System enacted by the Council on June 9, 1992.

E. It is deemed necessary for the City to issue its 1992 Subordinate Bonds in the aggregate principal amount of not more than $3,125,000 and its 1992 Supplemental Bonds in the aggregate principal amount of not more than $125,000, both to finance costs of construction and acquisition of the Phase II Project. Said costs shall be deemed to include the costs of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the 1992 Subordinate Bonds prior to and during construction or acquisition and for six months after completion of construction of the Phase II Project; engineering, fiscal and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident for determining the feasibility or practicability or the enterprise; administrative expense, any fees or expenses of the Authority and any default interest thereon, Origination Fee, commitment fees, discount, initial fees for the service of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the 1992 Bonds, the 1992 Note or the 1992 Line of Credit Bonds, and such other expenses as may be necessary or incidental to the financing herein authorized, the construction or acquisition of the Phase II Project and the placing of the same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the City for any amounts expended by it for allowable costs prior to the issuance of the 1992 Bonds or the repayment of indebtedness incurred by the City for such purposes shall be deemed costs of the Phase II Project.

F. The period of usefulness of the System after completion of the Phase II Project will not be less than forty years.

G. It is necessary and in the best interests of the City to establish the 1992 Line of Credit to provide funds for the acquisition and construction of the Phase II Project to the extent 1992 Bond proceeds, Grant Receipts or other funds are not timely available therefor, to enter into the 1992 Line of Credit Agreement with the Bank, to issue the 1992 Note to evidence the City's obligation to repay any draw upon the 1992 Line of Credit, and, if necessary, to issue the 1992 Line of Credit Bonds or to take such other acts as are hereinafter set forth to provide for the payment of the principal of and interest on the 1992 Note on or prior to the maturity thereof.

H. There are outstanding on the date of introduction of this Amendatory Ordinance $91,000 in aggregate principal amount of Prior Bonds. The holders of the Prior Bonds shall have a lien on the Net Revenues prior and superior to that of

the Bondholders. There are also outstanding on the date of introduction of this Amendatory Ordinance $614,699 in aggregate principal amount of Original Subordinate Bonds and $140,767 in aggregate principal amount of Original Supplemental Bonds. The Owners of the Original Bonds shall have a lien on the Net Revenues on a parity with that of the 1992 Bondholders. Other than the Prior Bonds and the Original Bonds, there are no obligations of the City outstanding which will rank prior to or on a parity with the 1992 Bonds as to their respective liens and sources of and security for payment. There is also outstanding on the date of introduction of this Amendatory Ordinance the Phase II Note in the stated principal amount of $250,000, which is subordinate to both the Prior Bonds and the Bonds as to security for payment from the Net Revenues.

I. The issuance of the 1992 Bonds on a basis subordinate to the Prior Bonds and on a parity with the Original Bonds and the issuance of the 1992 Note and the 1992 Line of Credit Bonds, if necessary, are being authorized in an effort to aid in the abatement or reduction of the pollution of waters and streams situate in and about the City, including the Guyandotte River. The City derives revenues from the System, and said revenues are pledged or encumbered only in connection with the Prior Bonds, the Original Bonds and the Phase II Note.

J. The principal of and interest on the 1992 Bonds will be paid solely from the proceeds thereof and the Net Revenues derived from the operation of the System. The principal of and interest on any 1992 Letter of Credit Bonds will be paid solely from the Net Revenues derived from the operation of the System, and the principal of and interest on the 1992 Note will be paid solely from the proceeds of the Grant Receipts and, if necessary, the net proceeds of the 1992 Letter of Credit Bonds and, as hereinafter provided, the Net Revenues. None of such 1992 Bonds, 1992 Note or 1992 Line of Credit Bonds shall in any respect be a corporate indebtedness of the City within the meaning of any charter, statutory or constitutional provisions or limitations. The 1992 Note and any 1992 Letter of Credit Bonds issued pursuant to this Ordinance are and shall be junior, subordinate and inferior as to source of payment and security and in all other respects to the Prior Bonds and the Bonds; provided, however, that the Owner of the 1992 Note shall have a first lien on the net proceeds of any 1992 Letter of Credit Bonds determined by a Supplemental Resolution and a lien on the Grant Receipts, subject only to the Phase II Note.

K. The estimated revenues to be derived in each year after the enactment of this Amendatory Ordinance from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of the System, the principal of and interest on the Prior Bonds, the Bonds and any 1992 Letter of Credit Bonds and all sinking fund and other payments

provided for in the Prior Ordinance and the Ordinance. It is in the best interest of the City that its 1992 Bonds be sold to the Authority pursuant to the terms and provisions of the 1992 Authority Loan Agreements.

L. The City has complied with all requirements of West Virginia law relating to authorization of and construction, acquisition and operation of the Project and issuance of the 1992 Bonds and the 1992 Note or will have so complied prior to issuance thereof, including, among other things, the obtaining of a certificate of convenience and necessity from the PSC by final order not subject to appeal or rehearing.

M. The Code provides exceptions from the rebate provisions for issues of small governmental units meeting certain requirements. It is in the best interest of the City and its inhabitants to qualify for the small governmental unit exception from the rebate provisions. Accordingly, it is hereby found and determined:

(1) The City is a governmental unit with general taxing powers.

(2) The 1992 Bonds and the 1992 Note are not private activity bonds as defined by the Code.

(3) Ninety-five percent (95%) or more of the net proceeds (as defined with respect to the Code) of the 1992 Bonds and the 1992 Note will be used for local governmental activities of the City.

(4) The City reasonably expects that the aggregate face amount of all tax-exempt bonds (other than private activity bonds) issued by the City and all subordinate entities thereof during the calendar year in which the 1992 Bonds and the 1992 Note will be issued will not exceed $5,000,000. The City reasonably expects to issue the 1992 Bonds and the 1992 Note in 1992.

N. The City will not permit, at any time, any of the proceeds of the Bonds and the 1992 Line of Credit or any other funds of the City to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Code.

O. The City will file all statements, instruments and returns necessary to assure the tax-exempt status of the Bonds and the 1992 Note.

P. Neither the Bonds nor the 1992 Note will not be federally guaranteed within the meaning of the Code.

Q. It is reasonably anticipated that all proceeds of the 1992 Bonds will be spent within three years from the date of issuance of the Authority's bonds from which payment for the 1992 Subordinate Bonds is made.

R. The City and all subordinate issuers do not reasonably expect to issue more than $10,000,000 of tax-exempt obligations during the calendar year 1992, and the City hereby designates the 1992 Note as "qualified tax-exempt obligations" as defined in Section 265(b)(3)(B) of the Code.

ARTICLE II

AUTHORIZATION OF PHASE II PROJECT

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

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION, AND SALE OF 1992 BONDS; AUTHORIZATION AND EXECUTION OF 1992 AUTHORITY LOAN AGREEMENTS

Section 3.01. Authorization of 1992 Bonds. For the purposes of financing a portion of the costs of acquisition and construction of the Phase II Project not otherwise provided for, of paying the costs of issuance of the 1992 Bonds, and, if authorized by the Supplemental Resolution, of funding the Reserve Account and the Supplemental Reserve Account on account of the 1992 Bonds or providing for interest on the 1992 Subordinate Bonds during construction, or both, there shall be issued the 1992 Bonds of the City. The proceeds of the 1992 Bonds shall be applied as provided in Section 5.01.

Section 3.02. Terms of 1992 Bonds. The 1992 Subordinate Bonds shall be originally issued in the form of a single bond, designated Subordinate Sewerage System Revenue Bond, Series 1992, Number R-1, fully registered to the Authority, in the principal amount of not more than $3,125,000, as shall be set forth in the Supplemental Resolution. The 1992 Subordinate Bonds shall be dated the date of delivery thereof; shall bear interest at the rate per annum, not to exceed 12%, as shall be set forth in the Supplemental Resolution, payable

semi-annually, on April 1 and October 1 of each year, beginning with the date set forth in the Supplemental Resolution; shall be subject to redemption only with the written consent of the Authority and upon payment of the interest and redemption premium, if any, and subject to the other requirements and otherwise in compliance with the 1992 Loan Agreement, so long as the Authority shall be the Owner of the 1992 Subordinate Bonds; and shall mature in principal installments on October 1 of each of the years and in the amounts set forth in the 1992 Loan Agreement "Schedule X" to be approved by the Supplemental Resolution.

The 1992 Supplemental Bonds shall be originally issued in the form of a single bond, designated Supplemental Subordinate Sewerage System Revenue Bond, Series 1992, numbered SR-1, fully registered to the Authority, in the principal amount of not more than $125,000, as shall be set forth in the Supplemental Resolution. The 1992 Supplemental Bonds shall be dated the date of delivery thereof; shall bear no interest; shall be subject to redemption only with the written consent of the Authority and otherwise in compliance with the 1992 Supplemental Loan Agreement, so long as the Authority shall be the Owner of the 1992 Supplemental Bonds; and shall mature in principal installments on October 1 of each of the years and in the amounts set forth in the 1992 Supplemental Loan Agreement "Schedule X" to be approved by the Supplemental Resolution.

Section 3.03. Other Provisions with Respect to the 1992 Bonds. The 1992 Bonds shall be executed as set forth in Subsection 3.03 of the Ordinance. The 1992 Bonds shall be authenticated and registered in accordance with Section 3.04 of the Ordinance, and the Certificate of Authentication and Registration on the 1992 Bonds shall be substantially in the form set forth in Section 3.06 of this Amendatory Ordinance. The 1992 Bonds shall be negotiable and shall be subject to transfer and registration as provided in Section 3.05 of the Ordinance. Any 1992 Bonds mutilated, destroyed, stolen, or lost shall be dealt with as prescribed by Section 3.06 of the Ordinance.

Section 3.04. 1992 Bonds Not To Be Indebtedness of the City. The 1992 Bonds shall not, in any event, be or constitute an indebtedness of the City within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues and otherwise as provided in the Ordinance. No Owner or Owners of any of the 1992 Bonds shall ever have the right to compel the exercise of the taxing power of the City to pay the 1992 Bonds or the interest thereon.

Section 3.05. 1992 Bonds Secured by Subordinate and Parity Pledge of Net Revenues. The payment of the debt service of all of the 1992 Subordinate Bonds shall be secured forthwith

equally and ratably with each other by a lien on the Net Revenues derived from the System, which lien is junior, subordinate and inferior to that on account of the Prior Bonds and which lien is on a parity with that on account of the Original Subordinate Bonds and any other Subordinate Bonds that may be issued pursuant to the Ordinance. The payment of the debt service of all the 1992 Supplemental Bonds shall also be secured forthwith equally and ratably with each other by a lien on the Net Revenues derived from the System, but junior, subordinate and inferior to the lien on the Net Revenues in favor of both the Prior Bonds and the Subordinate Bonds. Such Net Revenues, in an amount sufficient, after paying the principal of and interest on the Prior Bonds and making the other payments required under the Prior Ordinance, to pay the principal of and interest on the Bonds, and to make the payments required into the Sinking Fund and the Reserve Account therein, the Renewal and Replacement Fund, and the Supplemental Sinking Fund and the Supplemental Reserve Account therein, all as established in the Original Ordinance and continued hereby, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

Section 3.06. Form of 1992 Bonds. The text of the 1992 Bonds shall be in substantially the following tenor, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted by this Amendatory Ordinance or by any Supplemental Resolution adopted or enacted prior to the issuance thereof:

[Form of 1992 Subordinate Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF LOGAN
SUBORDINATE SEWERAGE SYSTEM REVENUE BOND, SERIES 1992

No. R-_____ $_____

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF LOGAN, a municipal corporation of the State of West Virginia (the "City"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ ($_____), in installments on 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.

Interest on each installment shall run from the date of this Bond and until payment of such installment, and such interest shall be payable on the 1st day of April and the 1st day of October in each year beginning _____ 1, 19___. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of principal, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia, as Paying Agent (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of _____, as registrar (the "Registrar"), on the 15th day of the month preceding an interest payment date or by such other method as shall be mutually agreeable so long as the Authority is the registered owner hereof.

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

The series of bonds of which this Bond is one (the "Bonds") are issued (i) to pay costs of acquisition and construction of certain extensions, improvements and betterments to the existing public sewerage system of the City

(the "Phase II Project") (said existing system, together with the Phase II Project and any further extensions, improvements or betterments thereto, is hereinafter referred to as the "System")[; (ii) to pay interest on the Bonds during and for six months after completion of construction of the Phase II Project; (iii) to fund the Reserve Account, as hereinafter defined; and (iv)] 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 Code of West Virginia, 1931, as amended (the "Act"), and the Ordinance duly passed by the Council of the City on the 11th day of August, 1987, as amended and supplemented by the Amendatory and Supplemental Ordinance duly passed by the Council of the City on the __ day of _____, 1992, and as supplemented by a resolution duly adopted by the Council of the City on _____, 19__ (collectively, the "Ordinance"), and is subject to all the terms and conditions thereof. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Ordinance) to be derived from the operation of the System, [moneys in the Reserve Account created under the Ordinance (the "Reserve Account")] and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the City within the meaning of any constitutional or statutory provisions or limitations, nor shall the City be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues[, the moneys in the Reserve Account] and unexpended Bond proceeds. Pursuant to the Ordinance, the City has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient to provide for the proper and reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any year of principal of and interest on the Bonds, on the Supplemental Bonds, as hereinafter defined, and on all obligations secured by or payable from such revenues prior to or on a parity with the Bonds and said Supplemental Bonds, including the Original Bonds and the Prior Bonds, both as hereinafter defined; provided, however, that so long as there exists in the Reserve Account sufficient moneys to pay the maximum amount of principal and interest which will become due on the Bonds in the then current

or any succeeding year and on the Original Bonds in any year, there exists in the reserve account for said Supplemental Bonds and the Original Supplemental Bonds, as defined in the Ordinance, sufficient moneys to pay the maximum amount of principal and interest, if any, which will become due on said Supplemental Bonds and Original Supplemental Bonds in any year, and the reserve accounts for any such obligations prior to or on a parity with the Bonds or said Supplemental Bonds, including said Prior Bonds, are funded at the respective requirements therefor, such percentage may be reduced to 110%. The City has entered into certain further covenants with the Registered Owners of the Bonds for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

This Bond is transferable, as provided in the Ordinance, only upon the books of the Registrar kept for that purpose at the office of the Registrar by the registered owner or by its attorney or legal representative duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or its attorney or legal representative duly authorized in writing.

Subject to registration requirements, this Bond under the provisions 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.

This Bond is issued contemporaneously with the Supplemental Subordinate Sewerage System Revenue Bonds, Series 1992, of the City (the "Supplemental Bonds"), issued in the aggregate principal amount of $_____, which Supplemental Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Bonds of this issue.

THIS BOND IS JUNIOR, SUBORDINATE AND INFERIOR AS TO LIEN ON AND SOURCE AND SECURITY FOR PAYMENT FROM THE NET REVENUES AND IN ALL OTHER RESPECTS TO THE CITY'S SEWER REVENUE BONDS DATED AS OF MARCH 1, 1964, OUTSTANDING AS OF THE DATE HEREOF IN THE AGGREGATE PRINCIPAL AMOUNT OF $_____.

THIS BOND IS ON A PARITY AS TO LIEN ON AND SOURCE AND SECURITY FOR PAYMENT FROM THE NET REVENUES AND IN ALL OTHER RESPECTS (EXCEPT FOR ITS LIEN ON THE PROCEEDS HEREOF) TO THE CITY'S SUBORDINATE SEWERAGE SYSTEM REVENUE BONDS, SERIES 1987, OUTSTANDING AS OF THE DATE HEREOF IN THE AGGREGATE PRINCIPAL AMOUNT OF $_____.

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 Phase II Project described in the Ordinance, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

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

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

IN WITNESS WHEREOF, THE CITY OF LOGAN has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Clerk, and has caused this Bond to be dated _____, 1992.

[SEAL]

_____
Mayor

ATTEST:

_____
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Subordinate Sewerage System Revenue Bonds, Series 1992, described in the within-mentioned Ordinance and has been duly registered in the name of the registered owner set forth above on the date set forth below.

Date: _____

_____,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[Form of Assignment]

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

_____

_____

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

Dated: _____, ____.

_____

In the presence of:

_____

[Form of 1992 Supplemental Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF LOGAN
SUPPLEMENTAL SUBORDINATE SEWERAGE SYSTEM REVENUE BOND,
SERIES 1992

No. SR- _____ $_____

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF LOGAN, a municipal corporation of the State of West Virginia (the "City"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ ($_____), in installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of principal, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (the "Paying Agent"). This Bond bears no interest.

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

The bonds of the series of which this Bond is one (the "Bonds") are issued to pay costs of acquisition and construction of certain extensions, improvements and betterments to the existing public sewerage system of the City (the "Phase II Project") (said existing system, together with the Phase II Project and any further extensions, improvements and betterments thereto, is hereinafter referred to as the "System")[, to fund the Supplemental Reserve Account, as hereinafter defined,] and to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Act"), an Ordinance duly passed by the Council of the City on the 11th day of August, 1987, as amended and supplemented by the Amendatory and Supplemental Ordinance duly

passed by the Council of the City on the ____ day of _____, 1992, and a supplemental resolution duly adopted by the Council of the City on the _____ day of _____, 19___ (collectively called the "Ordinance"), and is subject to all the terms and conditions thereof. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds.

This Bond is issued contemporaneously with the Subordinate Sewerage System Revenue Bonds, Series 1992, of the City (the "Subordinate Bonds"), issued in the aggregate principal amount of $_____, which Subordinate Bonds rank prior with respect to liens and sources of and security for payment to the Bonds of this issue.

THIS BOND AND THE SUBORDINATE BONDS ARE JUNIOR, SUBORDINATE AND INFERIOR AS TO LIEN ON AND SOURCE AND SECURITY FOR PAYMENT FROM THE NET REVENUES AND IN ALL OTHER RESPECTS TO THE CITY'S SEWER REVENUE BONDS DATED AS OF MARCH 1, 1964, OUTSTANDING AS OF THE DATE HEREOF IN THE AGGREGATE PRINCIPAL AMOUNT OF $_____(THE "PRIOR BONDS"). THE LIEN ON ACCOUNT OF THIS BOND ON SUCH NET REVENUES IS ALSO JUNIOR, SUBORDINATE AND INFERIOR TO THE LIEN THEREON CREATED ON ACCOUNT OF THE SUBORDINATE BONDS AND THE CITY'S SUBORDINATE SEWERAGE SYSTEM REVENUE BONDS, SERIES 1987, OUTSTANDING ON THE DATE HEREOF IN THE AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "ORIGINAL SUBORDINATE BONDS").

THIS BOND IS ON A PARITY AS TO LIEN ON AND SOURCE AND SECURITY FOR PAYMENT FROM THE NET REVENUES AND IN ALL OTHER RESPECTS (EXCEPT FOR ITS LIEN ON THE PROCEEDS HEREOF) TO THE CITY'S SUPPLEMENTAL SUBORDINATE SEWERAGE SYSTEM REVENUE BONDS, SERIES 1987, OUTSTANDING ON THE DATE HEREOF IN THE AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "ORIGINAL SUPPLEMENTAL BONDS").

This Bond is payable only from and secured by a lien, subordinate only to that of the Prior Bonds, the Original Subordinate Bonds and the Subordinate Bonds, on the Net Revenues (as defined in the Ordinance) to be derived from the operation of the System[, moneys in the Supplemental Reserve Account created under the Ordinance (the "Supplemental Reserve Account")] and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the City within the meaning of any constitutional or statutory provisions or limitations, nor shall the City be obligated to pay the same except from said special fund provided from the Net Revenues[, the moneys in the

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

This Bond is transferable, as provided in the Ordinance, only upon the books of _____, _____, West Virginia, as registrar (the "Registrar"), kept for that purpose at the office of the Registrar by the registered owner, or by its attorney or legal representative duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or its attorney or legal representative duly authorized in writing.

Subject to the registration requirements, this Bond, under the provisions 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 Phase II Project described in the Ordinance, and there shall be and hereby is

created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond; provided, that such lien on moneys deposited in the 1992 Bond Construction Trust Fund created by the Ordinance shall be subordinate to that of the Subordinate Bonds.

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

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

IN WITNESS WHEREOF, THE CITY OF LOGAN has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Clerk, and has caused this Bond to be dated _____, 1992.

[SEAL]

_____
Mayor

ATTEST:

_____
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Supplemental Subordinate Sewerage System Revenue Bonds, Series 1992, described in the within-mentioned Ordinance and has been duly registered in the name of the registered owner set forth above on the date set forth below.

Date: _____

_____
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[Form of Assignment]

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

_____

_____

_____

_____

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.07. Sale of 1992 Bonds; Execution of 1992 Authority Loan Agreements. The 1992 Bonds shall be sold to the Authority pursuant to the terms and conditions of the 1992 Authority Loan Agreements; provided, that the City must satisfy certain legal and other requirements of the Program. Execution and delivery to the Authority of the 1992 Authority Loan Agreements by the Mayor and the Clerk are hereby specifically authorized, confirmed and ratified. The 1992 Authority Loan Agreements are specifically incorporated in this Amendatory Ordinance.

Section 3.08. 1992 Bonds Are Issued as Parity Bonds. The 1992 Bonds are issued as and shall constitute Parity Bonds in accordance with Section 7.08 of the Ordinance. Prior to the issuance of the 1992 Bonds, the following must occur:

A. The City must receive the written approval of the Authority for the issuance of the Parity Subordinate Bonds while the Original Supplemental Bonds remain Outstanding.

B. There must be procured and filed with the City Clerk a written statement by the Independent Accountants, based upon the necessary investigation and certification by the Consulting Engineers, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments set forth in Section 7.08 of the Ordinance, from the System during any twelve (12) consecutive months within the eighteen (18) months immediately preceding the date of the actual issuance of the 1992 Bonds, plus the estimated average increased annual Net Revenues to be received in each of the three (3) succeeding years after the completion of the Phase II Project, shall not be less than One Hundred Fifteen Percent (115%) of the maximum debt service in any succeeding year on the following:

(1) the Prior Bonds and any other obligations secured by or payable from the revenues prior to or on a parity with the Bonds;

(2) the Bonds then Outstanding;

(3) any Parity Bonds theretofore issued pursuant to the provisions contained in the Ordinance then Outstanding; and

(4) the 1992 Bonds.

C. Unless waived in writing by the Authority, the City must enter into written contracts for the immediate acquisition or construction of the Phase II Project not later than simultaneously with the delivery of the 1992 Bonds.

D. The 1992 Bonds shall not be issued unless all the payments into the respective funds and accounts provided for in

the Prior Ordinance on account of the Prior Bonds outstanding and in the Original Ordinance on account of the Original Bonds Outstanding, and any other payments provided for in the Ordinance, shall have been made in full as required to the date of delivery of the 1992 Bonds.

Section 3.09. Certificate of Consulting Engineers. Prior to the issuance of the 1992 Bonds, the City must obtain the certificate of the Consulting Engineers in the form attached to the City's Program loan application, to the effect that the Phase II Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority, the Phase II 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 Phase II Project.

ARTICLE IV

SYSTEM REVENUES AND APPLICATION THEREOF

Section 4.01. Continuance of Funds and Accounts with the Depository Bank. The Revenue Fund and the Renewal and Replacement Fund established by the Ordinance are hereby continued and shall apply to the 1992 Bonds with the same effect as if they had been created hereunder.

Section 4.02. Continuance of Funds and Accounts with Commission. A. The Sinking Fund and the Reserve Account therein and the Supplemental Sinking Fund and the Supplemental Reserve Account therein established by the Ordinance are hereby continued and shall apply to the 1992 Bonds with the same effect as if they had been created hereunder. The amounts to be deposited into the Sinking Fund, the Reserve Account therein, the Supplemental Sinking Fund and the Supplemental Reserve Account therein prescribed by Section 5.03 of the Ordinance shall be increased as required to provide for payment of the 1992 Bonds as provided by the Ordinance; provided, that the 1992 Reserve Account Requirement is based on the then current or any succeeding year.

B. Deposits into the Sinking Fund required by Subsection 5.03(C)(1) of the Ordinance shall be adjusted if necessary for the first interest payment date on the 1992 Subordinate Bonds less than seven months after issuance of the 1992 Subordinate Bonds or completion of construction of the Phase II Project, as applicable.

C. Deposits into the Reserve Account required by Subsection 5.03(C)(3) of the Ordinance shall be increased so that 1/120th of the Reserve Account Requirement with respect to the Original Subordinate Bonds and 1/120th of the 1992 Reserve

Account Requirement on account of the 1992 Subordinate Bonds shall be deposited each month. Deposits into the Supplemental Reserve Account required by Subsection 5.03(E)(2) of the Ordinance shall be increased so that 1/120th of the Supplemental Reserve Account Requirement with respect to the Original Supplemental Bonds and 1/120th of the Supplemental Reserve Account Requirement on account of the 1992 Supplemental Bonds shall be deposited each month.

D. Subsection 5.03(C)(4) of the Original Ordinance is hereby amended and re-enacted to read as follows:

> (4) Moneys in the Sinking Fund shall be used only for the purposes of paying principal of and interest on the Subordinate Bonds as the same shall become due. Moneys in the Reserve Account in the Sinking Fund shall be used only for the purpose of paying principal of or interest on the Subordinate Bonds, as the same shall become due, when other moneys in the Sinking Fund are insufficient therefor, and for no other purpose. All investment earnings on moneys in the Sinking Fund and the Reserve Account shall be transferred, not less than once each year, to the Bond Construction Trust Fund prior to completion of the Phase I Project, and thereafter to the 1992 Bond Construction Trust Fund prior to the completion of the Phase II Project, and thereafter to the Revenue Fund or the Prior Revenue Fund, as the case may be.

Section 4.03. Authorized by Original Ordinance. The deposits into the funds and accounts described in this section are made pursuant to Subsection 5.03(F) of the Ordinance.

ARTICLE V

APPLICATION OF 1992 BOND PROCEEDS; FUNDS AND ACCOUNTS; TRANSFERS AND EXISTING FUNDS

Section 5.01. Application of 1992 Bond Proceeds. From the monies received from the sale of any or all of the 1992 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. If required by the Supplemental Resolution, the amount of the proceeds which shall be at least sufficient to pay interest on the 1992 Subordinate Bonds for the period specified in the Supplemental Resolution shall be deposited in the Sinking Fund at the Commission; provided, that such period may not extend beyond the date which is six months after the estimated date of completion of construction of the Phase II Project.

B. If required by the Supplemental Resolution, the amount of the proceeds which shall be at least sufficient to fund the 1992 Reserve Account Requirement and the Supplemental Reserve Account Requirement on account of the 1992 Bonds shall be first credited to the 1992 Bond Construction Trust Fund and then deposited in the Reserve Account and the Supplemental Reserve Account, respectively, with the Commission; provided, that such amounts shall not exceed in the aggregate 10% of the proceeds in the 1992 Bonds.

C. The remaining monies derived from the sale of the 1992 Bonds shall be deposited by the City in the 1992 Bond Construction Trust Fund and applied to the cost of the Phase II Project, including but not limited to payment of the cost of issuance, repayment of any Authority Step 1 or Step 2 Loan and, if determined to be in the best interests of the City, repayment of the Phase II Note.

Section 5.02. 1992 Bond Construction Trust Fund. The 1992 Bond Construction Trust Fund is hereby established with the Depository Bank. It shall be kept separate and apart from all other funds of the City, including the Bond Construction Trust Fund created under the Original Ordinance, and used and applied by the City solely for the payment of the cost of the Phase II Project, which include but are not limited to the cost of the issuance of the 1992 Bonds as well as construction of the Phase II Project, as more fully set out in Section 1.03(E), and for no other purposes whatsoever. Unless invested in Qualified Investments, the monies in said fund shall be secured at all times by the deposit in the Depository Bank, as security, of direct obligations of the United States of America, having a fair market value at least equal to the balance in said fund in excess of the amount insured by the FDIC. Any monies not needed immediately for said purposes shall be invested in Qualified Investments having maturities so as to enable the monies to be available as deemed necessary by the Consulting Engineers and otherwise in accordance with Article VIII. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to, such purposes, then such unapplied proceeds (1) may, during the period of three years from the date of issuance of the Authority's bonds with the proceeds of which the 1992 Subordinate Bonds are purchased, be used for construction and acquisition of the remainder of the Phase II Project or other

capital construction or acquisition needs of the System; (2) thereafter, shall be used to make up any deficiency in the Reserve Account or the Supplemental Reserve Account or to fund the Reserve Account and then the Supplemental Reserve Account at the respective requirements therefor; and (3) if the reserve accounts are fully funded and no deficiencies exist, shall be deposited by the City in escrow with an escrow trustee and used to redeem 1992 Bonds at the first redemption date and, prior thereto, to pay a proportionate amount of principal of the 1992 Bonds by depositing in the Sinking Fund and the Supplemental Sinking Fund, respectively, an amount which bears the same ratio to the principal coming due in that year as the excess proceeds bore to the initial aggregate principal amount of the 1992 Subordinate Bonds and the 1992 Supplemental Bonds, as the case may be. All such proceeds shall constitute a trust fund for such purposes, and there is hereby created a lien upon such monies until so applied in favor of the Owners of the 1992 Bonds; provided, that the lien in favor of the Owners of the 1992 Subordinate Bonds shall be prior to the lien in favor of the Owners of the 1992 Supplemental Bonds.

Expenditures or disbursements by the Depository Bank from the 1992 Bond Construction Trust Fund, except for legal, fiscal and engineering expenses, expenses in connection with the issuance and sale of the 1992 Bonds, any Origination Fee, repayment to the Authority of any Step 1 or Step 2 loans, a repayment of the Phase II Note, shall be made only after such expenditures or disbursements shall have been approved in writing by the Board and the Consulting Engineers.

If the Authority does not agree in writing that the proceeds of the 1992 Subordinate Bonds and the 1992 Supplemental Bonds may be comingled in the 1992 Bond Construction Trust Fund, separate accounts within the 1992 Bond Construction Trust Fund shall be created therefor.

Section 5.03. Origination Fee Account. An Origination Fee Account is hereby established with the trustee for the Authority's bonds issued to fund the purchase of the 1992 Subordinate Bonds. The portion of the proceeds of the 1992 Subordinate Bonds, if any, designated by the Supplemental Resolution for the Origination Fee shall be first credited to the 1992 Bond Construction Trust Fund and then deposited in the Origination Fee Account. Amounts may be disbursed from the Origination Fee Account only to pay the Origination Fee as and when required to satisfy the requirements of the State's revolving fund program established pursuant to Title VI of the Water Quality Act of 1987 or for such other purposes as the Authority may approve in writing.

ARTICLE VI

LINE OF CREDIT

Section 6.01. Authorization of 1992 Line of Credit. For the purpose of providing funds for the acquisition and construction of the Phase II Project to the extent 1992 Bond proceeds, Grant Receipts or other funds are not timely available thereof, the 1992 Line of Credit to be established by the Bank is hereby authorized, and upon approval by the Supplemental Resolution, the Mayor of the City is hereby authorized and directed to execute the 1992 Line of Credit Agreement. The 1992 Line of Credit may be in addition to, in substitution for, or as an extension and expansion of the Phase II Line of Credit.

Section 6.02. Authorization of 1992 Note. For the purpose of evidencing the City's obligation to repay any draw upon the 1992 Line of Credit and, thus, of financing a portion of the cost of acquisition and construction of the Phase II Project, there shall be issued the 1992 Note of the City, in the stated principal amount of not to exceed $500,000. The 1992 Note shall be originally issued in single, fully registered form, without coupons, and shall be dated as of the date of delivery thereof. There shall be attached to the 1992 Note a Record of Advances and Payments, upon which the date and principal amount of any draw upon the Line of Credit, the date and amount of any payment of principal of and interest on the 1992 Note and the amount of the 1992 Note outstanding after either of said transactions shall be recorded. Anything to the contrary herein, in the 1992 Line of Credit Agreement or therein notwithstanding, the 1992 Note shall evidence only the outstanding indebtedness recorded on the Record of Advances and Payments attached thereto, and interest shall accrue only on the amount of each advance from the actual date thereof as listed on said Record of Advances and Payments. Each such advance shall bear interest at the rate, not to exceed 12 percent per annum, specified in the Supplemental Resolution. Interest shall cease to accrue on the amount of the 1992 Note outstanding, or portions thereof, as the same are paid, as reflected by said Record of Advances and Payments. The 1992 Note shall mature on such date or dates, not later than 48 months after the date thereof, specified in the Supplemental Resolution. Interest on the 1992 Note shall be payable as specified in the Supplemental Resolution. The 1992 Note shall be subject to such further terms as shall be provided by the 1992 Line of Credit Agreement or said Supplemental Resolution. Notwithstanding the foregoing, the terms of the 1992 Note, other than the principal amount thereof, maximum rate of interest thereon, and maximum maturity thereof, may be modified by the Supplemental Resolution, subject to the limits of the Act.

The 1992 Note shall be payable as to principal upon presentation, and, in the case of payment at maturity, surrender, at the principal office of the 1992 Note Registrar, in any coin or currency which on such date of payment is legal tender for the payment of public and private debts under the laws of the United States of America. The 1992 Note is subject to prepayment in whole or in part at any time, upon two days' written notice (or telephone notice, confirmed in writing as soon as practical) to the 1992 Note Registrar and the 1992 Note Owner; provided, that any payment of principal, in whole or in part, prior to the final maturity of the 1992 Note shall be recorded by the 1992 Note Registrar on the Record of Advances and Payments attached to the 1992 Note, and the 1992 Note shall be returned to the Owner.

Section 6.03. Execution of 1992 Note. The 1992 Note shall be executed in the name of the City by the signature of its Mayor, and the seal of the City shall be affixed thereto and attested by the signature of the City Clerk. Any 1992 Note may be signed and sealed on behalf of the City by such person as at the actual time of the execution of such 1992 Note shall hold the proper office of the City, although at the date of such 1992 Note such person may not have held such office or may not have been so authorized.

Section 6.04. Negotiability, Transfer and Registration. Subject to the restrictions on transfer set forth below, the 1992 Note shall be and have all of the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State, and each successive Owner, in accepting the 1992 Note, shall be conclusively deemed to have agreed that the 1992 Note shall be incontestable in the hands of a bona fide holder for value.

So long as the 1992 Note or any portion thereof remains outstanding, the 1992 Note Registrar shall keep and maintain at its principal office books for the registration and transfer of the 1992 Note. The 1992 Note shall be transferable only upon such bonds of the 1992 Note Registrar by the Owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the 1992 Note Registrar duly executed by the registered owner or his duly authorized attorney. Upon the transfer of the 1992 Note, there shall be issued at the option of the Owner or the transferee another 1992 Note or Notes of the aggregate stated principal amount equal to the stated principal amount of such transferred 1992 Note and outstanding in the aggregate principal amount equal to the advanced but unpaid amount of the transferred 1992 Note as reflected on the Record of Advances and Payments attached thereto.

In all cases in which the privilege of transferring the 1992 Note is exercised, 1992 Notes shall only be issued in accordance with the provisions of this Amendatory Ordinance. All 1992 Notes surrendered in any such transfers shall forthwith be cancelled by the 1992 Note Registrar. For every such transfer of 1992 Notes, the 1992 Note Registrar may make a charge sufficient to reimburse its office for any tax, fee or other governmental charge required to be paid with respect to such transfer and the cost of preparing each 1992 Note upon each transfer, and any other expenses of the 1992 Note Registrar incurred in connection therewith, which sum or sums shall be paid by the person requesting such transfer as a condition precedent to the exercise of the privilege of making such transfer.

Section 6.05. Form of 1992 Note. The text of the 1992 Note shall be in substantially the form set forth by the Supplemental Resolution. The 1992 Note shall not become valid until authenticated by the 1992 Note Registrar.

Section 6.06. Security for 1992 Note. The principal of and interest on the 1992 Note are payable solely from and secured by the net proceeds of the Grant Receipts and such other sources, including the net proceeds of the 1992 Line of Credit Bonds, as are hereinafter set forth. The principal and interest on the 1992 Note are further payable from and secured by the Net Revenues derived from the operation of the System; provided, that such lien on the Net Revenues is and shall be junior, inferior and subordinate in all respects to the lien thereon of the Holders and owners of the Prior Bonds and the Bonds. If the 1992 Line of Credit is in addition to the Phase II Line of Credit, the 1992 Notes shall be subordinate as to lien on and source of and security for payment from the Grant Receipts and Net Revenues to the Phase II Note and from the Net Revenues to any Phase II Line of Credit Bonds.

Section 6.07. 1992 Notes Are Special Obligations. The 1992 Note shall be a special obligation of the City, payable as to principal and interest solely from said sources described in this Article. The 1992 Note does not and shall not constitute an indebtedness of the City within the meaning of any charter, constitutional or statutory provisions. The general funds of the City are not liable, and neither the full faith and credit nor the taxing power of the City is pledged, for the payment of the 1992 Note. The Owner of the 1992 Note shall never have the right to compel the forfeiture of any property of the City. The 1992 Note shall not be a debt of the City, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the City or upon any of its income, receipts or revenues except the Grant Receipts, the net proceeds of the 1992 Line of Credit Bonds, the Net Revenues and other funds pledged thereto by this Ordinance.

Notwithstanding anything in this Amendatory Ordinance, the City shall not be required to advance any money derived from any source of income other than the Grant Receipts, the net proceeds of the 1992 Line of Credit Bonds, the Net Revenues and other funds pledged by this Amendatory Ordinance for the payment of the principal of or interest on the 1992 Note or for the performance of any of its duties under this Amendatory Ordinance. The City may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose and may be used by the City for such purpose without incurring indebtedness.

Section 6.08. 1992 Note Payment Fund. There is hereby created and established with the 1992 Note Depository a special fund, designated "Sewerage System 1992 Construction Note Payment Fund." The 1992 Note Depository shall segregate all funds and securities in the 1992 Note Payment Fund from other deposits and funds of the 1992 Note Depository and other deposits and funds of the City, including, unless the 1992 Line of Credit is an expansion and extension of the Phase II Line of Credit, the payment fund established therefor. All moneys in the 1992 Note Payment Fund, until payment in full of all principal and interest owing on the 1992 Note at its maturity, shall be held in trust for the Owner of the 1992 Note, and the City shall have no rights with respect thereto except to receive the balance therein after payment of the 1992 Note and the interest thereon and the charges, if any, of the 1992 Note Depository and the 1992 Note Registrar. Pending such application, moneys in the 1992 Note Payment Fund shall be invested and reinvested in Qualified Investments. Any balance received by the City shall be applied to the costs of the Phase II Project. At least one day prior to the maturity of the 1992 Note, there shall be deposited in the 1992 Note Payment Fund, Grant Receipts or other moneys, including Net Revenues and the net proceeds of the 1992 Line of Credit Bonds, if necessary, in an amount sufficient to pay the principal of and interest on the 1992 Note at maturity. The City may at any time prepay all or any portion of the 1992 Note outstanding as herein provided. The 1992 Note Depository shall transfer any such principal payment, whether at maturity or a prepayment, or whether in whole or in part, to the 1992 Note Registrar for payment, and the 1992 Note Registrar shall make such payment as provided in this Article VI.

Section 6.09. Conversion to Long-Term Obligation. Notwithstanding the foregoing, the City may, rather than pay the principal of the 1992 Note at or prior to the maturity thereof, convert the 1992 Note to a long-term obligation, subject to such terms, rate or rates of interest and other provisions as shall be mutually agreeable to the Owner and the City and authorized by the Supplemental Resolution, payable from the Net Revenues of the System on a basis junior, subordinate and inferior to the Prior Bonds, the Bonds and the

Phase II Line of Credit Bonds. Such long-term obligation may constitute the 1992 Line of Credit Bonds authorized hereunder.

Section 6.10. 1992 Line of Credit Bonds. A. For the purpose of paying the principal of and interest on the 1992 Note at or prior to maturity, to the extent not otherwise provided for, there is hereby authorized to be issued, and the City hereby agrees to issue, the 1992 Line of Credit Bonds in a principal amount not to exceed $550,000. The 1992 Line of Credit Bonds shall be issued at such time and in such amount, bear interest at such rate or rates not to exceed twelve percent (12%) per annum and be subject to such terms, all as shall be determined by a Supplemental Resolution.

B. The principal of and interest on the 1992 Line of Credit Bonds shall be payable only from, and secured by, the Net Revenues derived from the operation of the System; provided, that such lien on the Net Revenues shall be junior, inferior and subordinate in all respects to the lien thereon of the Holders and owners of the Prior Bonds and the Bonds and, if the 1992 Line of Credit is established in addition to the Phase II Line of Credit, such lien shall be subordinate to that of the owners of the Phase II Notes or any Phase II Line of Credit Bonds.

C. There shall be created and established with the Commission upon the issuance of the 1992 Line of Credit Bonds a special fund, to be designated the "1992 Line of Credit Debt Service Fund" and, within such fund, a special account, to be designated the "1992 Line of Credit Reserve Account." Deposits into the 1992 Line of Credit Debt Service Fund for the payment of principal of and interest and fiscal agency or other charges on the 1992 Line of Credit Bonds, and payments in to the 1992 Line of Credit Reserve Account, shall be made both at the times and in the proportions, and such fund and account shall otherwise be handled, as set forth in Subsection 13(D) of the Prior Ordinance for the Sinking Fund and Reserve Account, respectively, created for the Prior Bonds. Said deposits from the Net Revenues on account of the 1992 Line of Credit Bonds shall be made only after those deposits required by Section 13(D) of the Prior Ordinance and by Section 5.03 of the Ordinance and any deposits required by the Authority Loan Agreements.

Section 6.11. Draws upon 1992 Line of Credit. The City may draw upon the 1992 Line of Credit from time to time, upon the resolution of Council (or, if authorized by the Supplemental Resolution, upon the resolution of the Sanitary Board), and otherwise as provided by the 1992 Line of Credit Agreement.

Section 6.12. 1992 Line of Credit Construction Trust Fund. There is hereby created and established with the 1992 Note Depository a special fund, designated the "Sewerage System 1992 Line of Credit Construction Trust Fund." Any draws upon the 1992 Line of Credit shall be deposited in the 1992 Line of Credit Construction Trust Fund and shall be kept separate and apart from all other funds of the City or the 1992 Note Depository and expended solely for the purposes hereinafter provided. Expenditures may be made from the 1992 Line of Credit Construction Trust Fund for paying the costs of acquisition and construction of the Phase II Project to the extent 1992 Bond proceeds, Grant Receipts or other funds are not timely available therefor; provided, that no expenditures shall be made from said fund without the approval of the Sanitary Board and the Consulting Engineers. The balance of any such deposit in the 1992 Line of Credit Construction Trust Fund, in excess of the amount secured by FDIC, shall at all times be secured to the full extent thereof by Government Obligations or such other obligations as shall be eligible as security for deposits of state and municipal funds under the laws of the State. Any balance in the 1992 Line of Credit Construction Trust Fund after the completion of the Phase II Project shall be deposited in the 1992 Note Payment Fund and used only for the payment of the 1992 Note as provided in this Amendatory Ordinance. Pending the authorized use thereof, moneys in the 1992 Line of Credit Construction Trust Fund shall be invested in Qualified Investments.

Section 6.13. 1992 Line of Credit Bond Proceeds. The proceeds of the 1992 Line of Credit Bonds, if necessary, after the payment of the cost of issuance thereof, shall be applied as provided by Section 6.08.

Section 6.14. 1992 Note and 1992 Line of Credit Bonds Secured by Ordinance. All of the covenants and agreements contained in the Ordinance shall be deemed to have been made, to the extent applicable, for the benefit of the Owner of the 1992 Note and, subsequently, of the registered owners of the 1992 Line of Credit Bonds (except as to details inconsistent with this Amendatory Ordinance). Such covenants and agreements shall be fully enforceable in the manner provided in the Ordinance by the Owner of the 1992 Note or the registered owners of the 1992 Line of Credit Bonds; provided, that Subsection 13(A) of the Prior Ordinance and Section 7.04 of the Ordinance shall not be applicable to the 1992 Note; and provided, further, that any such rights and remedies shall be junior, subordinate and inferior to those of the Holders and owners of the Prior Bonds, the Bonds and, if applicable, the Phase II Note or any Phase II Line of Credit Bonds.

Section 6.15. Covenants with Owner of 1992 Note. In order to secure the payment of the 1992 Note, the City hereby particularly covenants and agrees with the Owner of the 1992

Note, and makes provisions which shall be a part of the contract with such Owner, that the City, if and so long as any of the 1992 Note is outstanding and unpaid:

(A) Will proceed with all practicable dispatch to construct the Phase II Project;

(B) Will not make or cause or permit to be made any application of the proceeds of the 1992 Note or of any moneys held in the 1992 Note Payment Fund or the 1992 Note Construction Trust Fund except in accordance with the provisions of this Amendatory Ordinance;

(C) Will comply in all respects with the terms and provisions of the Grant Agreement and with all applicable state and federal laws and regulations governing the implementation of the Grant Agreement;

(D) Will impose and collect rates and charges for the use and services of the System in accordance with the requirements of the Prior Ordinance, the Ordinance and the 1992 Authority Loan Agreements;

(E) Will take all actions necessary to preserve its right to receive reimbursements under the Grant Agreement;

(F) Will promptly request any reimbursements to which it has become entitled under the Grant Agreement;

(G) Will not unilaterally terminate, or enter into any agreement to terminate, the Grant Agreement;

(H) Except with respect to the Prior Bonds, the Bonds, the Phase II Note, any Phase II Line of Credit Bonds, and the grant anticipation notes provided for by Section 6.17, will not create a pledge or otherwise encumber the Net Revenues prior to or on a parity with the lien thereon of the Owner of the 1992 Note, and, except with respect to Phase II Note or said grant anticipation notes, will not create a pledge or otherwise encumber the Grant Receipts prior to or on a parity with the lien created hereby on behalf of the 1992 Note.

Section 6.16. Required Notices to 1992 Note Depository and Owner of 1992 Note. The City will give to the Bank, the 1992 Note Depository and the Owner of the 1992 Note prompt written notice, appropriately documented, of any change in the status of the Grant and of any authorization of additional indebtedness of the City, and particularly of any of the following events:

(A) Any modification of the Grant;

(B) The suspension of the Grant;

(C) The lifting or cancellation of the suspension of the Grant;

(D) The termination of the Grant;

(E) The annulment of the Grant; or

(F) The authorization by the City of any additional indebtedness related to the System.

Whenever the Bank and the 1992 Note Depository shall have received notice that the Grant Agreement has been suspended or a stop-work order has been issued, no further draws upon the 1992 Line of Credit or withdrawals from the 1992 Line of Credit Construction Trust Fund shall be made until the 1992 Note Depository shall have received notice of the lifting of such suspension or stop-work order.

Section 6.17. Grant Anticipation Notes. Notwithstanding any provision of this Amendatory Ordinance to the contrary, the City may hereafter issue grant anticipation notes with a lien on the Net Revenues and the Grant Receipts prior to or on a parity with that of the 1992 Note, all as may be set forth in a resolution supplemental hereto.

Section 6.18. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the 1992 Note or the 1992 Line of Credit Bonds, as the case may be:

(A) If default occurs in the due and punctual payment of the principal of or interest on the 1992 Note or any 1992 Line of Credit Bond, as the case may be;

(B) If default occurs in the City's observance of any of the covenants, agreements or conditions on its part relating to the 1992 Note, or the 1992 Line of Credit Bonds, as the case may be, in this Amendatory Ordinance or any resolution or ordinance supplemental hereto or amendatory hereof or in the 1992 Note or the 1992 Line of Credit Bonds, as the case may be, contained, and such default shall have continued for a period of thirty (30) days after the City shall have been given written notice of such default by the 1992 Note Depository or any Owner or registered owner of the 1992 Note or a 1992 Line of Credit Bond, as the case may be; or

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

Section 6.19. Remedies. Upon the happening and continuance of any Event of Default, the Owner of the 1992 Note or any registered owner of a 1992 Line of Credit Bond, as the

case may be, may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of the Owner of the 1992 Note or the respective registered owners of the 1992 Line of Credit Bonds, as the same may be, including the right to require the City to perform its respective duties under the Act and this Amendatory Ordinance relating thereto, (iii) bring suit upon the 1992 Note or the 1992 Line of Credit Bonds, as the case may be, (iv) by action at law or bill in equity, require the City to account as if it were the trustee of an express trust for the Owner of the 1992 Note or the respective registered owners of the 1992 Line of Credit Bonds, as the case may be, and (v) by action at law or bill in equity enjoin any acts in violation of this Amendatory Ordinance with respect to the rights of the Owner of the 1992 Note or the respective registered owners of the 1992 Line of Credit Bonds, as the case may be; all subject, however, to the rights of the holders and Owners of the Prior Bonds, the Bonds, the Phase II Note and the Phase II Line of Credit Bonds.

Section 6.20. Appointment of Receiver. The Owner of the 1992 Note or any registered owner of the 1992 Line of Credit Bonds, as the case may be, may, by proper legal action, compel the performance of the duties of the City under this Amendatory Ordinance and the Act, all as provided by Subsection 13(L) of the Prior Ordinance and Section 9.03 of the Ordinance, subject, however, to the rights of the holders and Owners of the Prior Bonds and the Bonds and of any Phase II Note or Phase II Line of Credit Bonds.

Section 6.21. Modification or Amendment. No material modification of or amendment to this Amendatory Ordinance or any ordinance or resolution amendatory hereof or supplemental hereto which would materially and adversely affect the rights of any Owner of the 1992 Note or any registered owner of the 1992 Line of Credit Bonds shall be made without the consent in writing of the Owners or registered owners of two-thirds (2/3) or more in principal amount of the 1992 Note or 1992 Line of Credit Bonds, as the case may be, then outstanding; provided, however, that no change shall be made in the maturity of any 1992 Note or 1992 Line of Credit Bond or the rate or rates of interest thereon, or in the principal amounts thereof, or affecting the unconditional promise of the City to pay the principal of and interest on the 1992 Note or 1992 Line of Credit Bonds out of the funds respectively pledged therefor without the consent of the Owners or registered owners thereof, as the case may be. No amendment or modification shall be made which would reduce the percentage of the principal amount of the 1992 Note or 1992 Line of Credit Bonds, as the case may be, required for consent to the above-permitted amendments or modifications.

Section 6.22. The Bank. The Bank may serve as the 1992 Note Registrar and the 1992 Note Depository regardless of its ownership of the 1992 Note. The Bank is further hereby authorized to authenticate the 1992 Note and any 1992 Notes issued in exchange or as replacements therefor prior to the delivery thereof.

Section 6.23. 1992 Note Depository. The City may pay to the 1992 Note Depository from time to time reasonable compensation for all services rendered by the 1992 Note Depository and all reasonable expenses, charges, counsel fees and other disbursements incurred by the 1992 Note Depository in connection with its performance of its functions hereunder. The City shall from time to time have the right to appoint a successor 1992 Note Depository, provided that such successor 1992 Note Depository be a bank or national banking association located in the State and insured by the FDIC. The depository bank shall signify its acceptance of the duties and obligations hereby imposed by executing and delivering to the City a written acceptance thereof.

Section 6.24. 1992 Note Registrar. The 1992 Note Depository shall also serve as the 1992 Note Registrar for the 1992 Note. The 1992 Note Depository's acceptance of the trusts and the duties of 1992 Note Depository provided for in Section 6.23 shall also include the duties and obligations of 1992 Note Registrar. Any successor 1992 Note Registrar for the 1992 Note shall be designated by the City in a Supplemental Resolution and must be a bank, trust company or national banking association. Any such successor 1992 Note Registrar shall signify its acceptance of the duties and obligations imposed upon it pursuant hereto by executing and delivering to the City a written acceptance thereof. The 1992 Note Registrar shall be entitled to payment and reimbursement for reasonable fees for its services rendered hereunder and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by such 1992 Note Registrar in connection with such services, solely from moneys available therefor.

Section 6.25. Notice to Authority. The City shall give the Authority written notice of the issuance of the 1992 Note, any 1992 Line of Credit Bonds or Phase II Line of Credit Bonds or any grant anticipation notes authorized by Section 6.17 hereof.

ARTICLE VII

ADDITIONAL COVENANTS OF THE CITY

Section 7.01. Covenants. All the covenants, agreements and provisions set forth in the Original Ordinance shall be and constitute valid and legally binding covenants of

however, that prior to the issuance of such Parity Bonds under the provision of this paragraph, the Consulting Engineers shall file with the Clerk a certificate to the effect that additional funds are necessary for such purpose. All such Parity Bonds authorized and issued under the provisions of this section shall be limited to the aggregate principal amount required to make up any deficiency in funds for payment of the construction costs to complete the Phase II Project, and the maturities of any such Parity Bonds shall be in years and amounts suggested by the Authority.

Section 7.06. Insurance. In addition to the insurance required by Section 7.09 of the Ordinance, the City will require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority, so long as the Authority is the Owner of the 1992 Bonds. The City will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the City, the Authority, the prime contractor and all subcontractors as their interests may appear, in accordance with the 1992 Authority Loan Agreements, during construction of the Phase II Project in the full insurable value thereof.

Section 7.07. Enforcement of Collections. If the City does not own the Water System referred to in Section 7.11 of the Ordinance, it shall enter into a termination agreement with the provider of water for the customers of the System.

Section 7.08. Books, Records and Reports. In addition to the requirements set forth in Section 7.13 of the Ordinance, the report of the required audit shall include a statement that the City is in compliance with the terms and provisions of the 1992 Authority Loan Agreements and the Ordinance and that the revenues from the System are adequate to meet its operation and maintenance expenses and debt service requirements. The City shall timely file or cause to be filed all reports and certificates required by the 1992 Authority Loan Agreements.

Commencing on the date contracts are executed for construction of the Phase II Project and for two years following completion of the Phase II Project, the City each month shall complete a monthly financial report in the form attached as Exhibit C to the 1992 Authority Loan Agreements and forward a copy of such report to the Authority by the 10th of each month.

Section 7.09. Operating Budget. The City shall submit to the Authority a copy of the annual budget required by

Section 7.14 of the Ordinance within 30 days of the adoption thereof.

Section 7.10. Covenant to Amend Ordinance. The City retains the right to make any amendments, insertions or deletions by Supplemental Resolution to the Ordinance as the City deems desirable or necessary prior to the issuance of the 1992 Bonds, including but not limited to amendments, insertions and deletions to comply with the Code. Notwithstanding the provisions of Section 11.01 of the Ordinance, the City shall without consent of the Owners of any Bonds amend or supplement the Ordinance by a resolution supplemental thereto or any amendatory ordinance to comply with the Code if such amendment or supplement is necessary to preserve the tax-exempt status of the Bonds. The Council of the City hereby retains the specific authority to amend the Ordinance or supplement it by resolution to comply with the Code. In its determination to amend or supplement the Ordinance, the City may rely upon the opinion of nationally recognized bond counsel.

The City also retains the right to make any amendments, insertions or deletions by Supplemental Resolution of the Ordinance as the City deems necessary prior to the issuance of the 1992 Bonds to meet the requirements of the Authority.

Section 7.11. Public Purpose Bonds. The City shall use the 1992 Bond proceeds solely for the Project and as otherwise set forth herein, and the Project will be operated solely for a public purpose and as a local governmental activity of the City. The City will timely provide to the Authority any information with respect to the proceeds required by the 1992 Authority Loan Agreements.

Section 7.12. Private Activity Bond Covenant. The City shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the City to be use directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Code by reason of the classification of the Bonds as private activity bonds within the meaning of the Code. The City will take all actions necessary to comply with the Code in order to maintain the tax-exempt status of the Bonds.

Section 7.13. Filing Covenants. The City will file all statements, instruments and returns necessary to assure the tax-exempt status of the 1992 Bonds, including, without limitation, the information return required under Section 149(e) of the Code.

Section 7.14. Federal Guarantee Covenant. The 1992 Bonds, in whole or in part, are not and will not be directly or

indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

Section 7.15. Rebate Covenant. The City is a governmental unit with general taxing powers to finance operations of or facilities of the nature of the Project and the System. As covenanted above, the 1992 Bonds are not private activity bonds within the meaning of the Code, and ninety-five percent (95%) or more of the net proceeds (as defined with respect to the Code) of the 1992 Bonds will be used for local governmental activities of the City. The City reasonably expects it and all its subordinate entities to issue less than $5,000,000 in aggregate face amount of tax-exempt bonds (other than private activity bonds) during the calendar year, being 1992, in which the 1992 Bonds are to be issued. Therefore, the City believes that it is excepted from the rebate requirements of Section 148(f) of the Code. Notwithstanding the foregoing, if the City is in fact subject to such rebate requirements, the City hereby covenants to rebate to the United States the amounts required by the Code and to take all steps necessary to make such rebates as further described in Section 8.03. In the event the City fails to make such rebates as required, the City shall pay any and all penalties and obtain a waiver from the Internal Revenue Service in order to maintain the tax-exempt status of interest on the 1992 Bonds.

Section 7.16. Further Action. The City will take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the income on the Bonds will be and remain excludable from gross income in federal income tax purposes and will not take any actions or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

ARTICLE VIII

INVESTMENT OF FUNDS

Section 8.01. Investments Particular to the 1992 Bonds. Except as otherwise specifically provided in the Ordinance, any investments shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, including, but not limited to those in the 1992 Bond Construction Trust Fund, and used for the purpose of such fund or account. The interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. Interest earnings on the Sinking Fund, including the Reserve Account therein, and on the Supplemental Sinking Fund, including the Supplemental Reserve Account therein, shall be transferred at least annually prior to completion of the Phase I Project, to

the Bond Construction Trust Fund and, thereafter, prior to completion of the Phase II Project to the 1992 Bond Construction Trust Fund and, thereafter, to the Prior Revenue Fund or the Revenue Fund, as the case may be.

Section 8.02. Arbitrage. The City covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the 1992 Bonds which would cause the 1992 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the 1992 Bonds) so that the interest on the 1992 Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusions. The City shall take any and all actions, and refrain from taking any actions, as shall be deemed necessary by the Authority to maintain the exclusion from gross income for federal income tax purposes of interest on the Authority's bonds used to fund the purchase of the 1992 Subordinate Bonds.

Section 8.03. Tax Certificate and Rebate. The City shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the 1992 Bonds. In addition, the City covenants to comply with all regulations from time to time in effect and applicable to the 1992 Bonds as may be necessary in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Authority's bonds used to fund the purchase of the 1992 Subordinate Bonds and fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such regulations, regardless of whether such actions may be contrary to any of the provisions of this Ordinance.

If it is determined that the City does not quality for an exception to Section 148 of the Code or the City is otherwise subject to rebate in connection with the 1992 Bonds, the City shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, unless otherwise agreed by the Authority, the City shall deposit, or cause to be deposited, with the Depository Bank in a separate fund designated the Rebate Fund, such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge

Section 8.04. Restriction of Yield and Bond Proceeds. The City shall comply with the yield restriction on Bond proceeds as set forth in Section 148 of the Code.

ARTICLE IX

DEFAULTS AND REMEDIES

Section 9.01. Appointment of Receiver. In addition to the powers set forth in Section 9.03 of the Ordinance, any receiver appointed pursuant to that section shall also have the power to construct the Phase II Project.

ARTICLE X

MISCELLANEOUS

Section 10.01. Amendment of Section 11.01 of the Original Ordinance. Section 11.01 of the Original Ordinance is hereby amended and reenacted to read as follows:

> Section 11.01. Modification or Amendment. No material modification or amendment of this Ordinance, or of any ordinance or resolution amendatory hereof or supplemental hereto, that would materially and adversely affect the respective rights of Owners of the Bonds shall be made without the consent in writing of the Owners of 2/3 or more in principal amount of the Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the City to pay such principal and interest out of the revenues of the System without the consent of the respective Owner thereof. No amendment or modification shall be made that will reduce the principal amount of Bonds required for consent to the above-permitted amendment or modifications.

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

Section 10.03. Repeal of Conflicting Ordinances. All ordinances, orders or resolutions, or parts thereof, in

Filed with me this 4th day of July 1992
Vickie Luke, Acting City Clerk

Exhibit A

PHASE II PROJECT DESCRIPTION

The Phase II Project will consist of construction of a 0.53 MGD secondary wastewater treatment facility to include: oxidation ditch, intra-channel clarifier, ultraviolet disinfection, sludge dewatering beds, service water pumping system, laboratory and control building, two pump stations, emergency generator, approximately 4,200 L.F. of 15" DIP force main, as well as all components necessary for a complete facility. Additional conditions may be imposed by the West Virginia Department of Natural Resources and incorporated into the Phase II Project.

THE CITY OF LOGAN, WEST VIRGINIA

BOND AND NOTE ORDINANCE

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Exhibit A: Loan Agreement
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BOND AND NOTE ORDINANCE

An Ordinance supplementing an ordinance adopted by the Council of The City of Logan, West Virginia, on February 11, 1964, entitled "An Ordinance authorizing the issuance of $308,000 principal amount of Sewer Revenue Bonds for the purpose of refunding certain outstanding bonds and to pay part of the cost of construction and acquisition of additions, extensions and improvements to the existing sewer system of The City of Logan, West Virginia"; authorizing the acquisition and construction of certain extensions, improvements and betterments to the existing public sewerage facilities of The City of Logan; authorizing issuance of not more than $720,000 in aggregate principal amount of Subordinate Sewerage System Revenue Bonds, Series 1987, and not more than $180,000 in aggregate principal amount of Supplemental Subordinate Sewerage System Revenue Bonds, Series 1987, of The City of Logan to be used, along with other funds and moneys of or available to The City of Logan that may be lawfully expended for such purposes, to finance the cost of such acquisition and construction; providing for the sale of such Bonds to the West Virginia Water Development Authority and for the rights and remedies of and security for the registered owners of such Bonds; authorizing issuance of not more than $1,000,000 in aggregate principal amount of Sewerage System Grant Anticipation Notes, Series 1987, to be used to finance the cost of such acquisition and construction pending the receipt of certain grant proceeds; and enacting other provisions relating thereto.

Be It Enacted and Ordained by the Council of The City of Logan, West Virginia:

ARTICLE I

DEFINITIONS, STATUTORY AUTHORITY AND FINDINGS

Section 1.01. Definitions. The following terms shall have the following meanings in this Ordinance unless the context expressly requires otherwise:

A. "Act" means Chapter 16, Article 13, of the Code of West Virginia, 1931, as amended and in effect on the date of enactment of this Ordinance.

B. "Authority" means the West Virginia Water Development Authority, which shall be the original purchaser of the Original Bonds, as hereinafter defined, or any other agency of the State of West Virginia that succeeds to the functions of the Authority.

C. "Authorized Officer" means the Mayor of The City of Logan or any acting mayor duly appointed or any other officer duly so authorized by the Council of The City of Logan.

D. "Bond Construction Trust Fund" means the Bond Construction Trust Fund established by Section 5.01(3).

E. "Bondholder" or "Owner of the Bonds" or "Registered Owner" or "Owner" or any similar term means any person who shall be the registered owner of any outstanding Bond or Bonds.

F. "Bond Registrar" means the bank to be designated as such in the Supplemental Resolution, as hereinafter defined, and its successors or assigns.

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

H. "City" means The City of Logan, a municipal corporation of the State of West Virginia, and, where appropriate, the Council thereof.

I. "Clerk" or "City Clerk" means the Clerk of the City, designated by the Charter of the City as Secretary to the Mayor.

J. "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.

K. "Consulting Engineers" means Kelley, Gidley, Blair & Wolfe, Inc., Consulting Engineers, Charleston, West Virginia, or any engineer or firm of engineers of reputation for skill and experience with respect to the design and construction of sewerage facilities that shall at any time hereafter be retained by the City as Consulting Engineers for the System, as hereinafter defined.

L. "Costs" or "Costs of the Project" means those costs described in Subsection 1.03(E) hereof to be a part of the costs of the construction and acquisition of the Phase I Project, as hereinafter defined.

M. "Council" means the Council of the City or any other governing body of the City that succeeds to the functions of the Council as presently constituted and shall be deemed to refer also to the Sanitary Board of the City to the full extent of the powers relating to the System, as hereinafter defined, conferred upon said Sanitary Board.

N. "Depository Bank" means the bank, eligible under the laws of the State of West Virginia to receive deposits of state and municipal funds and insured by the FDIC, as hereinafter defined, designated as such in the Supplemental Resolution, as hereinafter defined, and any successors thereto.

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

P. "EPA Grant" means the grant from the EPA awarded as of September 30, 1985, pursuant to an EPA Assistance Agreement, as supplemented and amended.

Q. "Event of Default" means any occurrence or event specified in Section 9.01.

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

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

T. "Government Obligations" means direct obligations of, or obligations the timely payment of the principal of and interest on which is guaranteed by, the United States of America, including (i) such obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from such obligations and receipts or certificates evidencing payments from such obligations or interest coupons stripped from such obligations, (ii) evidences of ownership of a proportionate interest in specified direct obligations of, or specified obligations which are unconditionally and fully guaranteed by, the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian and (iii) obligations, the sole source of the payment of the principal of and interest on which are obligations of the nature of those described in clause (i), which are irrevocably pledged for such purposes.

U. "Grant Receipts" means all moneys received by the City on account of the EPA Grant or any other grant to pay Costs of the Project after the date of issuance of the Notes, as hereinafter defined.

V. "Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided, that "Gross Revenues" does

not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined) or any Tap Fees, as hereinafter defined, and for the furnishing by the City of miscellaneous service.

W. "Indenture" or "Trust Indenture" means the Trust Indenture between the City and a trustee to be appointed by the Supplemental Resolution, as hereinafter defined, relating to the Notes, as hereinafter defined, and all supplements or amendments thereto.

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

Y. "Loan Agreement" means the Loan Agreement between the Authority and the City, in substantially the form attached as Exhibit A hereto and incorporated herein by reference, with any changes, insertions or deletions as may be requested by the Authority and approved by the Supplemental Resolution, as hereinafter defined, providing for the purchase of the Original Subordinate Bonds from the City by the Authority.

Z. "Mayor" means the Mayor of the City.

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

BB. "Noteholder," "Holder of the Notes," "Holder of the GANs" or any similar term means any person who shall be the registered owner of any outstanding Note or Notes, as hereinafter defined.

CC. "Notes" or "GAN" means the not more than $1,000,000 in aggregate principal amount of Sewerage System Grant Anticipation Notes, Series 1987, originally authorized hereby, and, unless the context clearly indicates otherwise, the terms "Notes" and "GAN" include any refunding grant anticipation notes of the City.

DD. "Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System, as hereinafter defined, and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those

capitalized as part of the Costs, fees and expenses of the Authority, any fiscal agents, Bond and Note registrars and paying agents, the trustee for any Notes and the Depository Bank, other than those capitalized as part of the Costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds or Notes, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

EE. "Ordinance" means this Ordinance, as hereafter amended or supplemented.

FF. "Original Bonds" or "Bonds authorized hereby" or any similar phrase means, collectively, the Original Subordinate Bonds and the Original Supplemental Bonds, both as hereinafter defined.

GG. "Original Subordinate Bonds" means the not more than $720,000 in aggregate principal amount of Subordinate Sewerage System Revenue Bonds, Series 1987, originally authorized hereby to pay a portion of the Costs of the Project.

HH. "Original Supplemental Bonds" means the not more than $180,000 in aggregate principal amount of Supplemental Subordinate Sewerage System Revenue Bonds, Series 1987, originally authorized hereby to pay a portion of the Costs of the Project.

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

JJ. "Parity Bonds" means, collectively, Parity Subordinate Bonds and Parity Supplemental Bonds.

KK. "Parity Subordinate Bonds" means any additional bonds issued under the provisions and within the limitations

prescribed by Section 7.08 hereof, payable from Net Revenues on a parity with the Original Subordinate Bonds.

LL. "Parity Supplemental Bonds" means any additional bonds issued under the provisions and within the limitations prescribed by Section 7.08 hereof, payable from Net Revenues on a parity with the Original Supplemental Bonds.

MM. "Paying Agent" means the West Virginia Municipal Bond Commission or any successor to the functions thereof.

NN. "Phase I Project" means the extensions, improvements and betterments to the existing sewerage system of the City described in Exhibit B attached hereto and incorporated herein by reference.

OO. "Prior Bonds" means the City's Sewer Revenue Bonds dated as of March 1, 1964, issued in the aggregate principal amount of $308,000 and outstanding as of the date of enactment of this Ordinance in the aggregate principal amount of $152,000, the lien of which Prior Bonds on the Net Revenues is prior and superior to that of the Bonds.

PP. "Prior Ordinance" means the ordinance entitled "An Ordinance authorizing the issuance of $308,000 principal amount of Sewer Revenue Bonds for the purpose of refunding certain outstanding bonds and to pay part of the cost of construction and acquisition of additions, extensions and improvements to the existing sewer system of The City of Logan, West Virginia," adopted by the Council on February 11, 1964, and finally enacted as of March 3, 1964, authorizing the issuance of the Prior Bonds.

QQ. "Program" means the Authority's loan program, under which the Authority purchases the water development revenue bonds of local government entities satisfying certain legal and other requirements with the proceeds of water development revenue bonds of the Authority, or any successor to said program as currently constituted.

RR. "Project" means the extensions, improvements and betterments to the existing sewerage system of the City as described in connection with the EPA Grant and includes the Phase I Project.

SS. "PSC" means the Public Service Commission of West Virginia or any other agency of the State of West Virginia that succeeds to the functions of the PSC.

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

(a) Government Obligations;

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

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

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

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

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

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

UU. "Renewal and Replacement Fund" means the Renewal and Replacement Fund established by Section 5.01(2).

VV. "Reserve Account" means the account in the Sinking Fund, as hereinafter defined, created by Section 5.02(1)(a).

WW. "Reserve Account Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Subordinate Bonds in any year.

XX. "Revenue Fund" means the revenue fund created by Section 5.01(1).

YY. "Sanitary Board" or "Board" means the Sanitary Board of the City established by an ordinance duly enacted by the Council of the City on April 12, 1948, and any successors to the functions thereof.

ZZ. "Sinking Fund" means the Sinking Fund established for the Subordinate Bonds by Section 5.02(1).

AAA. "State" means the State of West Virginia.

BBB. "Subordinate Bonds" means, collectively, the not more than $720,000 in aggregate principal amount of Original Subordinate Bonds and any Parity Subordinate Bonds hereafter issued.

CCC. "Supplemental Bonds" means, collectively, the not more than $180,000 in aggregate principal amount of Original Supplemental Bonds and any Parity Supplemental Bonds hereafter issued.

DDD. "Supplemental Loan Agreement" means the Supplemental Loan Agreement between the Authority and the City, in substantially the form attached as Exhibit C hereto and incorporated herein by reference, with any changes, insertions or deletions requested by the Authority and approved by the Supplemental Resolution, providing for the purchase of the Original Supplemental Bonds from the City by the Authority.

EEE. "Supplemental Reserve Account" means the account established in the Supplemental Sinking Fund, as hereinafter defined, pursuant to Section 5.02(2)(a).

FFF. "Supplemental Reserve Requirement" means the maximum amount of principal and interest, if any, which will become due on the Supplemental Bonds in any year.

GGG. "Supplemental Resolution" means any ordinance or resolution of the Council amending or supplementing this

Ordinance and, when preceded by the article "the," refers specifically to the Supplemental Resolution authorizing the sale of the Original Bonds or the Supplemental Resolution approving a trust indenture pursuant to which the Notes shall be issued and specifically authorizing the Notes; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Bonds or the Notes, as the case may be, and not so included may be included in another Supplemental Resolution.

HHH. "Supplemental Sinking Fund" means the Supplemental Sinking Fund established for the Supplemental Bonds by Section 5.02(2).

III. "Surplus Revenues" means the Net Revenues not required by the Prior Ordinance or this Ordinance to be set aside and held (including but not limited to in sinking funds, reserve accounts and renewal and replacement funds) for the payment of or security for the Prior Bonds or for the Bonds or any other obligations of the City, the proceeds of which Bonds or other obligations are used to pay Costs of the Project.

JJJ. "System" means the works for the collection and/or treatment, purification and disposal of sewage, in its entirety or any integral part thereof, owned by the City and under the supervision and control of the Sanitary Board, and any additions, improvements or betterments thereto hereafter constructed or acquired from any sources whatsoever and includes the Project.

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

LLL. "WDA Loan Agreements" means, collectively, the Loan Agreement and the Supplemental Loan Agreement.

MMM. Additional terms and phrases are defined in this Ordinance as they are used. Accounting terms not specifically defined herein shall be given meaning in accordance with generally accepted accounting principles.

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

OOO. The terms "herein," "hereunder," "hereby," "hereto," "hereof" and any similar terms refer to this Ordinance; and the term "hereafter" means after the date of enactment of this Ordinance.

PPP. Articles, sections and subsections mentioned by number only are the respective articles, sections and subsections of this Ordinance so numbered.

Section 1.02. Authority of this Ordinance. This Ordinance is enacted pursuant to the provisions of the Act and other applicable provisions of law and, so long as any of the Prior Bonds is outstanding, is supplemental to the Prior Ordinance.

Section 1.03. Findings. It is hereby found, determined and declared as follows:

A. The City now owns and operates public works for the collection and treatment, purification and disposal of sewage.

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

C. The Sanitary Board has presented a petition to the City for acquisition and construction of the Phase I Project, enactment of this Ordinance and the issuance of the Bonds and Notes.

D. It is deemed necessary and desirable for the health, welfare and safety of the inhabitants of the City that the Phase I Project be acquired and constructed at an estimated cost of $1,570,000, in accordance with the plans and specifications prepared by Kelley, Gidley, Blair & Wolfe, Inc., Consulting Engineers, Charleston, West Virginia, which plans and specifications are on file with the Sanitary Board and the City Clerk, and which Phase I Project is generally described in Exhibit B hereto.

E. It is deemed necessary for the City to issue its Original Subordinate Bonds in the aggregate principal amount of not more than $720,000 and its Original Supplemental Bonds in the aggregate principal amount of not more than $180,000 and contemporaneously therewith, or as soon as practicable thereafter if and when the Council shall determine it to be in the best interests of the City, to issue its Notes in the aggregate principal amount of not more than $1,000,000, all to finance costs of construction and acquisition of the Phase I Project. Said costs shall be deemed to include the cost of all

property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Bonds prior to and during construction or acquisition and for six months after completion of construction of the Phase I Project; interest upon the Notes during the term thereof; engineering, fiscal and legal expenses; expenses for estimates of cost and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense, any fees of the Authority, commitment fees, discount, initial fees for the service of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Bonds and Notes and such other expenses as may be necessary or incidental to the financing herein authorized, the construction or acquisition of the Phase I Project and the placing of the same in operation, and the performance of the things herein required or permitted, in connection with any thereof, including, with respect to the Notes, any commitment fees to a bank or banks for the issuance of letters of credit and any costs of obtaining insurance thereon; provided, that reimbursement to the City for any amounts expended by it for allowable costs prior to the issuance of the Bonds or Notes or the repayment of indebtedness incurred by the City for such purposes shall be deemed Costs of the Project.

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

G. There are outstanding on the date of enactment of this Ordinance $152,000 in aggregate principal amount of Prior Bonds. The holders of the Prior Bonds shall have a lien on the Net Revenues prior and superior to that of the Bondholders. Other than the Prior Bonds, there are no obligations of the City outstanding which will rank prior to or on a parity with the Original Bonds as to their respective liens and sources of and security for payment.

H. The issuance of the Original Bonds on a basis subordinate to the Prior Bonds is being authorized in an effort to aid in the abatement or reduction of the pollution of waters and streams situate in and about the City, including the Guyandotte River.

I. The City derives revenues from the System, and said revenues are pledged or encumbered only in connection with the Prior Bonds.

J. The estimated revenues to be derived in each year after the enactment of this Ordinance from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of the the System, the principal of and

interest on the Prior Bonds and the Bonds and all sinking fund and other payments provided for in the Prior Ordinance and this Ordinance.

K. It is in the best interests of the City that its Original Bonds be sold to the Authority pursuant to the terms and provisions of the WDA Loan Agreements.

L. The City 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 Original Bonds and the Notes, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a Certificate of Convenience and Necessity from the PSC by final order not subject to appeal or rehearing.

M. The Internal Revenue Code of 1986, as amended and including the rules and regulations promulgated pursuant thereto or to any predecessors or successors thereto (collectively, the "Code"), provides exceptions from the rebate provisions for issues of small governmental units meeting certain requirements.

N. It is in the best interests of the City and its inhabitants to qualify for the small governmental unit exception from the rebate provisions.

O. The City is a governmental unit with general taxing powers.

P. The Original Bonds are not private activity bonds as defined by the Code.

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

R. The City reasonably expects that the aggregate face amount of all tax-exempt bonds (other than private activity bonds) issued by the City and all subordinate entities thereof during the calendar year in which the Original Bonds will be issued, being 1987, will not exceed $5,000,000.

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

T. The City will file all statements, instruments and returns necessary to assure the tax-exempt status of the Bonds.

U. The Bonds will not be federally guaranteed within the meaning of the Code.

V. It is reasonably anticipated that all proceeds of the Original Bonds will be spent within three years from May 22, 1986.

Section 1.04. Ordinance Constitutes Contract. In consideration of the acceptance of the Bonds and the Notes authorized to be issued hereunder by those who shall respectively hold the same from time to time, this Ordinance shall be deemed to be and shall constitute a contract between the City and such Bondholders or Noteholders, and the covenants and agreements herein set forth to be performed by said City shall be for the equal benefit, protection and security of the legal Holders of any and all of such Bonds or Notes, as the case may be, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

ARTICLE II

AUTHORIZATION OF PHASE I PROJECT

Section 2.01. Authorization of Phase I Project. There is hereby authorized the acquisition and construction of the Phase I Project in accordance with the plans and specifications therefor prepared by the Consulting Engineers.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF WDA LOAN AGREEMENTS

Section 3.01. Authorization of Original Bonds. For the purposes of financing a portion of the costs of acquisition and construction of the Phase I Project not otherwise provided for, of paying the costs of issuance of the Original Bonds and, if authorized by the Supplemental Resolution, of funding the Reserve Account and the Supplemental Reserve Account or for providing for interest during construction or both, there shall be issued the Original Bonds of the City. Such Original Bonds shall be issued contemporaneously with or prior to any issuance of the Notes. The proceeds of the Original Bonds shall be applied as provided in Section 6.01.

Section 3.02. Terms of Original Bonds. The Original Subordinate Bonds shall be originally issued in the form of a single bond, designated Subordinate Sewerage System Revenue Bond, Series 1987, numbered R-1, fully registered to the Authority, in the principal amount of not more than $720,000 as shall be set forth in the Supplemental Resolution. The Original Subordinate Bonds shall be dated the date of delivery thereof; shall bear interest at the rate per annum, not to exceed 12%, as shall be set forth in the Supplemental Resolution, payable semiannually on April 1 and October 1 of each year, beginning with the date set forth in the Supplemental Resolution; shall be subject to redemption only with the written consent of the Authority and upon payment of the interest and redemption premium, if any, and subject to the other requirements and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Original Subordinate Bonds; and shall mature in principal installments on October 1 of each of the years and in the amounts set forth in the Loan Agreement "Schedule X" to be approved by the Supplemental Resolution.

The Original Supplemental Bonds shall be originally issued in the form of a single bond, designated Supplemental Subordinate Sewerage System Revenue Bond, Series 1987, numbered SR-1, fully registered to the Authority, in the principal amount of not more than $180,000, as shall be set forth in the Supplemental Resolution. The Original Supplemental Bonds shall be dated the date of delivery thereof; shall bear no interest; shall be subject to redemption only with the written consent of the Authority and otherwise in compliance with the Supplemental Loan Agreement, so long as the Authority shall be the registered owner of the Original Supplemental Bonds; and shall mature in principal installments on October 1 of each of the years and in the amounts set forth in the Supplemental Loan Agreement "Schedule X" to be approved by the Supplemental Resolution.

The Bonds shall be payable as to principal at the principal office of the Paying Agent in any coin or currency which, on the dates of payment of principal, is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Bonds shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, provided, that so long as the Authority is the Owner thereof, interest on the Bonds may be paid by wire transfer or other methods satisfactory to the City, the Paying Agent and the Authority.

Bonds shall be exchangeable at the option and expense of the Owner for other fully registered Bonds of the same

series in aggregate principal amount equal to the amount of said Bonds then Outstanding, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds may be issued within the terms and restrictions hereinafter set forth as provided by a Supplemental Resolution.

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

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

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

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

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

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

In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, Bonds shall be delivered in accordance with the provisions of this Ordinance. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer or Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which charges and expenses for any Bonds owned by the Authority, in the event of partial redemption of any Bond or in connection with the first transfer of any Bond from the original purchaser thereof shall be paid by the City and, otherwise, shall be paid by the Owner requesting such transfer or exchange. The Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period beginning with the 15th day of the month preceding an interest payment date and ending on the day preceding such interest payment date or, in the case of any proposed redemption of Bonds, during the 15 days next preceding the date of the selection of Bonds to be redeemed.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the City may, at the discretion of the Council, issue, and the Bond Registrar shall authenticate and deliver, a new Bond or Bonds of like tenor as the Bond or Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or Bonds, upon surrender and cancellation of such mutilated Bond or Bonds, or in lieu of and substitution for the Bond or Bonds destroyed, stolen or lost, and upon the Owner's furnishing the City proof of his ownership thereof and satisfactory indemnity and complying with

such other reasonable regulations and conditions as the City may prescribe and paying such expenses as the City may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the City. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the City may pay the same, upon being indemnified as aforesaid, and, if such Bond be lost, stolen or destroyed, without surrender thereof.

Any such duplicate Bonds issued pursuant to this section shall constitute original, additional contractual obligations on the part of the City, whether or not the lost, stolen or destroyed Bonds be at any time found by any one, and such duplicate Bonds shall be entitled to equal and proportionate benefits and rights as to lien on and source of and security for payment from the revenues pledged herein with the Bonds issued hereunder.

Section 3.07. Bonds Not To Be Indebtedness of the City. The Bonds shall not, in any event, be or constitute an indebtedness of the City within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues and otherwise as provided herein. No Owner or Owners of any of the Bonds shall ever have the right to compel the exercise of the taxing power of the City to pay the Bonds or the interest thereon.

Section 3.08. Bonds Secured by Subordinate Pledge of Net Revenues. The payment of the debt service of all the Subordinate Bonds shall be secured forthwith equally and ratably with each other by a lien on the Net Revenues derived from the System, which lien is junior, subordinate and inferior to that on account of the Prior Bonds. The payment of the debt service of all the Supplemental Bonds shall also be secured forthwith equally and ratably with each other by a lien on the Net Revenues derived from the System, but junior, subordinate and inferior to the lien on the Net Revenues in favor of both the Prior Bonds and the Subordinate Bonds. Such Net Revenues, in an amount sufficient, after paying the principal of and interest on the Prior Bonds and making the other payments required under the Prior Ordinance, to pay the principal of and interest on the Bonds and to make the payments required into the Sinking Fund and the Reserve Account therein, the Renewal and Replacement Fund and the Supplemental Sinking Fund and the Supplemental Reserve Account therein, all hereinafter established, are hereby irrevocably pledged to the payment of the principal of and any interest on the Bonds as the same become due.

Section 3.09. Form of Original Bonds. The text of the Original Bonds shall be in substantially the following

tenor, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted by this Ordinance or by any Supplemental Resolution adopted or enacted prior to the issuance thereof:

[Form of Original Subordinate Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF LOGAN
SUBORDINATE SEWERAGE SYSTEM REVENUE BOND, SERIES 1987

No. R-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF LOGAN, a municipal corporation of the State of West Virginia (the "City"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ ($_____), in installments on 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.

Interest on each installment shall run from the date of this Bond and until payment of such installment, and such interest shall be payable on the 1st day of April and the 1st day of October in each year beginning _____ 1, 198__. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of principal, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia, as Paying Agent (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of _____, as registrar (the "Registrar") on the 15th day of the month preceding an interest payment date or by such other method as shall be mutually agreeable so long as the Authority is the registered owner hereof.

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

This Bond is issued (i) to pay costs of acquisition and construction of certain extensions, improvements and

betterments to the existing public sewerage system of the City (the "Project") (said existing system, together with the Project and any further extensions, improvements or betterments thereto, is hereinafter referred to as the "System")[; (ii) to pay interest on the Bonds during and for six months after completion of construction of the Project; (iii) to fund the Reserve Account, as hereinafter defined; and (iv)] 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 Code of West Virginia, 1931, as amended (the "Act"), and the Ordinance duly enacted by the Council of the City on the _____ day of _____, 1987, as supplemented by a resolution duly adopted by the Council of the City on _____, 19__ (collectively, the "Ordinance"), and is subject to all the terms and conditions thereof. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Ordinance) to be derived from the operation of the System[, moneys in the Reserve Account created under the Ordinance (the "Reserve Account")] and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the City within the meaning of any constitutional or statutory provisions or limitations, nor shall the City be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues[, the moneys in the Reserve Account] and unexpended Bond proceeds. Pursuant to the Ordinance, the City has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient to provide for the proper and reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any year of principal of and interest on the Bonds, on the Supplemental Bonds, as hereinafter defined, and on all obligations secured by or payable from such revenues prior to or on a parity with the Bonds and said Supplemental Bonds, including the Prior Bonds, as hereinafter defined; provided, however, that so long as there exists in the Reserve Account sufficient moneys to pay the maximum amount of principal and interest which will become due on the Bonds in any year, there exists in the reserve

account for said Supplemental Bonds sufficient moneys to pay the maximum amount of principal and interest, if any, which will become due on said Supplemental Bonds in any year, and the reserve accounts for any such obligations prior to or on a parity with the Bonds or said Supplemental Bonds, including said Prior Bonds, are funded at the respective requirements therefor, such percentage may be reduced to 110%. The City has entered into certain further covenants with the Registered Owners of the Bonds for the terms of which reference is made to the Ordinance. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

This Bond is transferable, as provided in the Ordinance, only upon the books of the Registrar kept for that purpose at the office of the Registrar by the Registered Owner or by its attorney or legal representative duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Owner or its attorney or legal representative duly authorized in writing.

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

This Bond is issued contemporaneously with the Supplemental Subordinate Sewerage System Revenue Bonds, Series 1987, of the City (the "Supplemental Bonds"), issued in the aggregate principal amount of $_____, which Supplemental Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Bonds of this issue.

THIS BOND IS JUNIOR, SUBORDINATE AND INFERIOR AS TO LIEN ON AND SOURCE AND SECURITY FOR PAYMENT FROM THE NET REVENUES AND IN ALL OTHER RESPECTS TO THE CITY'S SEWER REVENUE BONDS DATED AS OF MARCH 1, 1964, OUTSTANDING AS OF THE DATE HEREOF IN THE AGGREGATE PRINCIPAL AMOUNT OF $_____.

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 Ordinance, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the Registered Owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have

existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the City, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the City for the prompt payment of the principal of and interest on this Bond.

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

IN WITNESS WHEREOF, THE CITY OF LOGAN has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Clerk, and has caused this Bond to be dated _____, 1987.

[SEAL]

_____
Mayor

ATTEST:

_____
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Subordinate Sewerage System Revenue Bonds, Series 1987, described in the within-mentioned Ordinance and has been duly registered in the name of the registered owner set forth above on the date set forth below.

Date: _____

_____,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[Form of Assignment]

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

_____

_____

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

Dated: _____, ____.

_____

In the presence of:

_____

[Form of Original Supplemental Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF LOGAN
SUPPLEMENTAL SUBORDINATE SEWERAGE SYSTEM REVENUE BOND,
SERIES 1987

No. SR- _____ $_____

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF LOGAN, a municipal corporation of the State of West Virginia (the "City"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ ($_____), in installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of principal, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (the "Paying Agent"). This Bond bears no interest.

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

This Bond is issued to pay costs of acquisition and construction of certain extensions, improvements and betterments to the existing public sewerage system of the City (the "Project") (said existing system, together with the Project and any further extensions, improvements and betterments thereto, is hereinafter referred to as the "System")[, to fund the Supplemental Reserve Account, as hereinafter defined,] and to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Act"), an Ordinance duly enacted by the Council of the City on the _____ day of _____, 1987, and

a supplemental resolution duly adopted by the Council of the City on the _____ day of _____, 19___ (collectively called the "Ordinance"), and is subject to all the terms and conditions thereof. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance.

This Bond is issued contemporaneously with the Subordinate Sewerage System Revenue Bonds, Series 1987, of the City (the "Subordinate Bonds") issued in the aggregate principal amount of $_____, which Subordinate Bonds rank prior with respect to liens and sources of and security for payment to the Bonds of this issue.

THIS BOND AND THE SUBORDINATE BONDS ARE JUNIOR, SUBORDINATE AND INFERIOR AS TO LIEN ON AND SOURCE AND SECURITY FOR PAYMENT FROM THE NET REVENUES AND IN ALL OTHER RESPECTS TO THE CITY'S SEWER REVENUE BONDS DATED AS OF MARCH 1, 1964, OUTSTANDING AS OF THE DATE HEREOF IN THE AGGREGATE PRINCIPAL AMOUNT OF $_____(THE "PRIOR BONDS"). THE LIEN ON ACCOUNT OF THIS BOND ON SUCH NET REVENUES IS ALSO JUNIOR, SUBORDINATE AND INFERIOR TO THE LIEN THEREON CREATED ON ACCOUNT OF THE SUBORDINATE BONDS.

This Bond is payable only from and secured by a lien, subordinate only to that of the Prior Bonds and the Subordinate Bonds, on the Net Revenues (as defined in the Ordinance) to be derived from the operation of the System[, moneys in the Supplemental Reserve Account created under the Ordinance (the "Supplemental Reserve Account")] and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the City within the meaning of any constitutional or statutory provisions or limitations, nor shall the City be obligated to pay the same except from said special fund provided from the Net Revenues[, the moneys in the Supplemental Reserve Account] and unexpended Bond proceeds. Pursuant to the Ordinance the City has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any year of principal of and interest on the Bonds, the Subordinate Bonds and all other obligations secured by or payable from the revenues of the System prior to

or on a parity with the Bonds and the Subordinate Bonds, including the Prior Bonds; provided however, that so long as there exists in the Supplemental Reserve Account and in the reserve account for the Subordinate Bonds amounts at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds and on the Subordinate Bonds, respectively, in any year, and the reserve accounts for any such obligations prior to or on a parity with the Bonds or the Subordinate Bonds, including the Prior Bonds, are funded at the respective requirement therefor, such percentage may be reduced to 110%. The City has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

This Bond is transferable, as provided in the Ordinance, only upon the books of _____, _____, West Virginia, as registrar (the "Registrar"), kept for that purpose at the office of the Registrar by the registered owner, or by its attorney or legal representative duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or its attorney or legal representative duly authorized in writing.

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the City, does not exceed any limit prescribed by the Constitution or statutes of

the State of West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the City for the prompt payment of the principal this Bond.

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

IN WITNESS WHEREOF, THE CITY OF LOGAN has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Clerk, and has caused this Bond to be dated _____, 1987.

[SEAL]

_____
Mayor

ATTEST:

_____
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Supplemental Subordinate Sewerage System Revenue Bonds, Series 1987, described in the within-mentioned Ordinance and has been duly registered in the name of the registered owner set forth above on the date set forth below.

Date: _____

_____
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[Form of Assignment]

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

_____

_____

_____

_____

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.10. Sale of Original Bonds; Execution of WDA Loan Agreements. The Original Bonds shall be sold to the Authority pursuant to the terms and conditions of the WDA Loan Agreements. Execution and delivery to the Authority of the WDA Loan Agreements by the Mayor and the Clerk are hereby specifically authorized, confirmed and ratified. The WDA Loan Agreements are specifically incorporated in this Ordinance.

ARTICLE IV

NOTES

Section 4.01. Authorization and General Terms. In order to pay certain Costs of the Project pending receipt of the Grant Receipts, the City shall issue and sell its Notes in the aggregate principal amount of not to exceed $1,000,000. The Notes shall bear interest from the date or dates, at such rate or rates, not to exceed 12% per annum, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the Supplemental Resolution, including in the Indenture. The Notes shall be issued, within the restrictions set forth in this Ordinance, at the time and otherwise as shall be determined by the Council in the Supplemental Resolution to be in the best interests of the City.

Section 4.02. Terms of Notes; Trust Indenture. The Notes shall be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof, with such terms and secured in the manner set forth below and in the Supplemental Resolution, including in the Indenture. The Indenture shall be approved by the Supplemental Resolution.

Section 4.03. Notes Are Special Obligations. The Notes shall be special obligations of the City payable as to principal and interest solely from the Grant Receipts, moneys, included unexpended Note proceeds and investment earnings, in the funds and accounts to be established by the Indenture, the net proceeds of a draw under a letter of credit as described below or of any refunding notes, Surplus Revenues, if any, and any other source set forth in the Supplemental Resolution, including in the Indenture. The Notes do not and shall not constitute a corporate indebtedness of the City within the meaning of any constitutional or statutory provisions or limitations. The general funds of the City are not liable, and neither the full faith and credit nor the taxing power of the City is pledged for the payment of the Notes. The Noteholders shall never have the right to compel the forfeiture of any property of the City. The Notes shall not be a debt of the

City, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the City or upon any of its income, receipts or revenues except as set forth in the Supplemental Resolution, including in the Indenture.

Section 4.04. Letters of Credit. As additional security for the Notes, the City may obtain a letter or letters of credit from a bank or banks, pursuant to which such bank or banks would agree to pay to the Trustee under the Indenture, upon presentation by such Trustee of certain certificates, the sum or sums set forth therein but not to exceed $500,000 in the aggregate. In the event of a draw under any such letter of credit, the City shall issue its refunding notes to the bank issuing such letter of credit. Any such letter of credit shall be authorized and shall have such terms as shall be set forth in the Supplemental Resolution.

ARTICLE V

SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created with and shall be held by the Depository Bank:

(1) Revenue Fund;

(2) Renewal and Replacement Fund; and

(3) Bond Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby established with the Commission:

(1) Sinking Fund; and

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

(2) Supplemental Sinking Fund; and

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

Section 5.03. System Revenues; Flow of Funds. A. So long as the Prior Bonds are outstanding, the Gross Revenues shall be deposited in the sewer revenue fund established by Section 13(B) of the Prior Ordinance (the "Prior Revenue

Fund"). Moneys in the Prior Revenue Fund shall first be disposed of as provided by Section 13(D)(1) through (3) of the Prior Ordinance.

B. After payment or defeasance of the Prior Bonds, the entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Ordinance and shall be kept separate and distinct from all other funds of the City and the Depository Bank and used only for the purposes and in the manner herein provided. From the Revenue Fund, the City shall first each month pay the current Operating Expenses of the System.

C. (1) Thereafter, from the moneys remaining in the Prior Revenue Fund or, after payment or defeasance of the Prior Bonds, in the Revenue Fund, the City shall next, on the first day of each month, commencing seven (7) months prior to the first day of payment of interest on the Subordinate Bonds for which interest has not been capitalized, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in the Sinking Fund, a sum equal to one-sixth (1/6) of the amount of interest which will become due on said Subordinate Bonds on the next ensuing semiannual interest payment date, with an adjustment for the first interest payment date from revenues less than seven (7) months after the issuance of the Subordinate Bonds or completion of construction of the Phase I Project, as applicable.

(2) The City shall also, on the first day of each month, commencing thirteen (13) months prior to the first date of payment of principal on the Subordinate Bonds, apportion and set apart out of the Prior Revenue Fund or, after payment or defeasance of the Prior Bonds, out of the Revenue Fund, and remit to the Commission for deposit in the Sinking Fund, a sum equal to one-twelfth (1/12) of the amount of principal which will mature and become due on said Subordinate Bonds on the next ensuing principal payment date.

(3) The City shall next from the Prior Revenue Fund or, after payment or defeasance of the Prior Bonds, from the Revenue Fund, on the first day of each month commencing thirteen (13) months prior to the first date of payment of the Subordinate Bonds, remit to the Commission for deposit in the Reserve Account an amount equal to 1/120 of the Reserve Account Requirement; provided, that no further payments shall be made into the Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Reserve Account Requirement. Once the Reserve Account has been funded at the Reserve Account Requirement, the City shall next remit to the Commission for

deposit in the Reserve Account an amount equal to any deficiency in the Reserve Account Requirement. Any withdrawals from the Reserve Account which result in a reduction in the balance of the Reserve Account to below the Reserve Account Requirement shall be subsequently restored from the first Net Revenues available after all required payments prescribed above have been made in full.

(4) Moneys in the Sinking Fund shall be used only for the purposes of paying principal of and interest on the Subordinate Bonds as the same shall become due. Moneys in the Reserve Account in the Sinking Fund shall be used only for the purpose of paying principal of or interest on the Subordinate Bonds, as the same shall come due, when other moneys in the Sinking Fund are insufficient therefor, and for no other purpose. All investment earnings on moneys in the Sinking Fund and the Reserve Account shall be transferred, not less than once each year, to the Bond Construction Trust Fund prior to completion of the Phase I Project and thereafter to the Revenue Fund or the Prior Revenue Fund, as the case may be.

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

D. After payment or defeasance of the Prior Bonds, from the moneys remaining in the Revenue Fund, the City shall next, on the first day of each month, commencing with the month succeeding the first full calendar month after completion of the Project, deposit in the Renewal and Replacement Fund a sum equal to two and one-half percent (2 1/2%) of the Gross Revenues each month, exclusive of payments for account of the Reserve Account in the Sinking Fund. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the City or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, enlargements, emergency repairs, improvements and extensions to the System; provided, that if any deficiency occurs in the amount that should be on deposit in the Reserve Account it shall be promptly eliminated with moneys from the Renewal and Replacement Fund. So long as the Prior Bonds are outstanding, the renewal and replacement fund created by Section 13(D)(3) of the Prior Ordinance (the "Prior Renewal and Replacement Fund") shall be funded in accordance with said section, provided that said deposit shall always at least equal 2 1/2% of the Gross Revenues each month, exclusive

of payments for account of the Reserve Account, and provided, further, that only the amount in the Prior Renewal and Replacement Fund exceeding the amount that should be deposited on account of the Bonds may be used to purchase or redeem Prior Bonds.

E. (1) The City shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Supplemental Bonds, apportion and set apart out of the Prior Revenue Fund or, after payment or defeasance of the Prior Bonds, out of the Revenue Fund and remit to the Commission for deposit in the Supplemental Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Supplemental Bonds on the next ensuing principal payment date.

(2) The City shall next from the Prior Revenue Fund or, after payment or defeasance of the Prior Bonds, from the Revenue Fund, on the first day of each month commencing 13 months prior to the first date of payment of the Supplemental Bonds, remit to the Commission for deposit in the Supplemental Reserve Account an amount equal to 1/120 of the Supplemental Reserve Requirement; provided, that no further payments shall be made into the Supplemental Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Supplemental Reserve Requirement. Once the Supplemental Reserve Account has been funded at the Supplemental Reserve Requirement, the City shall next remit to the Commission for deposit in the Supplemental Reserve Account an amount equal to any deficiency in the Supplemental Reserve Requirement. Any withdrawals from the Supplemental Reserve Account which result in a reduction in the balance of the Supplemental Reserve Account to below the Supplemental Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments prescribed above have been made in full.

F. (1) As and when additional Bonds ranking on a parity with the Bonds are issued, provision shall be made for additional payments into the Sinking Fund or Supplemental Sinking Fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the Reserve Account or Supplemental Reserve Account in an amount equal to the respective Reserve Requirement.

(2) The Commission is hereby designated as the fiscal agent for the administration of the Sinking Fund and the Supplemental Sinking Fund created hereunder, and all amounts required for said Sinking Fund and said Supplemental Sinking Fund shall be remitted to the Commission from the Prior Revenue

Fund or the Revenue Fund, as the case may be, by the City at the times provided herein.

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

G. Whenever all of the required and provided transfers and payments from the Prior Revenue Fund or the Revenue Fund, as the case may be, into the several special funds, as hereinbefore provided, are current and there remains in said Prior Revenue Fund or the Revenue Fund, as the case may be, a balance in excess of the estimated amount required to be so transferred and retained and paid into the funds and accounts established by the Prior Ordinance and into the Sinking Fund, including the Reserve Account therein, the Supplemental Sinking Fund, including the Supplemental Reserve Account therein, and the Prior Renewal and Replacement Fund or the Renewal and Replacement Fund, as the case may be, during the following month or such longer period as shall be required by the Act, such excess shall be considered as surplus revenues and may be used for any lawful purpose of the System, including for pledge to and payment of the GANs.

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

I. The moneys in excess of the sum insured by the maximum amounts insured by FDIC in the Prior Revenue Fund or the Revenue Fund, as the case may be, shall at all times be secured, to the full extent thereof in excess of such insured sum, as required by the Prior Ordinance for the Prior Revenue Fund and by Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the law of the State for the Revenue Fund.

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

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

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

ARTICLE VI

APPLICATION OF ORIGINAL BOND PROCEEDS; FUNDS AND ACCOUNTS; TRANSFERS AND EXISTING FUNDS

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

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

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

C. The remaining moneys derived from the sale of the Original Bonds shall be deposited by the City in the Bond Construction Trust Fund and applied to the Costs of the Project, including but not limited to payment of the costs of issuance, repayment of any Authority Step I or Step II loan and, if determined to be in the best interests of the City, repayment of any amounts drawn under the line of credit established for the City by The National Bank of Logan.

Section 6.02. Bond Construction Trust Fund. The Bond Construction Trust Fund shall be kept separate and apart from all other funds of the City and used and applied by the City solely for the payment of the Costs of the Project, which include but are not limited to the cost of the issuance of the

Original Bonds as well as construction of the Phase I Project, as more fully set forth in Section 1.03(E), and for no other purposes whatsoever. Unless invested in Qualified Investments, the moneys in said fund shall be secured at all times by the deposit in the Depository Bank, as security, of direct obligations of the United States of America having a fair market value at least equal to the balance in said fund in excess of the amount insured by the FDIC. Any moneys not needed immediately for said purposes shall be invested in Qualified Investments having maturities so as to enable the moneys to be available as deemed necessary by the Consulting Engineers and otherwise in accordance Article VIII. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to, such purposes, then such unapplied proceeds (i) may, during the period of three years from May 22, 1986, be used for construction and acquisition of the remainder of the Project or other capital construction or acquisition needs of the System; (ii) thereafter, shall be used to make up any deficiency in the Reserve Account or the Supplemental Reserve Account or to fund the Reserve Accounts at the respective requirements therefor; and (iii) if the Reserve Accounts are fully funded and no deficiencies exist, shall be deposited by the City in escrow with an escrow trustee and used to redeem Original Bonds at the first redemption date and, prior thereto, to pay a proportionate amount of principal of the Original Bonds by depositing into the Sinking Fund and the Supplemental Sinking Fund, respectively, an amount which bears the same ratio to the principal coming due in that year as the excess proceeds bore to the initial aggregate principal amount of the Original Subordinate Bonds and the Original Supplemental Bonds, as the case may be. All such proceeds shall constitute a trust fund for such purposes, and there is hereby created a lien upon such moneys until so applied in favor of the Owners of the Original Bonds; provided, that the lien in favor of the Owners of the Original Subordinate Bonds shall be prior to the lien in favor of the Owners of the Original Supplemental Bonds.

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

ARTICLE VII

ADDITIONAL COVENANTS OF THE CITY

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

Until the payment in full of the principal of and interest on the Notes when due, the covenants, agreements and provisions contained in this Ordinance shall, where applicable, also inure to the benefit of the Owners of the Notes and the Trustee therefor and constitute valid and legally binding covenants of the City, enforceable in any court of competent jurisdiction by the Trustee or any Owner or Owners of said Notes as prescribed in the Indenture; provided, that Section 7.04 shall not be applied to the Notes.

Section 7.02. Bonds and Notes Not To Be Indebtedness of the City. Neither the Bonds nor the Notes shall be or constitute a corporate indebtedness of the City within the meaning of any constitutional, statutory or charter provision or limitation of indebtedness, but shall be payable, with respect to the Bonds, solely from the Net Revenues of the System or from the respective Reserve Account or unexpended Bond proceeds as herein provided or, with respect to the Notes, solely from the specific sources pledged by the Supplemental Resolution, including the Indenture. No Owner or Owners of any Bonds or Notes issued hereunder shall ever have the right to compel the exercise of the taxing power of the City to pay said Bonds or Notes or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Subordinate Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on the Net Revenues derived from the operation of the System, on a basis junior and subordinate to the Prior Bonds. The payment of the debt service of the Supplemental Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on the Net Revenues derived from the operation of the System, on a basis junior and subordinate to both the Prior Bonds and the Subordinate Bonds. The Net

Revenues derived from the System, in an amount sufficient, after paying the principal of and interest on the Prior Bonds and making the payments into the funds and accounts created under the Prior Ordinance, to pay the principal of and interest on the Bonds and to make the payments into the Sinking Fund, including the Reserve Account therein, and into the Supplemental Sinking Fund, including the Supplemental Reserve Account therein, and all other payments provided for in this Ordinance, are hereby irrevocably pledged in the manner provided in this Ordinance to the payment of the principal of and interest on the Bonds as the same become due and for other purposes provided in this Ordinance.

Section 7.04. Rates. Prior to issuance of the Original Bonds, equitable rates or charges for the use of and services rendered by the System will be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the City Clerk, which copies will be open to inspection by all interested parties. The rates and charges shall be effective as prescribed by State statutes and the rules and regulations of the PSC. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds and accounts created under the Prior Ordinance and created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the City hereby covenants and agrees that the schedule of rates or charges for the services of the System from time to time in effect shall be sufficient to provide funds which, along with other revenues of the System, (i) will pay for all Operating Expenses of the System and (ii) leave a balance each year equal to at least 115% of the maximum amount required in any year to pay the principal of and interest on the Bonds and all other obligations secured by or payable from the revenues of the System prior to or on a parity with the Bonds, including the Prior Bonds; provided, however, in the event that an amount at least equal to the Reserve Account Requirement is on deposit in the Reserve Account, an amount at least equal to the Supplemental Reserve Requirement is on deposit in the Supplemental Reserve Account and any reserve account for any such prior or parity obligations, including the Prior Bonds, is funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Bonds and any such prior or parity obligations, including the Prior Bonds.

Section 7.05. Completion, Operation and Maintenance. The City will expeditiously complete the Phase I Project and will maintain the System in good condition and will operate the same as a revenue-producing enterprise in an efficient and economical manner, making such expenditures for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof from the revenues of said System in the manner provided in this Ordinance.

Section 7.06. Sale of the System. The System may be sold, mortgaged, leased or otherwise disposed of only as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient fully to pay or redeem at or prior to maturity all the Prior Bonds outstanding and the Bonds Outstanding. The proceeds from such sale, mortgage, lease or other disposition of the System shall first be applied on account of the Prior Bonds, and any excess shall immediately be remitted to the Commission for deposit in the Sinking Fund and the Supplemental Sinking Fund, and the City shall direct the Commission to apply such proceeds to the payment of principal and any interest at maturity of the Bonds about to mature and to the redemption prior to maturity, at the earliest date permitted hereby and at the redemption price, of all other outstanding Bonds. Any balance remaining after the redemption or payment of all the Bonds and interest thereon shall be remitted to the City by the Commission unless necessary for the payment of other obligations of the City payable out of the revenues of the System.

The foregoing provision notwithstanding, the City shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor is not in excess of $10,000, the City shall first, in writing, determine that such property comprising a part of the System is longer necessary, useful or profitable in the operation thereof and the Council may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Prior Renewal and Replacement Fund or the Renewal and Replacement Fund, as the case may be. If the amount to be received from such sale, lease or other disposition of said property shall be in excess of $10,000 but not in excess of $50,000, the Council shall first, in writing, determine with the written approval of the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Council may then, if it be advised, by resolution duly adopted, approve and concur in such finding and authorize such

sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, in excess of $10,000 and not in excess of $50,000, shall be remitted by the City and applied on account of the Prior Bonds, with any excess to be remitted to the Commission for deposit in the Sinking Fund and the Supplemental Sinking Fund and applied only to the redemption or purchase, at prices not greater than the applicable redemption price or, if not redeemable, par, of Bonds of the last maturities then Outstanding (upon receipt of approval of the Authority, if needed) or, otherwise, to the Renewal and Replacement Fund. Such payments of such proceeds in the Sinking Fund and the Supplemental Sinking Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Ordinance.

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

Section 7.07. Issuance of Other Obligations Payable out of Revenues and General Covenant Against Encumbrances. The City shall not issue any other obligations whatsoever, except Parity Bonds provided for in Section 7.08 hereof, payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds; provided, however, that additional Parity Bonds may be issued as provided for in Section 7.08. All obligations hereafter issued by the City payable from the revenues of the System, except such additional Parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Bonds to the extent such are Outstanding; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the Reserve Account, the Supplemental Reserve Account and the Renewal and Replacement Fund at the time of the issuance of such subordinate obligations have been made and are current.

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

Section 7.08. Parity Bonds. No Parity Bonds payable out of the revenues of the System shall be issued after the issuance of any Bonds pursuant to this Ordinance, except under the conditions and in the manner herein provided. Except as expressly provided herein, no Parity Subordinate Bonds shall be issued so long as any Supplemental Bond remains Outstanding.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the extensions, improvements and betterments to the System or refunding all or a part of one or more issues or series of Bonds or both such purposes.

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

(A) The Prior Bonds and any other obligations secured by or payable from the Revenues prior to or on a parity with the Bonds.

(B) The Bonds then Outstanding;

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

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

The "estimated average increased annual Net Revenues to be received in each of the three (3) succeeding years," as that term is used in the computation provided in the above

paragraph, shall refer only to the increased Net Revenues estimated to be derived from any increase in rates enacted by the City, the time for appeal of which shall have expired without any successful appeal or rehearing prior to the date of delivery of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Consulting Engineers, which shall be filed in the office of the Clerk prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the twelve (12) consecutive month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Consulting Engineers and the Independent Accountants, as stated in a certificate jointly made and signed by the Consulting Engineers and said Independent Accountants, on account of increased rates, rentals, fees and charges for the System enacted by the City, the time for appeal of which shall have expired without any successful appeal or rehearing prior to issuance of such Parity Bonds.

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

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

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

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

Notwithstanding the foregoing, the City may issue Parity Bonds without compliance with any other conditions for the purpose of refunding prior to maturity all or a part of any issues or series of Bonds provided that the annual debt service required on account of the refunding Bonds and the Bonds which are not refunded shall not be greater in any year in which the Bonds not refunded and the refunding Bonds are to be Outstanding than the annual debt service required in such year if the Bonds to be refunded were not so refunded.

With the written consent in advance of the Authority and anything to the contrary in Section 7.07 and in this Section 7.08 notwithstanding, Parity Bonds may be authorized and issued by the City pursuant to a Supplemental Resolution solely to complete the Phase I Project as described in the City's Program application to the Authority as of the date of the WDA Loan Agreements and in accordance with the plans and specifications, in the event that the Original Bonds should be insufficient, together with other funds lawfully available therefor, to pay all costs of acquisition and construction of the Phase I Project; provided, however, that, prior to the issuance of such Parity Bonds and under the provisions of this paragraph, the Consulting Engineers shall file with the Clerk a certificate to the effect that additional funds are necessary for such purpose. All such Parity Bonds authorized and issued under the provisions of this paragraph shall be limited to the aggregate principal amount required to make up any deficiency in funds for payment of the construction costs to complete the Phase I Project, and the maturities of any such Parity Bonds shall be in years and amounts suggested by the Authority.

Section 7.09. Insurance. The City will carry such insurance and in such amounts as is customarily carried with

respect to works and properties similar to the System, with a reputable insurance carrier or carriers, against loss or damage by fire, explosion, hurricane, earthquake, cyclone, occupancy or other hazards and risks. The City will require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority, so long as the Authority is the Owner of the Original Bonds. The City will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the City, the Authority, the prime contractor and all subcontractors as their interests may appear, in accordance with the WDA Loan Agreements, during construction of the Phase I Project in the full insurable value thereof. In time of war, the City shall also carry in said amount such insurance as may be available against loss or damage by the risks and hazards of war. The proceeds of all such insurance policies shall be disposed of as provided in the Prior Ordinance and otherwise shall be placed in the Renewal and Replacement Fund and used only for the repair and restoration of the damaged or destroyed properties or for the other purposes provided herein for said Renewal and Replacement Fund. The City will also carry liability insurance for damage or injury to persons or property in amounts adequate for such purposes and customarily carried with respect to works and properties similar to the System. The City shall carry such other insurance as is required by the Authority, including but not limited to flood insurance and business interruption insurance, to the extent available at reasonable cost to the City.

Section 7.10. Services Rendered to the City. The City will not render or cause to be rendered any free services of any nature by its System; and in the event the City, or any department, agency, instrumentality, officer or employee of the City, shall avail itself of the facilities or services provided by the System or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the City and any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue, and the City shall transfer from its general funds sufficient sums to pay such charges for services to any of its departments or properties. The revenues so received shall be deemed to be Revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.11. Enforcement of Collections. The City will diligently enforce and collect all fees, rates, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement

and collection of such fees, rates, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the laws of the State and the rules and regulations of the PSC. All such rates and charges, if not paid when due, shall become a lien on the premises served by the System.

Whenever any rates, rentals or charges for the services and facilities of the System shall remain unpaid for a period of thirty (30) days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. The City further covenants and agrees that it will, to the full extent permitted by applicable law and the rules and regulations promulgated by the PSC, discontinue and shut off the services and facilities of the System and, in the event the City owns a water facility (the "Water System"), the Water System to all users of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System have been paid in full.

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

Section 7.13. Books and Records. The City will keep books and records of the System, which shall be separate and apart from any other books, records and accounts of the City, in which complete and correct entries shall be made of all transactions relating to the System, and any Owner of a Bond or Bonds or of a Note or Notes issued pursuant to this Ordinance or the Trustee shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the City relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles in accordance with the rules and regulations of the PSC and the Act. Separate control accounting records shall be maintained by the City. Subsidiary records as may be required shall be kept in the manner, on the forms, in the books and along with other bookkeeping records as prescribed by the City. The City 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 City shall be reported to such agent of the City as the Council shall direct.

The City shall file with the Consulting Engineers, the Trustee and the Authority, and shall mail in each year to any

Owner or Owners of Bonds or Notes, as the case may be, requesting the same, an annual report containing the following:

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

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

The City shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Accountants, shall mail upon request, and make available generally, the report of said Independent Accountants, or a summary thereof, to any Owner or Owners of Bonds or Notes, as the case may be, and shall submit said report to the Authority and the Trustee. The report of said audit shall include a statement that the City is in compliance with the terms and provisions of the WDA Loan Agreements and this Ordinance.

Section 7.14. Operating Budget. The City shall annually, at least forty-five (45) days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed budget of the estimated expenditures for operation and maintenance of the System during the succeeding Fiscal Year. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the Consulting Engineers, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Council shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of ten percent (10%) of the amount of such budget shall be made except upon further certificate of the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The City shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and the Trustee and to any Owners of any Bonds or Notes, as the case may be, who request in writing that copies of all such budgets and resolutions be furnished 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 Owners of any Bonds or Notes, as the case may be, or anyone acting for and in behalf of such Owners of any Bonds or Notes, as the case may be.

Section 7.15. Connection. To the extent authorized by the laws of the State and the rules and regulations of the PSC, prospective users of the System shall be required to connect thereto.

Section 7.16. Convenant To Amend Ordinance. The City retains the right to make any amendments, insertions or deletions by Supplemental Resolution to this Ordinance as the City deems desirable or necessary prior to the issuance of the Bonds, including but not limited to amendments, insertions and deletions to comply with the Code. Notwithstanding the provisions of Section 11.01 hereof, the City shall without consent of the Owners of any Bonds or Notes, as the case may be, amend or supplement this Ordinance by a resolution supplemental hereto or any amendatory ordinance to comply with the Code if such amendment or supplement is necessary to preserve the tax-exempt status of the Bonds or Notes. The Council of the City hereby retains the specific authority to amend this Ordinance or supplement it by resolution to comply with the Code. In its determination to amend or supplement this Ordinance, the City may rely on the opinion of nationally recognized bond counsel.

Section 7.17. Public Purpose Bonds. The City shall use the Original Bond proceeds solely for the Project and as otherwise set forth herein, and the Project will be operated solely for a public purpose and as a local governmental activity of the City.

Section 7.18. Private Activity Bond Covenant. The City shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the City to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Code by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The City will take all actions necessary to comply with the Code in order to assure the tax-exempt status of the Bonds.

Section 7.19. Filing Covenant. The City will file all statements, instruments and returns necessary to assure the tax-exempt status of the Bonds, including, without limitation, the information return required under Section 149(e) of the Code.

Section 7.20. Federal Guarantee Covenant. The Bonds, in whole or in part, are not and will not be, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

Section 7.21. Rebate Covenant. The City is a governmental unit with general taxing powers to finance operations of or facilities of the nature of the Project and the System. As covenanted pursuant to Sections 7.17 and 7.18, the Original Bonds are not private activity bonds within the meaning of the Code, and 95% or more of the net proceeds (as defined with respect to the Code) of the Original Bonds will be used for local governmental activities of the City. The City reasonably expects it and all its subordinate entities to issue less than $5,000,000 in aggregate face amount of tax-exempt bonds (other than private activity bonds) during the calendar year, being 1987, in which the Original Bonds are to be issued. Therefore, the City believes that it is excepted from the rebate requirements of Section 148(f) of the Code. Notwithstanding the foregoing, if the City is in fact subject to such rebate requirement, the City hereby covenants to rebate to the United States the amounts required by the Code and to take all steps necessary to make such rebates. In the event the City fails to make such rebates as required, the City shall pay any and all penalties and obtain a waiver from the Internal Revenue Service in order to maintain the tax-exempt status of the interest on the Bonds.

ARTICLE VIII

INVESTMENT OF FUNDS

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

Except as otherwise specifically provided, any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, including but not limited to those in the Bond Construction Trust Fund, and used for the purpose of such fund or account. The interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. Interest earnings on the Sinking Fund, including the Reserve Account therein, and on the Supplemental Sinking Fund, including the Supplemental Reserve Account therein, shall be transferred at least annually, prior to completion of the Phase I Project, to the Bond Construction

Trust Fund and, thereafter, to the Prior Revenue Fund or the Revenue Fund, as the case may be. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the Owner, including the value of accrued interest and giving effect to the amortization of discount. Investments in the "consolidated fund" of the West Virginia Board of Investments shall be valued at par. The Commission or the Depository Bank, as the case may be, shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any account is insufficient to make the payments required from such fund or account, regardless of the loss of such liquidation. Such Depository Bank may make any and all investments permitted by this section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

Section 8.02. Restrictions as to Arbitrage Bonds. The City shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the City to be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause any Bond to be an "arbitrage bond" as defined in Section 148 of the Code, and the Mayor of the City shall deliver his certificate, based upon this covenant, with regard thereto.

Section 8.03 Restriction of Yield on Bond Proceeds. The City shall comply with the yield restriction on Bond proceeds as set forth in Section 148 of the Code.

ARTICLE IX

DEFAULT AND REMEDIES

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

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

(B) If default occurs in the City's observance of any of the covenants, agreements or conditions on its part relating to the Bonds set forth in this Ordinance, the

Supplemental Resolution or the Bonds, and such default shall have continued for a period of 30 days after the City shall have been given written notice of such default by the Depository Bank holding any fund or account hereunder or an Owner of a Bond; or

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

An "Event of Default" with respect to the Bonds shall not constitute an event of default with respect to the Notes and vice versa.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the City to perform its duties under the Act and this Ordinance relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the City to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of this Ordinance with respect to the Bonds or the rights of such Registered Owners.

Section 9.03. Appointment of Receiver. Any Owner of a Bond may, by proper legal action, compel the performance of the duties of the City under this Ordinance and the Act, including the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there is any default in the payment of interest on any Bonds when the same shall become due, or in the payment of the principal of any Bond or Bonds, either at the specified date of maturity thereof or at a date set for redemption thereof, or otherwise in the performance of any covenant contained in this Ordinance other than as to such payment and such default shall continue for a period of thirty (30) days after written notice of the City of such default, any Owner shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the City with power to charge rates, rentals, fees and other charges sufficient to

provide for the payment of the Bonds and any interest thereon, the deposits into the funds and accounts herein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Ordinance and the Act.

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

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

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the City and for the joint protection and benefit of the City and Owners of Bonds issued pursuant to this Ordinance. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System, for the sole purpose of the protection of both the City and the Owners, and the curing and making good of any default under the provisions of this Ordinance, and the title to and ownership of said System shall remain in the City, and no court shall have

any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage, or otherwise dispose of any assets of the System.

The receiver shall recognize that the lien of the Subordinate Bonds is prior and superior to that of the Supplemental Bonds, and that the lien of any outstanding Prior Bonds is prior and superior to that of the Bonds, and shall act accordingly.

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance. If the City shall pay or cause to be paid, or there shall otherwise be paid, to the respective Owners of any Bonds the principal thereof, and redemption premium, if applicable, and any interest due or to become due thereon, at the times and in the manner respectively stipulated therein and in this Ordinance, then the respective pledges of Net Revenues, reserve accounts, unexpended Bond proceeds, and any other moneys and securities pledged under this Ordinance, and all covenants, agreements and other obligations of the City to the Owners of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Paying Agent and the Commission shall, upon the request of the City, execute and deliver to the City all such instruments as may be desirable to evidence such discharge and satisfaction, and any fiduciaries shall pay over or deliver to the City all moneys, securities and funds held by them pursuant to this Ordinance which are not required for the payment of redemption.

Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on such Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this Section. If there shall have been been deposited with the Commission either moneys in an amount which shall be sufficient or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Commission at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on said Bonds on and prior to the

maturity or redemption dates, as applicable, thereof, such Bonds shall also be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. Neither securities nor moneys deposited with the Commission pursuant to this Section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the respective principal of and interest on said Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the respective principal of and interest to become due on said Bonds on and prior to such redemption date or maturity dates thereof as the case may be, and interest earned from such investments shall be paid over the City, as received by the Commission, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations. Also for the purposes of the section, the Commission may act by an agent.

Anything in this Ordinance to the contrary notwithstanding, any moneys held by the Commission or any of its agents in trust for the payment and discharge of any of the Bonds which remain unclaimed for two years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by Commission at such date, or for two years after the date of deposit of such moneys if deposited with the Commission after said date when such Bonds became due and payable, shall, at the written request of the City, be repaid by the Commission to the City, as its absolute property and free from trust, and the Commission shall thereupon be released and discharged with respect thereto, and the Bondholders shall look only to the City for the payment of such Bonds; provided, however, that before being required to make any such payment to the City, the Commission shall, at the expense of the City, cause to be published at least twice, at an interval of not less than seven days between publications, in a financial journal or newspaper published daily (except Saturday, Sunday and holidays) in the English language and in circulation in New York, New York, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of the first publication of such notice, the balance of such moneys then unclaimed will be returned to the City.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Modification or Amendment. No material modification of amendment of this Ordinance, or of any ordinance or resolution amendatory hereof or supplemental hereto that would materially and adversely affect the respective rights of Owners of the Bonds shall be made without the consent in writing of the Owners of two-thirds percent (2/3%) or more in principal amount of the Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the City to pay such principal and interest out of the revenues of the System without the consent of the respective Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds required for consent to the above-permitted amendments or modifications.

Section 11.02. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Ordinance.

Section 11.03. Repeal of Conflicting Ordinance. All ordinances, orders or resolutions, or parts thereof, in conflict with this Ordinance are, to the extent of such conflict, repealed; provided, that no provision of the Prior Ordinance shall be repealed hereby so long as the Prior Bonds are outstanding. So long as any of the Prior Bonds is outstanding, in the event of an otherwise irreconcilable conflict between the Prior Ordinance and this Ordinance, the Prior Ordinance shall govern; provided, that a conflict shall be deemed reconcilable if satisfaction of the more conservative provision at least complies with the conflicting provision.

Section 11.04. Covenant of Due Procedure. The City covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the final enactment and passage of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State applicable thereto; and that the Mayor, Clerk and members of the City Council were at all times when any actions in connection with this Ordinance occurred, and are, duly in office and duly qualified for such office.

Section 11.05. Effective Date. This Ordinance shall take effect after notice and public hearing hereon and otherwise in accordance with the Act.

First Reading: July 28, 1987

Second Reading and Passage: August 11, 1987

Public Hearing and Effective Date: September 8, 1987

THE CITY OF LOGAN, WEST VIRGINIA

Thomas E. Esposito

Mayor

ATTEST:

[SEAL]

Violet Miller

City Clerk

This Ordinance
Approved as to Form:

By: Edward D. Eiland

City Attorney

EXHIBIT A

See Loan Agreement--Index No. 19

Exhibit B
Phase I Project Description

The Phase I Project, phase one of a two-phase project, consists primarily of rehabilitating approximately 9,000 feet of interceptor (including slip lining and repairing selected lines) and a pump station.

EXHIBIT C

See Supplemental Loan Agreement--Index No. 20

Supplemental Resolution
re Bond and Note Ordinance

A Resolution supplementing the Ordinance passed by the Council of The City of Logan on August 11, 1987, and effective September 8, 1987; providing as to principal amounts, maturities, interest rate and other terms of the Subordinate Sewerage System Revenue Bonds, Series 1987, and Supplemental Subordinate Sewerage System Revenue Bonds, Series 1987, of The City of Logan; providing for capitalized interest; designating a registrar, paying agent and depository bank; and making other provisions with respect to the Bonds.

WHEREAS, the Council (the "Council") of The City of Logan, West Virginia (the "City"), has duly and effectively passed as of August 11, 1987 and effective September 8, 1987, an Ordinance (the "Ordinance"), entitled:

> An Ordinance supplementing an ordinance adopted by the Council of The City of Logan, West Virginia, on February 11, 1964, entitled "An Ordinance authorizing the issuance of $308,000 principal amount of Sewer Revenue Bonds for the purpose of refunding certain outstanding bonds and to pay part of the cost of construction and acquisition of additions, extensions and improvements to the existing sewer system of The City of Logan, West Virginia"; authorizing the acquisition and construction of certain extensions, improvements and betterments to the existing public sewerage facilities of The City of Logan; authorizing the issuance of not more than $720,000 in aggregate principal amount of Subordinate Sewerage System Revenue Bonds, Series 1987, and not more than $180,000 in aggregate principal amount of Supplemental Subordinate Sewerage System Revenue Bonds, Series 1987, of The City of Logan to be used, along with other funds and moneys of or available to The City of Logan that may be lawfully expended for such purposes, to finance the cost of such acquisition and construction; providing for the sale of such Bonds to the West Virginia Water Development Authority and for the rights and remedies of and security for the registered owners of such Bonds; authorizing issuance of not more than $1,000,000 in aggregate principal amount of Sewerage System Grant Anticipation Notes,

Series 1987, to be used to finance the cost of such acquisition and construction pending the receipt of certain grant proceeds; and enacting other provisions related thereto;

and

WHEREAS, capitalized terms used and not otherwise defined in this Supplemental Resolution have the respective meanings given them in the Ordinance; and

WHEREAS, the Ordinance provides for the issuance of not more than $720,000 in aggregate principal amount of Subordinate Sewerage System Revenue Bonds, Series 1987, and not more than $180,000 in aggregate principal amount of Supplemental Subordinate Sewerage System Revenue Bonds, Series 1987, of the City (the "Bonds"), and the sale of the Bonds pursuant to the terms of the Loan Agreement and the Supplemental Loan Agreement, both dated August 21, 1987, entered into between the City and the West Virginia Water Development Authority (the "Authority"); and

WHEREAS, in the Ordinance, it is provided that the principal amounts, maturities, interest rate and other terms of the Bonds should be established by a Supplemental Resolution and that approval of Schedule X to the Loan Agreement and the Supplemental Loan Agreement and other matters relating to the Bonds be herein provided for; and

WHEREAS, the Ordinance also provides for the issuance of not more than $1,000,000 in aggregate principal amount of Sewerage System Grant Anticipation Notes, Series 1987 (the "Notes"); and

WHEREAS, the Council deems that it is not in the best interest of the City to issue the Notes at this time; and

WHEREAS, the Council deems it essential and desirable that this resolution (the "Supplemental Resolution") be adopted and that the principal amounts, maturities, interest rate, and other terms of the Bonds be fixed hereby in the manner stated herein and that approval of Schedule X to the Loan Agreement and the Supplemental Loan Agreement and other matters relating to the Bonds be herein provided for;

NOW, THEREFORE, Be It Resolved by the Council of The City of Logan, West Virginia, as follows:

(1) Pursuant to the Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Subordinate Sewerage System Revenue Bonds, Series 1987 (the "Subordinate Bonds"), of the City in the aggregate principal amount of $623,087 and the

Supplemental Subordinate Sewerage System Revenue Bonds, Series 1987 (the "Supplemental Bonds"), of the City in the aggregate principal amount of $152,833, all in the form and having the provisions set forth below and in the Ordinance.

(a) The Subordinate Bonds shall be orginally issued in the form of a single bond, numbered R-1, fully registered to the Authority, in the principal amount of $623,087. The Subordinate Bonds shall be dated the date of delivery thereof; shall bear interest at the rate of 8.38 percent per annum, payable semiannually on April 1 and October 1 of each year, beginning April 1, 1988; shall be subject to redemption only with the written consent of the Authority and upon payment of the interest and redemption premium, if any, and subject to the other requirements and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Subordinate Bonds; and shall mature in principal installments on October 1 of each of the years from 1989 through 2026, inclusive, in the amounts set forth in Loan Agreement "Schedule X" attached as Exhibit A hereto, specifically approved hereby and incorporated herein by reference.

(b) The Supplemental Bonds shall be originally issued in the form of a single bond, numbered SR-1, fully registered to the Authority, in the principal amount of $152,833. The Supplemental Bonds shall be dated the date of delivery thereof; shall bear no interest; shall be subject to redemption only with the written consent of the Authority and otherwise in compliance with the Supplemental Loan Agreement so long as the Authority shall be the registered owner of the Supplemental Bonds; and shall mature in principal installments on October 1 of each of the years from 1989 through 2026, inclusive, in the amounts set forth in Supplemental Loan Agreement "Schedule X" attached as Exhibit B hereto, specifically approved hereby and incorporated herein by reference.

(c) The Bonds shall be sold to the Authority at the price of 100 percent of par, there being no accrued interest.

(2) All other provisions relating to the Bonds shall be as provided in the Ordinance, and the Bonds shall be in substantially the respective forms provided in the Ordinance, with such changes, insertions and omissions as may be approved by the Mayor of the City. The execution of the Bonds by the Mayor shall be conclusive evidence of such approval..

(3) The City does hereby ratify, approve and accept the Loan Agreement and the Supplemental Loan Agreement, including the "Schedule X" attached to each, copies of which are incorporated herein by reference, and the execution and

delivery by the Mayor of the Loan Agreement and the Supplemental Loan Agreement, and the performance of the obligations contained therein, on behalf of the City have been and are hereby authorized, approved and directed.

(4) The City hereby appoints and designates The National Bank of Logan, Logan, West Virginia, as the Depository Bank.

(5) The City hereby appoints and designates the West Virginia Municipal Bond Commission as the Paying Agent.

(6) The City hereby appoints and designates One Valley Bank, National Association, Charleston, West Virginia, as the Registrar. The Mayor is hereby authorized and directed to execute and deliver the Registrar's Agreement in substantially the form attached as Exhibit C hereto and incorporated herein by reference, with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Registrar's Agreement by the Mayor shall be conclusive evidence of such approval.

(7) The Mayor and City Clerk and other appropriate officers and employees of the City and the Sanitary Board are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the issuance of the Bonds.

(8) Interest on the Subordinate Bonds shall be payable from proceeds of the Subordinate Bonds in the approximate amount of $26,322.00, which amount shall be sufficient to pay interest on the Subordinate Bonds to and including March 1988, and thereafter interest shall be paid as provided in the Ordinance. The City hereby directs that such capitalized interest be deposited with the West Virginia Municipal Bond Commission and instructs the Commission to make the interest payments when due and payable.

(9) The Council hereby determines not to fund the Reserve Account or the Supplemental Reserve Account. Accordingly, the City hereby directs that no proceeds of the Bonds be placed in said reserve accounts.

(10) The financing of the Project in part with the proceeds of the Bonds is in the public interest, serves a public purpose of the City and will promote the health, welfare and safety of the residents of the City.

(11) This Supplemental Resolution shall be effective immediately upon adoption.

Resolution adopted September 8, 1987

THE CITY OF LOGAN, WEST VIRGINIA

By: Thomas E. Esposito
Thomas E. Esposito, Mayor

ATTEST:

[Seal]

Violet Miller
Violet Miller, City Clerk

This resolution approved as to form:

Edward I. Eiland
Edward I. Eiland, City Attorney

WDA-5X
(October 1986)

SCHEDULE X
DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds $623,087

Purchase Price of Local Bonds $623,087

Interest on the Local Bonds is payable on April 1 and October 1 in each year, beginning with the first semi-annual interest payment date after delivery of the Local Bonds to the Authority, until the Local Bonds are paid in full, at the rate of 8.38 % per annum. Principal of the Local Bonds is payable on October 1 in each year as set forth on Exhibit 1 attached hereto and incorporated herein by reference.

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

None.

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

$308,000.00 Sewer Revenue Bonds dated March 1, 1964

EXHIBIT A

CITY OF LOGAN
ANALYSIS OF 7.00% BORROWING COST FOR LOCAL ISSUER
---------- 1986 SERIES A BONDS ----------

PERIOD ENDING 10/1	COUPON	PRIN.	INTEREST	SERVICE	
1988	6.38		52,650.06	52,650.06*	This amount of interest assume closing Sept. 2 1987 and is subject to chan depending on th closing date
1989	6.38	2,574	52,214.94	54,788.94	
1990	6.38	2,790	51,999.24	54,789.24	
1991	6.38	3,024	51,765.44	54,789.44	
1992	6.38	3,277	51,512.03	54,789.03	
1993	6.38	3,552	51,237.42	54,789.42	
1994	6.38	3,849	50,939.76	54,788.76	
1995	6.38	4,172	50,617.21	54,789.21	
1996	6.38	4,521	50,267.60	54,788.60	
1997	6.38	4,900	49,888.74	54,788.74	
1998	6.38	5,311	49,478.12	54,789.12	
1999	6.38	5,756	49,033.06	54,789.06	
2000	6.38	6,238	48,550.70	54,788.70	
2001	6.38	6,761	48,027.96	54,788.96	
2002	6.38	7,327	47,461.39	54,788.39	
2003	6.38	7,942	46,847.38	54,789.38	
2004	6.38	8,607	46,181.85	54,788.85	
2005	6.38	9,328	45,460.58	54,788.58	
2006	6.38	10,110	44,678.89	54,788.89	
2007	6.38	10,957	43,831.67	54,788.67	
2008	6.38	11,876	42,913.48	54,789.48	
2009	6.38	12,871	41,918.27	54,789.27	
2010	6.38	13,950	40,839.68	54,789.68	
2011	6.38	15,118	39,670.67	54,788.67	
2012	6.38	16,385	38,403.78	54,788.78	
2013	6.38	17,758	37,030.72	54,788.72	
2014	6.38	19,247	35,542.60	54,789.60	
2015	6.38	20,859	33,929.70	54,788.70	
2016	6.38	22,607	32,181.71	54,788.71	
2017	6.38	24,502	30,287.25	54,789.25	
2018	6.38	26,555	28,233.98	54,788.98	
2019	6.38	28,781	26,008.67	54,789.67	
2020	6.38	31,193	23,596.82	54,789.82	
2021	6.38	33,806	20,982.85	54,788.85	
2022	6.38	36,639	18,149.91	54,788.91	
2023	6.38	39,710	15,079.56	54,789.56	
2024	6.38	43,037	11,751.86	54,788.86	
2025	6.38	46,644	8,145.36	54,789.36	
2026	6.38	50,553	4,236.59	54,789.59	
		623,087	1,511,547.50	2,134,634.50	

EXHIBIT I

WDA-Supp. 5X
(November 1985)

SCHEDULE X
DESCRIPTION OF SUPPLEMENTAL BONDS

Principal Amount of Supplemental Bonds	$ 152,833
Purchase Price of Supplemental Bonds	$ 152,833

Principal of the Supplemental Bonds is payable on October 1 in each year as set forth on Exhibit 1 attached hereto and incorporated herein by reference.

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

$308,000 Sewer Revenue Bonds dated March 1, 1964

EXHIBIT B

CITY OF LOGAN
ANALYSIS OF 7.00% BORROWING COST FOR LOCAL ISSUER
---------- 1986 SERIES A BONDS ----------

PERIOD ENDING 10/1	ZERO COUPON BONDS
1987	.00
1988	.00
1989	4,024.92
1990	4,021.84
1991	4,021.84
1992	4,021.84
1993	4,021.84
1994	4,021.84
1995	4,021.84
1996	4,021.84
1997	4,021.84
1998	4,021.84
1999	4,021.84
2000	4,021.84
2001	4,021.84
2002	4,021.84
2003	4,021.84
2004	4,021.84
2005	4,021.84
2006	4,021.84
2007	4,021.84
2008	4,021.84
2009	4,021.84
2010	4,021.84
2011	4,021.84
2012	4,021.84
2013	4,021.84
2014	4,021.84
2015	4,021.84
2016	4,021.84
2017	4,021.84
2018	4,021.84
2019	4,021.84
2020	4,021.84
2021	4,021.84
2022	4,021.84
2023	4,021.84
2024	4,021.84
2025	4,021.84
2026	4,021.84
	152,833.00

EXHIBIT 1

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the ____ day of _____, 1987, by and between THE CITY OF LOGAN, a municipal corporation and political subdivision of the State of West Virginia (the "Governmental Agency"), and ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association (the "Registrar").

WHEREAS, the Governmental Agency has contemporaneously with the execution hereof issued and sold its $623,087 in aggregate principal amount of Subordinate Sewerage System Revenue Bonds, Series 1987 (the "Subordinate Bonds"), in the form of one bond numbered R-1, and its $152,833 in aggregate principal amount of Supplemental Subordinate Sewerage System Revenue Bonds, Series 1987 (the "Supplemental Bonds"), in the form of one bond numbered SR-1, and both in fully registered form (collectively, the "Bonds"), pursuant to the Ordinance, passed by the Council of the City on August 11, 1987, as supplemented on September 8, 1987 (the "Ordinance");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Ordinance, a copy of which has been received by the Registrar and is incorporated herein by reference;

WHEREAS, the Ordinance provides for the appointment by the Governmental Agency of a Registrar for the Bonds; and

WHEREAS, the Governmental Agency desires to appoint, and by the Ordinance and this Registrar's Agreement does appoint, the Registrar to act as registrar under the Ordinance and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Governmental Agency and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Ordinance, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the Subordinate Bonds from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the

Municipal Securities Rulemaking Board or similar regulatory bodies as the Governmental Agency advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Governmental Agency with appropriate records of all transactions carried out by it as Registrar and to furnish the Governmental Agency with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Governmental Agency may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Governmental Agency.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Governmental Agency hereby agrees to pay $500 to the Registrar upon the execution of this Registrar's Agreement and from time to time reimbursement for reasonable expenses incurred in connection therewith.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Ordinance with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Ordinance, the terms of the Ordinance shall govern.

6. The Governmental Agency and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Ordinance will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective address:

GOVERNMENTAL AGENCY

The City of Logan
City Hall, Dingess Street
Logan, West Virginia 25601
Attention: Mayor

REGISTRAR:

One Valley Bank, National Association
Summers & Lee Streets
Box 1793
Charleston, West Virginia 25326
Attention: Corporate Trust Department

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

THE CITY OF LOGAN

By: _____
MAYOR

ONE VALLEY BANK, NATIONAL ASSOCIATION

By: _____
Its _____

5843z

Supplemental Resolution
re Bond and Note Ordinance

A Resolution supplementing the Ordinance passed by the Council of The City of Logan on August 11, 1987, and effective September 8, 1987; providing as to principal amounts, maturities, interest rate and other terms of the Subordinate Sewerage System Revenue Bonds, Series 1987, and Supplemental Subordinate Sewerage System Revenue Bonds, Series 1987, of The City of Logan; providing for capitalized interest; designating a registrar, paying agent and depository bank; and making other provisions with respect to the Bonds.

WHEREAS, the Council (the "Council") of The City of Logan, West Virginia (the "City"), has duly and effectively passed as of August 11, 1987 and effective September 8, 1987, an Ordinance (the "Ordinance"), entitled:

> An Ordinance supplementing an ordinance adopted by the Council of The City of Logan, West Virginia, on February 11, 1964, entitled "An Ordinance authorizing the issuance of $308,000 principal amount of Sewer Revenue Bonds for the purpose of refunding certain outstanding bonds and to pay part of the cost of construction and acquisition of additions, extensions and improvements to the existing sewer system of The City of Logan, West Virginia"; authorizing the acquisition and construction of certain extensions, improvements and betterments to the existing public sewerage facilities of The City of Logan; authorizing the issuance of not more than $720,000 in aggregate principal amount of Subordinate Sewerage System Revenue Bonds, Series 1987, and not more than $180,000 in aggregate principal amount of Supplemental Subordinate Sewerage System Revenue Bonds, Series 1987, of The City of Logan to be used, along with other funds and moneys of or available to The City of Logan that may be lawfully expended for such purposes, to finance the cost of such acquisition and construction; providing for the sale of such Bonds to the West Virginia Water Development Authority and for the rights and remedies of and security for the registered owners of such Bonds; authorizing issuance of not more than $1,000,000 in aggregate principal amount of Sewerage System Grant Anticipation Notes,

Series 1987, to be used to finance the cost of such acquisition and construction pending the receipt of certain grant proceeds; and enacting other provisions related thereto;

and

WHEREAS, capitalized terms used and not otherwise defined in this Supplemental Resolution have the respective meanings given them in the Ordinance; and

WHEREAS, the Ordinance provides for the issuance of not more than $720,000 in aggregate principal amount of Subordinate Sewerage System Revenue Bonds, Series 1987, and not more than $180,000 in aggregate principal amount of Supplemental Subordinate Sewerage System Revenue Bonds, Series 1987, of the City (the "Bonds"), and the sale of the Bonds pursuant to the terms of the Loan Agreement and the Supplemental Loan Agreement, both dated August 21, 1987, entered into between the City and the West Virginia Water Development Authority (the "Authority"); and

WHEREAS, in the Ordinance, it is provided that the principal amounts, maturities, interest rate and other terms of the Bonds should be established by a Supplemental Resolution and that approval of Schedule X to the Loan Agreement and the Supplemental Loan Agreement and other matters relating to the Bonds be herein provided for; and

WHEREAS, the Ordinance also provides for the issuance of not more than $1,000,000 in aggregate principal amount of Sewerage System Grant Anticipation Notes, Series 1987 (the "Notes"); and

WHEREAS, the Council deems that it is not in the best interest of the City to issue the Notes at this time; and

WHEREAS, the Council deems it essential and desirable that this resolution (the "Supplemental Resolution") be adopted and that the principal amounts, maturities, interest rate, and other terms of the Bonds be fixed hereby in the manner stated herein and that approval of Schedule X to the Loan Agreement and the Supplemental Loan Agreement and other matters relating to the Bonds be herein provided for;

NOW, THEREFORE, Be It Resolved by the Council of The City of Logan, West Virginia, as follows:

(1) Pursuant to the Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Subordinate Sewerage System Revenue Bonds, Series 1987 (the "Subordinate Bonds"), of the City in the aggregate principal amount of $623,087 and the

Supplemental Subordinate Sewerage System Revenue Bonds, Series 1987 (the "Supplemental Bonds"), of the City in the aggregate principal amount of $152,833, all in the form and having the provisions set forth below and in the Ordinance.

(a) The Subordinate Bonds shall be orginally issued in the form of a single bond, numbered R-1, fully registered to the Authority, in the principal amount of $623,087. The Subordinate Bonds shall be dated the date of delivery thereof; shall bear interest at the rate of 8.38 percent per annum, payable semiannually on April 1 and October 1 of each year, beginning April 1, 1988; shall be subject to redemption only with the written consent of the Authority and upon payment of the interest and redemption premium, if any, and subject to the other requirements and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Subordinate Bonds; and shall mature in principal installments on October 1 of each of the years from 1989 through 2026, inclusive, in the amounts set forth in Loan Agreement "Schedule X" attached as Exhibit A hereto, specifically approved hereby and incorporated herein by reference.

(b) The Supplemental Bonds shall be originally issued in the form of a single bond, numbered SR-1, fully registered to the Authority, in the principal amount of $152,833. The Supplemental Bonds shall be dated the date of delivery thereof; shall bear no interest; shall be subject to redemption only with the written consent of the Authority and otherwise in compliance with the Supplemental Loan Agreement so long as the Authority shall be the registered owner of the Supplemental Bonds; and shall mature in principal installments on October 1 of each of the years from 1989 through 2026, inclusive, in the amounts set forth in Supplemental Loan Agreement "Schedule X" attached as Exhibit B hereto, specifically approved hereby and incorporated herein by reference.

(c) The Bonds shall be sold to the Authority at the price of 100 percent of par, there being no accrued interest.

(2) All other provisions relating to the Bonds shall be as provided in the Ordinance, and the Bonds shall be in substantially the respective forms provided in the Ordinance, with such changes, insertions and omissions as may be approved by the Mayor of the City. The execution of the Bonds by the Mayor shall be conclusive evidence of such approval.

(3) The City does hereby ratify, approve and accept the Loan Agreement and the Supplemental Loan Agreement, including the "Schedule X" attached to each, copies of which are incorporated herein by reference, and the execution and

delivery by the Mayor of the Loan Agreement and the Supplemental Loan Agreement, and the performance of the obligations contained therein, on behalf of the City have been and are hereby authorized, approved and directed.

(4) The City hereby appoints and designates The National Bank of Logan, Logan, West Virginia, as the Depository Bank.

(5) The City hereby appoints and designates the West Virginia Municipal Bond Commission as the Paying Agent.

(6) The City hereby appoints and designates One Valley Bank, National Association, Charleston, West Virginia, as the Registrar. The Mayor is hereby authorized and directed to execute and deliver the Registrar's Agreement in substantially the form attached as Exhibit C hereto and incorporated herein by reference, with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Registrar's Agreement by the Mayor shall be conclusive evidence of such approval.

(7) The Mayor and City Clerk and other appropriate officers and employees of the City and the Sanitary Board are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the issuance of the Bonds.

(8) Interest on the Subordinate Bonds shall be payable from proceeds of the Subordinate Bonds in the approximate amount of $26,322.00, which amount shall be sufficient to pay interest on the Subordinate Bonds to and including March 1988, and thereafter interest shall be paid as provided in the Ordinance. The City hereby directs that such capitalized interest be deposited with the West Virginia Municipal Bond Commission and instructs the Commission to make the interest payments when due and payable.

(9) The Council hereby determines not to fund the Reserve Account or the Supplemental Reserve Account. Accordingly, the City hereby directs that no proceeds of the Bonds be placed in said reserve accounts.

(10) The financing of the Project in part with the proceeds of the Bonds is in the public interest, serves a public purpose of the City and will promote the health, welfare and safety of the residents of the City.

(11) This Supplemental Resolution shall be effective immediately upon adoption.

Resolution adopted September 8, 1987

THE CITY OF LOGAN, WEST VIRGINIA

By: Thomas E. Esposito
Thomas E. Esposito, Mayor

ATTEST:

[Seal]

Violet Miller
Violet Miller, City Clerk

This resolution approved as to form:

Edward I. Eiland
Edward I. Eiland, City Attorney

WDA-5X
(October 1986)

SCHEDULE X
DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds $623,087

Purchase Price of Local Bonds $623,087

Interest on the Local Bonds is payable on April 1 and October 1 in each year, beginning with the first semi-annual interest payment date after delivery of the Local Bonds to the Authority, until the Local Bonds are paid in full, at the rate of 8.38 % per annum. Principal of the Local Bonds is payable on October 1 in each year as set forth on Exhibit 1 attached hereto and incorporated herein by reference.

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

None.

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

$308,000.00 Sewer Revenue Bonds dated March 1, 1964

EXHIBIT A

CITY OF LOGAN
ANALYSIS OF 7.00% BORROWING COST FOR LOCAL ISSUER
---------- 1988 SERIES A BONDS ----------

PERIOD ENDING 10/1	COUPON	PRIN.	INTEREST	SERVICE
1988	8.38		52,650.06	52,650.06*
1989	8.38	2,574	52,214.94	54,788.94
1990	8.38	2,790	51,999.24	54,789.24
1991	8.38	3,024	51,765.44	54,789.44
1992	8.38	3,277	51,512.03	54,789.03
1993	8.38	3,552	51,237.42	54,789.42
1994	8.38	3,849	50,939.76	54,788.76
1995	8.38	4,172	50,617.21	54,789.21
1996	8.38	4,521	50,267.60	54,788.60
1997	8.38	4,900	49,888.74	54,788.74
1998	8.38	5,311	49,478.12	54,789.12
1999	8.38	5,756	49,033.06	54,789.06
2000	8.38	6,238	48,550.70	54,788.70
2001	8.38	6,761	48,027.96	54,788.96
2002	8.38	7,327	47,461.39	54,788.39
2003	8.38	7,942	46,847.38	54,789.38
2004	8.38	8,607	46,181.85	54,788.85
2005	8.38	9,328	45,460.58	54,788.58
2006	8.38	10,110	44,678.89	54,788.89
2007	8.38	10,957	43,831.67	54,788.67
2008	8.38	11,876	42,913.48	54,789.48
2009	8.38	12,871	41,918.27	54,789.27
2010	8.38	13,950	40,839.68	54,789.68
2011	8.38	15,118	39,670.67	54,788.67
2012	8.38	16,385	38,403.78	54,788.78
2013	8.38	17,758	37,030.72	54,788.72
2014	8.38	19,247	35,542.60	54,789.60
2015	8.38	20,859	33,929.70	54,788.70
2016	8.38	22,607	32,181.71	54,788.71
2017	8.38	24,502	30,287.25	54,789.25
2018	8.38	26,555	28,233.98	54,788.98
2019	8.38	28,781	26,008.67	54,789.67
2020	8.38	31,193	23,596.82	54,789.82
2021	8.38	33,806	20,983.85	54,788.85
2022	8.38	36,639	18,149.91	54,788.91
2023	8.38	39,710	15,079.56	54,789.56
2024	8.38	43,037	11,751.86	54,788.86
2025	8.38	46,644	8,145.36	54,789.36
2026	8.38	50,553	4,236.59	54,789.59
		623,067	1,511,547.50	2,134,634.50

* This amount of interest assume closing Sept. 2 1987 and is subject to chan depending on th closing date

EXHIBIT I

WDA-Supp. 5X
(November 1985)

SCHEDULE X
DESCRIPTION OF SUPPLEMENTAL BONDS

Principal Amount of Supplemental Bonds	$ 152,833
Purchase Price of Supplemental Bonds	$ 152,833

Principal of the Supplemental Bonds is payable on October 1 in each year as set forth on Exhibit 1 attached hereto and incorporated herein by reference.

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

$308,000 Sewer Revenue Bonds dated March 1, 1964

EXHIBIT B

CITY OF LOGAN
ANALYSIS OF 7.00% BORROWING COST FOR LOCAL ISSUER
---------- 1986 SERIES A BONDS ----------

PERIOD ENDING 10/1	ZERO COUPON BONDS
1987	.00
1988	.00
1989	4,024.92
1990	4,021.84
1991	4,021.84
1992	4,021.84
1993	4,021.84
1994	4,021.84
1995	4,021.84
1996	4,021.84
1997	4,021.84
1998	4,021.84
1999	4,021.84
2000	4,021.84
2001	4,021.84
2002	4,021.84
2003	4,021.84
2004	4,021.84
2005	4,021.84
2006	4,021.84
2007	4,021.84
2008	4,021.84
2009	4,021.84
2010	4,021.84
2011	4,021.84
2012	4,021.84
2013	4,021.84
2014	4,021.84
2015	4,021.84
2016	4,021.84
2017	4,021.84
2018	4,021.84
2019	4,021.84
2020	4,021.84
2021	4,021.84
2022	4,021.84
2023	4,021.84
2024	4,021.84
2025	4,021.84
2026	4,021.84
	152,833.00

EXHIBIT 1

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the ____ day of _____, 1987, by and between THE CITY OF LOGAN, a municipal corporation and political subdivision of the State of West Virginia (the "Governmental Agency"), and ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association (the "Registrar").

WHEREAS, the Governmental Agency has contemporaneously with the execution hereof issued and sold its $623,087 in aggregate principal amount of Subordinate Sewerage System Revenue Bonds, Series 1987 (the "Subordinate Bonds"), in the form of one bond numbered R-1, and its $152,833 in aggregate principal amount of Supplemental Subordinate Sewerage System Revenue Bonds, Series 1987 (the "Supplemental Bonds"), in the form of one bond numbered SR-1, and both in fully registered form (collectively, the "Bonds"), pursuant to the Ordinance, passed by the Council of the City on August 11, 1987, as supplemented on September 8, 1987 (the "Ordinance");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Ordinance, a copy of which has been received by the Registrar and is incorporated herein by reference;

WHEREAS, the Ordinance provides for the appointment by the Governmental Agency of a Registrar for the Bonds; and

WHEREAS, the Governmental Agency desires to appoint, and by the Ordinance and this Registrar's Agreement does appoint, the Registrar to act as registrar under the Ordinance and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Governmental Agency and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Ordinance, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the Subordinate Bonds from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the

Municipal Securities Rulemaking Board or similar regulatory bodies as the Governmental Agency advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Governmental Agency with appropriate records of all transactions carried out by it as Registrar and to furnish the Governmental Agency with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Governmental Agency may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Governmental Agency.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Governmental Agency hereby agrees to pay $500 to the Registrar upon the execution of this Registrar's Agreement and from time to time reimbursement for reasonable expenses incurred in connection therewith.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Ordinance with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Ordinance, the terms of the Ordinance shall govern.

6. The Governmental Agency and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Ordinance will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective address:

GOVERNMENTAL AGENCY

The City of Logan
City Hall, Dingess Street
Logan, West Virginia 25601
Attention: Mayor

REGISTRAR:

One Valley Bank, National Association
Summers & Lee Streets
Box 1793
Charleston, West Virginia 25326
Attention: Corporate Trust Department

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

THE CITY OF LOGAN

By: _____
MAYOR

ONE VALLEY BANK, NATIONAL ASSOCIATION

By: _____
Its _____

5843z

1995 WDA

THE CITY OF LOGAN, WEST VIRGINIA

AMENDATORY AND SUPPLEMENTAL BOND ORDINANCE

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Exhibit A - Phase III Project Description

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AMENDATORY AND SUPPLEMENTAL BOND ORDINANCE

AN ORDINANCE AMENDING AND SUPPLEMENTING THE BOND AND NOTE ORDINANCE PASSED BY THE COUNCIL OF THE CITY OF LOGAN, WEST VIRGINIA, ON AUGUST 11, 1987, AS AMENDED BY THE AMENDATORY AND SUPPLEMENTAL BOND AND NOTE ORDINANCE PASSED BY SAID COUNCIL ON JULY 21, 1992, ALL AS SUPPLEMENTED PRIOR TO THE DATE OF INTRODUCTION HEREOF; AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONAL EXTENSIONS, IMPROVEMENTS AND BETTERMENTS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF THE CITY OF LOGAN; AUTHORIZING ISSUANCE OF NOT MORE THAN $600,000 IN AGGREGATE PRINCIPAL AMOUNT OF SUBORDINATE SEWERAGE SYSTEM REVENUE BONDS, SERIES 1995, OF THE CITY OF LOGAN TO BE USED, ALONG WITH OTHER FUNDS AND MONEYS OF OR AVAILABLE TO THE CITY OF LOGAN THAT MAY BE LAWFULLY EXPENDED FOR SUCH PURPOSES, TO FINANCE THE COST OF SUCH ACQUISITION AND CONSTRUCTION; PROVIDING FOR THE SALE OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY AND FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNER OF SUCH BONDS; AND ENACTING OTHER PROVISIONS RELATING THERETO.

Be It Enacted and Ordained by the Council of The City of Logan, West Virginia:

ARTICLE I

DEFINITIONS, STATUTORY AUTHORITY AND FINDINGS

Section 1.01. Definitions. Except as provided below, terms used in this Amendatory Ordinance have the meanings set forth in the Original Ordinance, as hereinafter defined, as amended by this Amendatory Ordinance, unless the context expressly requires otherwise.

A. "Act" means Chapter 16, Article 13, of the Code of West Virginia, 1931, as amended and in effect on the date of enactment of this Amendatory Ordinance.

B. "Amendatory Ordinance" means this ordinance as hereafter amended or supplemented.

C. "Authority" means the West Virginia Water Development Authority, which shall be the original purchaser of the 1995 Bonds, as hereinafter defined, or any other agency of the State that succeeds to the functions of the Authority.

D. "Bonds" means, collectively, the 1987 Subordinate Bonds, the 1987 Supplemental Bonds, the 1993 Subordinate Bonds, the 1993 Supplemental Bonds, and the 1995 Bonds.

E. "Costs" or "Costs of the Project" means those costs described in Subsection 1.03(D) hereof to be a part of the costs of the construction and acquisition of the Project, as hereinafter defined.

F. "Operating Expenses" includes the fees and charges due to the trustee for the Authority's bonds pursuant to Section 4.7 of the 1995 Loan Agreement, and fees and expenses of the Authority and any default interest thereon, all to the extent such are not capitalized from the proceeds of the 1995 Bonds.

G. "Ordinance" means the Original Ordinance, as hereinafter defined, as amended and supplemented by this Amendatory Ordinance and as further amended or supplemented. Unless the context clearly requires to the contrary, references to "this Ordinance" in the Original Ordinance mean the Ordinance.

H. "Original Ordinance" means the Bond and Note Ordinance passed by the Council of the City on August 11, 1987, as amended by the Amendatory Bond and Note Ordinance passed by the Council on July 21, 1992, all as supplemented prior to the date of introduction hereof.

I. "Phase III Project" means the extensions, improvements and betterments to the existing sewerage system of the City described in Exhibit A attached hereto and incorporated herein by reference.

J. "Prior Bonds" collectively means the City's Sewer Revenue Bonds dated as of March 1, 1964 (individually, the "1964 Bonds"), issued in the aggregate principal amount of $308,000 and outstanding as of February 28, 1995, in the aggregate principal amount of $63,000, the lien of which 1964 Bonds on the Net Revenues is prior and superior to that of the 1995 Bonds, the Prior Subordinate Bonds and the Prior Supplemental Bonds, all as hereinafter described; the City's Subordinate Sewerage System Revenue Bonds, Series 1987 (individually, the "1987 Subordinate Bonds"), issued in the aggregate principal amount of $623,087 and outstanding as of February 28, 1995, in the aggregate principal amount of $604,021, and the City's Subordinate Sewerage System Revenue Bonds, Series 1993 (individually, the "1993 Subordinate Bonds"; together with the 1987 Subordinate Bonds, the "Prior Subordinate Bonds"), issued in the aggregate principal amount of $2,284,839 and outstanding as of February 28, 1995, in the aggregate principal amount of $2,263,669, the lien of which Prior Subordinate Bonds is on a parity with the 1995 Bonds, as hereinafter defined; and the City's Supplemental Subordinate Sewerage System Revenue Bonds, Series 1987 (individually, the "1987

Supplemental Bonds"), issued in the aggregate principal amount of $152,833 and outstanding as of February 28, 1995, in the aggregate principal amount of $128,702, and the City's Supplemental Subordinate Sewerage System Revenue Bonds, Series 1993 (individually the "1993 Supplemental Bonds"; together with the 1987 Supplemental Bonds, the "Prior Supplemental Bonds"), issued in the aggregate principal amount of $76,161 and outstanding as of February 28, 1995, in the aggregate principal amount of $72,255, the lien of which Prior Supplemental Bonds on the Net Revenues is junior, subordinate and inferior to that of the 1995 Bonds.

K. "Project" means the Phase III Project certain additional construction required by the West Virginia Division of Environmental Protection ("DEP") and payment of certain costs remaining unpaid from the City's Phase II sewerage system project.

L. "Supplemental Resolution" means any ordinance or resolution of the Council amending or supplementing this Amendatory Ordinance and, when preceded by the article "the," refers specifically to the Supplemental Resolution authorizing the sale of the 1995 Bonds; provided, that any matter intended by this Amendatory Ordinance to be included in the Supplemental Resolution with respect to the 1995 Bonds and not so included may be included in another Supplemental Resolution.

M. "1995 Bondholder" or "Owner of the 1995 Bonds" or any similar term means any person who is the registered owner of any Outstanding 1995 Bond or 1995 Bonds.

N. "1995 Bonds" means the not more than $600,000 in aggregate principal amount of Subordinate Sewerage System Revenue Bonds, Series 1995, originally authorized hereby to pay a portion of the costs of the Project.

O. "1995 Bond Construction Trust Fund" means the 1995 Bond Construction Trust Fund established by Section 5.02.

P. "1995 Loan Agreement," "1995 WDA Loan Agreement" or "1995 Authority Loan Agreement" means the Loan Agreement between the Authority and the City, in substantially the form attached as Exhibit B hereto and incorporated herein by reference, with any changes, insertions or deletions as may be requested by the Authority and approved by the Supplemental Resolution, providing for the purchase of the 1995 Bonds from the City by the Authority.

Q. "1995 Reserve Account Requirement" means, as of any date of calculation, the maximum amount of principal and interest that will become due on the 1995 Bonds in the then current or any succeeding year.

R. The terms "herein," "hereunder," "hereby," "hereto," "hereof" and any similar terms refer to this Amendatory Ordinance;

and the term "hereafter" means after the date of enactment of this Amendatory Ordinance. Unless the context clearly requires to the contrary, the use of such terms in the Original Ordinance refers to the Ordinance.

Section 1.02. Authority of this Amendatory Ordinance. This Amendatory Ordinance is enacted pursuant to the provisions of the Original Ordinance, the Act and other applicable provisions of law and, so long as any of the 1964 Bonds is outstanding, is supplemental to the Ordinance authorizing the 1964 Bonds (the "Prior Ordinance") and, so long as any of the Bonds is Outstanding, is amendatory of and supplemental to the Original Ordinance.

Section 1.03. Findings. In addition to those findings set forth in the Original Ordinance, it is hereby found, determined and declared as follows:

A. The Sanitary Board has presented a petition to the City for acquisition and construction of the Project, enactment of this Amendatory Ordinance, and issuance of the 1995 Bonds.

B. It is deemed necessary and desirable for the health, welfare and safety of the inhabitants of the City that the Project be acquired and constructed in accordance with the plans and specifications prepared by the Consulting Engineers, subject to the approval of the EPA, the issuance of a certificate of convenience and necessity by the PSC and any more specific authorizations by the Supplemental Resolution, which plans and specifications are on file with the Sanitary Board and the City Clerk and of which the Phase III Project is generally described in Exhibit A hereto.

C. The estimated maximum cost of the Phase III Project is $732,000, and the estimated costs remaining from the City's Phase II sewerage system project is $9,144, totalling $741,144 for the Project, of which approximately $468,596 will be obtained from the proceeds of the 1995 Bonds and approximately $272,548 will be obtained from the Grant. The City may obtain other grants and contributions as may be necessary to pay the cost of the Project. The cost of the Project may be revised to reflect the cost of the additional construction imposed by DEP; provided, that in no event shall the cost require an increase in the rates for the use of the System set forth in the Rule 42 Exhibit filed with the PSC in connection with the Phase III Project.

D. It is deemed necessary for the City to issue its 1995 Bonds in the aggregate principal amount of not more than $600,000 to finance costs of construction and acquisition of the Project. Said costs shall be deemed to include the costs of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the 1995 Bonds prior to and during construction or acquisition and for six months after completion of construction of the Project; engineering, fiscal and

legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident for determining the feasibility or practicability or the enterprise; administrative expense, any fees or expenses of the Authority and any default interest thereon, Origination Fee, commitment fees, discount, initial fees for the service of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the 1995 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 the same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the City for any amounts expended by it for allowable costs prior to the issuance of the 1995 Bonds or the repayment of indebtedness incurred by the City for such purposes shall be deemed costs of the Project.

E. The period of usefulness of the System after completion of the Project will not be less than forty years.

F. Other than the 1964 Bonds and the Prior Subordinate Bonds, there are no obligations of the City outstanding which will rank prior to or on a parity with the 1995 Bonds as to their liens on and sources of and security for payment. There is also outstanding on the date of introduction of this Amendatory Ordinance the City's line of credit note in the stated principal amount not to exceed $500,000 (the "Note"), which is subordinate to both the Prior Bonds and the 1995 Bonds as to lien on and security for payment from the Net Revenues.

G. The issuance of the 1995 Bonds on a basis subordinate to the 1964 Bonds and on a parity with the Prior Subordinate Bonds are being authorized in an effort to aid in the abatement or reduction of the pollution of waters and streams situate in and about the City, including the Guyandotte River. The City derives revenues from the System, and said revenues are pledged or encumbered only in connection with the Prior Bonds and the Note.

H. The principal of and interest on the 1995 Bonds will be paid solely from the proceeds thereof and the Net Revenues derived from the operation of the System. None of such 1995 Bonds shall in any respect be a corporate indebtedness of the City within the meaning of any charter, statutory or constitutional provisions or limitations.

I. The estimated revenues to be derived in each year after the enactment of this Amendatory Ordinance from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of the System, the principal of and interest on the Prior Bonds and the 1995 Bonds and all sinking fund and other payments provided for in the Prior Ordinance and the

Ordinance. It is in the best interest of the City that its 1995 Bonds be sold to the Authority pursuant to the terms and provisions of the 1995 Authority Loan Agreement.

J. The City has complied with all requirements of West Virginia law relating to authorization of and construction, acquisition and operation of the Project and issuance of the 1995 Bonds or will have so complied prior to issuance thereof, including, among other things, the obtaining of a certificate of convenience and necessity from the PSC by final order.

K. The Code provides exceptions from the rebate provisions for issues of small governmental units meeting certain requirements. It is in the best interest of the City and its inhabitants to qualify for the small governmental unit exception from the rebate provisions. Accordingly, it is hereby found and determined:

(1) The City is a governmental unit with general taxing powers.

(2) The 1995 Bonds are not private activity bonds as defined by the Code.

(3) Ninety-five percent (95%) or more of the net proceeds (as defined with respect to the Code) of the 1995 Bonds will be used for local governmental activities of the City.

(4) The City reasonably expects that the aggregate face amount of all tax-exempt bonds (other than private activity bonds) issued by the City and all subordinate entities thereof during the calendar year in which the 1995 Bonds will be issued will not exceed $5,000,000. The City reasonably expects to issue the 1995 Bonds in 1995.

L. The City will not permit, at any time, any of the proceeds of the 1995 Bonds or any other funds of the City to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Code.

M. The City will file all statements, instruments and returns necessary to assure the tax-exempt status of the Bonds.

N. The 1995 Bonds will not be federally guaranteed within the meaning of the Code.

O. It is reasonably anticipated that all proceeds of the 1995 Bonds will be spent within three years from the date of

issuance of the Authority's bonds from which payment for the 1995 Bonds is made.

ARTICLE II

AUTHORIZATION OF PROJECT

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

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION, AND SALE OF 1995 BONDS; AUTHORIZATION AND EXECUTION OF 1995 AUTHORITY LOAN AGREEMENT

Section 3.01. Authorization of 1995 Bonds. For the purposes of financing a portion of the costs of acquisition and construction of the Project not otherwise provided for, of paying the costs of issuance of the 1995 Bonds, and, if authorized by the Supplemental Resolution, of funding the Reserve Account on account of the 1995 Bonds or providing for interest on the 1995 Bonds during construction, or both, there shall be issued the 1995 Bonds of the City. The proceeds of the 1995 Bonds shall be applied as provided in Section 5.01.

Section 3.02. Terms of 1995 Bonds. The 1995 Bonds shall be originally issued in the form of a single bond, designated Subordinate Sewerage System Revenue Bond, Series 1995, Number R-1, fully registered to the Authority, in the principal amount of not more than $600,000, as shall be set forth in the Supplemental Resolution. The 1995 Bonds shall be dated the date of delivery thereof; shall bear interest at the rate per annum, not to exceed 12%, as shall be set forth in the Supplemental Resolution, payable semi-annually, on April 1 and October 1 of each year, beginning with the date set forth in the Supplemental Resolution; shall be subject to redemption only with the written consent of the Authority and upon payment of the interest and redemption premium, if any, and subject to the other requirements and otherwise in compliance with the 1995 Loan Agreement, so long as the Authority shall be the Owner of the 1995 Bonds; and shall mature in principal installments on October 1 of each of the years and in the amounts set forth in the 1995 Loan Agreement "Schedule X" to be approved by the Supplemental Resolution.

Section 3.03. Other Provisions with Respect to the 1995 Bonds. The 1995 Bonds shall be executed as set forth in Subsection 3.03 of the Ordinance. The 1995 Bonds shall be authenticated and registered in accordance with Section 3.04 of the Ordinance, and the Certificate of Authentication and Registration on the 1995 Bonds shall be substantially in the form set forth in Section 3.06 of this Amendatory Ordinance. The 1995 Bonds shall be negotiable and shall be subject to transfer and registration as provided in Section 3.05 of the Ordinance. Any 1995 Bonds mutilated, destroyed, stolen, or lost shall be dealt with as prescribed by Section 3.06 of the Ordinance.

Section 3.04. 1995 Bonds Not To Be Indebtedness of the City. The 1995 Bonds shall not, in any event, be or constitute an indebtedness of the City within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues and otherwise as provided in the Ordinance. No Owner or Owners of any of the 1995 Bonds shall ever have the right to compel the exercise of the taxing power of the City to pay the 1995 Bonds or the interest thereon.

Section 3.05. 1995 Bonds Secured by Subordinate and Parity Pledge of Net Revenues. The payment of the debt service of all of the 1995 Bonds shall be secured forthwith equally and ratably with each other by a lien on the Net Revenues derived from the System, which lien is junior, subordinate and inferior to that on account of the 1964 Bonds and which lien is on a parity with that on account of the Prior Subordinate Bonds and any other Subordinate Bonds that may be issued pursuant to the Ordinance. Such Net Revenues, in an amount sufficient, after paying the principal of and interest on the 1964 Bonds and making the other payments required under the Prior Ordinance, to pay the principal of and interest on the Bonds, and to make the payments required into the Sinking Fund and the Reserve Account therein, the Renewal and Replacement Fund, and the Supplemental Sinking Fund and the Supplemental Reserve Account therein, all as established in the Original Ordinance and as continued hereby, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

Section 3.06. Form of 1995 Bonds. The text of the 1995 Bonds shall be in substantially the following tenor, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted by this Amendatory Ordinance or by any Supplemental Resolution adopted or enacted prior to the issuance thereof:

[Form of 1995 Subordinate Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF LOGAN
SUBORDINATE SEWERAGE SYSTEM REVENUE BOND, SERIES 1995

No. R___ $_____

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF LOGAN, a municipal corporation of the State of West Virginia (the "City"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ ($_____), in installments on 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.

Interest on each installment shall run from the date of this Bond and until payment of such installment, and such interest shall be payable on the 1st day of April and the 1st day of October in each year beginning _____ 1, 19__. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of principal, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia, as Paying Agent (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of _____, as registrar (the "Registrar"), on the 15th day of the month preceding an interest payment date or by such other method as shall be mutually agreeable so long as the Authority is the registered owner hereof.

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

The series of bonds of which this Bond is one (the "Bonds") are issued (i) to pay costs of acquisition and construction of certain extensions, improvements and betterments to the existing public sewerage system of the City (the "Project") (said existing system, together with the Project and any further extensions, improvements or betterments thereto, is hereinafter

referred to as the "System")[; (ii) to pay interest on the Bonds during and for six months after completion of construction of the Project; (iii) to fund the Reserve Account, as hereinafter defined; and (iv)] 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 Code of West Virginia, 1931, as amended (the "Act"), and the Ordinance duly passed by the Council of the City on August 11, 1987, as amended by the Amendatory and Supplemental Bond and Note Ordinance passed by said Council on July 21, 1992, all as supplemented, and as amended and supplemented by the Amendatory and Supplemental Bond Ordinance duly passed by the Council of the City on the __ day of _____, 1995, and as supplemented by a resolution duly adopted by the Council of the City on _____, 19 (collectively, the "Ordinance"), and is subject to all the terms and conditions thereof. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Ordinance) to be derived from the operation of the System, [moneys in the Reserve Account created under the Ordinance (the "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 shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the City within the meaning of any constitutional or statutory provisions or limitations, nor shall the City be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues[, the moneys in the Reserve Account] and unexpended Bond proceeds. Pursuant to the Ordinance, the City has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient to provide for the proper and reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any year of principal of and interest on the Bonds, as hereinafter defined, and on all obligations secured by or payable from such revenues prior to or on a parity with the Bonds, including the 1964 Bonds and the Prior Subordinate Bonds, both as hereinafter defined; provided, however, that so long as there exists in the Reserve Account sufficient moneys to pay the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year and on the Prior Subordinate Bonds in any year, and the reserve accounts for any such obligations prior to or on a parity with the Bonds, including said 1964 Bonds, are funded at the respective requirements

therefor, such percentage may be reduced to 110%. The City has entered into certain further covenants with the Registered Owners of the Bonds for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

This Bond is transferable, as provided in the Ordinance, only upon the books of the Registrar kept for that purpose at the office of the Registrar by the registered owner or by its attorney or legal representative duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or its attorney or legal representative duly authorized in writing.

Subject to registration requirements, this Bond under the provisions 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.

THIS BOND IS JUNIOR, SUBORDINATE AND INFERIOR AS TO LIEN ON AND SOURCE OF AND SECURITY FOR PAYMENT FROM THE NET REVENUES AND IN ALL OTHER RESPECTS TO THE CITY'S SEWER REVENUE BONDS DATED AS OF MARCH 1, 1964, OUTSTANDING AS OF THE DATE HEREOF IN THE AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "1964 BONDS").

THIS BOND IS ON A PARITY AS TO LIEN ON AND SOURCE OF AND SECURITY FOR PAYMENT FROM THE NET REVENUES AND IN ALL OTHER RESPECTS (EXCEPT FOR ITS LIEN ON THE PROCEEDS HEREOF) TO THE CITY'S SUBORDINATE SEWERAGE SYSTEM REVENUE BONDS, SERIES 1987, OUTSTANDING AS OF THE DATE HEREOF IN THE AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "1987 SUBORDINATE BONDS"), AND THE CITY'S SUBORDINATE SEWERAGE SYSTEM REVENUE BONDS, SERIES 1993, OUTSTANDING AS OF THE DATE HEREOF IN THE AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "1993 SUBORDINATE BONDS"; TOGETHER WITH THE 1987 SUBORDINATE BONDS, THE "PRIOR SUBORDINATE BONDS").

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 Ordinance, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the City, does not exceed any limit prescribed by the Constitution or statutes of the State

of West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the City for the prompt payment of the principal of and interest on this Bond.

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

IN WITNESS WHEREOF, THE CITY OF LOGAN has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Clerk, and has caused this Bond to be dated _____, 1995.

[SEAL]

_____
Mayor

ATTEST:

_____
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Subordinate Sewerage System Revenue Bonds, Series 1995, described in the within-mentioned Ordinance and has been duly registered in the name of the registered owner set forth above on the date set forth below.

Date: _____

_____,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[Form of Assignment]

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

_____

_____

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

Dated: _____, ____.

_____

In the presence of:

_____

Section 3.07. Sale of 1995 Bonds; Execution of 1995 Authority Loan Agreement. The 1995 Bonds shall be sold to the Authority pursuant to the terms and conditions of the 1995 Authority Loan Agreement; provided, that the City must satisfy certain legal and other requirements of the Program. Execution and delivery to the Authority of the 1995 Authority Loan Agreement by the Mayor and the Clerk are hereby specifically authorized, directed, confirmed and ratified. The 1995 Authority Loan Agreement is specifically incorporated in this Amendatory Ordinance.

Section 3.08. 1995 Bonds Are Issued as Parity Bonds. The 1995 Bonds are issued as and shall constitute Parity Bonds in accordance with Section 7.08 of the Ordinance. Prior to the issuance of the 1995 Bonds, the following must occur:

A. The City must receive the written approval of the Authority for the issuance of the 1995 Bonds on a parity with the Prior Subordinate Bonds while the Prior Supplemental Bonds remain Outstanding.

B. There must be procured and filed with the City Clerk a written statement by the Independent Accountants, based upon the necessary investigation and certification by the Consulting Engineers, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments set forth in Section 7.08 of the Ordinance, from the System during any twelve (12) consecutive months within the eighteen (18) months immediately preceding the date of the actual issuance of the 1995 Bonds, plus the estimated average increased annual Net Revenues to be received in each of the three (3) succeeding years after the completion of the Project, shall not be less than One Hundred Fifteen Percent (115%) of the maximum debt service in any succeeding year on the following:

(1) the 1964 Bonds and any other obligations secured by or payable from the revenues prior to or on a parity with the 1995 Bonds;

(2) the Prior Subordinate Bonds then Outstanding;

(3) any other parity bonds theretofore issued pursuant to the provisions contained in the Ordinance then Outstanding; and

(4) the 1995 Bonds.

C. Unless waived in writing by the Authority, the City must enter into written contracts for the immediate acquisition or construction of the Project not later than simultaneously with the delivery of the 1995 Bonds.

D. The 1995 Bonds shall not be issued unless all the payments into the respective funds and accounts provided for in the Prior Ordinance and in the Original Ordinance, respectively, on account of the Prior Bonds outstanding and any other payments provided for in the Ordinance shall have been made in full as required to the date of delivery of the 1995 Bonds.

Section 3.09. Certificate of Consulting Engineers. Prior to the issuance of the 1995 Bonds, the City must obtain the certificate of the Consulting Engineers in the form attached to the City's Program loan application, to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority, 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.

ARTICLE IV

SYSTEM REVENUES AND APPLICATION THEREOF

Section 4.01. Continuance of Funds and Accounts with the Depository Bank. The Revenue Fund and the Renewal and Replacement Fund established by the Ordinance are hereby continued and shall apply to the 1995 Bonds with the same effect as if they had been created hereunder.

Section 4.02. Continuance of Funds and Accounts with Commission. A. The Sinking Fund and the Reserve Account therein established by the Ordinance are hereby continued and shall apply to the 1995 Bonds with the same effect as if they had been created hereunder. The amounts to be deposited into the Sinking Fund and the Reserve Account prescribed by Section 5.03 of the Ordinance shall be increased as required to provide for payment of the 1995 Bonds as provided by the Ordinance; provided, that the 1995 Reserve Account Requirement is based on the then current or any succeeding year.

B. Deposits into the Sinking Fund required by Subsection 5.03(C)(1) of the Ordinance shall be adjusted if necessary for the first interest payment date on the 1995 Bonds less than seven months after issuance of the 1995 Bonds or completion of construction of the Project, as applicable.

C. Deposits into the Reserve Account required by Subsection 5.03(C)(3) of the Ordinance shall be increased so that 1/120th of the Reserve Account Requirement with respect to the Prior Subordinate Bonds and 1/120th of the 1995 Reserve Account Requirement on account of the 1995 Bonds shall be deposited each month.

D. Subsection 5.03(C)(4) of the Original Ordinance is hereby amended and re-enacted to read as follows:

(4) Moneys in the Sinking Fund shall be used only for the purposes of paying principal of and interest on the Subordinate Bonds as the same shall become due. Moneys in the Reserve Account in the Sinking Fund shall be used only for the purpose of paying principal of or interest on the Subordinate Bonds, as the same shall become due, when other moneys in the Sinking Fund are insufficient therefor, and for no other purpose. All investment earnings on moneys in the Sinking Fund and the Reserve Account shall be transferred, not less than once each year, to the Bond Construction Trust Fund prior to completion of the Phase I Project, to the 1993 Bond Construction Trust Fund prior to the completion of the Phase II Project, to the 1995 Bond Construction Trust Fund prior to the completion of the Project, and thereafter to the Revenue Fund or the Prior Revenue Fund, as the case may be.

Section 4.03. Authorized by Original Ordinance. The deposits into the funds and accounts described in this section are made pursuant to Subsection 5.03(F) of the Ordinance.

ARTICLE V

APPLICATION OF 1995 BOND PROCEEDS; FUNDS AND ACCOUNTS; TRANSFERS AND EXISTING FUNDS

Section 5.01. Application of 1995 Bond Proceeds. From the monies received from the sale of any or all of the 1995 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. If required by the Supplemental Resolution, the amount of the proceeds which shall be at least sufficient to pay interest on the 1995 Subordinate Bonds for the period specified in the Supplemental Resolution shall be deposited in the Sinking Fund at the Commission; provided, that such period may not extend beyond the date which is six months after the estimated date of completion of construction of the Project.

B. If required by the Supplemental Resolution, the amount of the proceeds which shall be sufficient to fund the 1995 Reserve Account Requirement on account of the 1995 Bonds shall be first credited to the 1995 Bond Construction Trust Fund and then deposited in the Reserve Account with the Commission; provided, that such amounts shall not exceed in the aggregate 10% of the proceeds in the 1995 Bonds.

C. The remaining monies derived from the sale of the 1995 Bonds shall be deposited by the City in the 1995 Bond Construction Trust Fund and applied to the cost of the Project, including but not limited to payment of the cost of issuance, repayment of any Authority Step 1 or Step 2 Loan and, if determined to be in the best interests of the City, repayment of the Note.

Section 5.02. 1995 Bond Construction Trust Fund. The 1995 Bond Construction Trust Fund is hereby established with the Depository Bank. It shall be kept separate and apart from all other funds of the City, including the Bond Construction Trust Fund created under the Original Ordinance, and used and applied by the City solely for the payment of the cost of the Project, which include but are not limited to the cost of the issuance of the 1995 Bonds as well as construction of the Project, as more fully set out in Section 1.03(D), and for no other purposes whatsoever. Unless invested in Qualified Investments, the monies in said fund shall be secured at all times by the deposit in the Depository Bank, as security, of direct obligations of the United States of America, having a fair market value at least equal to the balance in said fund in excess of the amount insured by the FDIC. Any monies not needed immediately for said purposes shall be invested in Qualified Investments having maturities so as to enable the monies to be available as deemed necessary by the Consulting Engineers and otherwise in accordance with Article VIII. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to, such purposes, then such unapplied proceeds (1) may, during the period of three years from the date of issuance of the Authority's bonds with the proceeds of which the 1995 Bonds are purchased, be used for construction and acquisition of the remainder of the Project or other capital construction or acquisition needs of the System; (2) thereafter, shall be used to make up any deficiency in the Reserve Account or to fund the Reserve Account at the respective requirements therefor; and (3) if the reserve accounts are fully funded and no deficiencies exist, shall be deposited by the City in escrow with an escrow trustee and used to redeem 1995 Bonds at the first redemption date and, prior thereto, to pay a proportionate amount of principal of the 1995 Bonds by depositing in the Sinking Fund an amount which bears the same ratio to the principal coming due in that year as the excess proceeds bore to the initial aggregate principal amount of the 1995 Bonds.

Expenditures or disbursements by the Depository Bank from the 1995 Bond Construction Trust Fund, except for legal, fiscal and engineering expenses, expenses in connection with the issuance and sale of the 1995 Bonds, any Origination Fee, repayment to the Authority of any Step 1 or Step 2 loans, and any repayment of the Note, shall be made only after such expenditures or disbursements shall have been approved in writing by the Board and the Consulting Engineers.

Section 5.03. Origination Fee Account. An Origination Fee Account is hereby established with the trustee for the Authority's bonds issued to fund the purchase of the 1995 Bonds. The portion of the proceeds of the 1995 Bonds, if any, designated by the Supplemental Resolution for the Origination Fee shall be first credited to the 1995 Bond Construction Trust Fund and then deposited in the Origination Fee Account. Amounts may be disbursed from the Origination Fee Account only to pay the Origination Fee as and when required to satisfy the requirements of the State's revolving fund program established pursuant to Title VI of the Water Quality Act of 1987 or for such other purposes as the Authority may approve in writing.

ARTICLE VI

ADDITIONAL COVENANTS OF THE CITY

Section 6.01. Covenants. All the covenants, agreements and provisions set forth in the Original Ordinance shall be and constitute valid and legally binding covenants of the City and be enforceable in any court of competent jurisdiction by any Owner or Owners of the 1995 Bonds as if they were set forth in full in this Amendatory Ordinance. The following shall also apply with respect to the 1995 Bonds.

Section 6.02. Rates. Prior to the issuance of the 1995 Bonds, equitable rates or charges for the use of and services rendered by the System will be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the City Clerk, which copies will be open to inspection by all interested parties. The rates and charges shall be effective as prescribed by State statute and the rules and regulations of the PSC. The schedule of rates and charges shall at all times be adequate to produce gross revenues from the System sufficient to pay operating expenses and to make the prescribed payments into the funds and accounts created under the Prior Ordinance and the Ordinance and to enable the 1995 Bonds to be issued as Bonds on a parity with the Prior Subordinate Bonds.

Section 6.03. Completion, Operation and Maintenance; Schedule of Cost. The City will expeditiously complete the

Project and will maintain the System in good condition and will operate the same as a revenue producing enterprise in an efficient and economical manner, making such expenditures for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof from the revenues of the System in the manner provided in the Ordinance.

Upon completion of the Project, the City shall file with the Authority a schedule in substantially the form of Amended Schedule A to the Program loan application, setting forth the actual costs of the Project and sources of funds therefor.

Section 6.04. Sale of the System. When only the 1995 Bonds are Outstanding, in addition to the circumstances allowing sale or other disposition of the System pursuant to Section 6.06 of the Ordinance, the City may sell or otherwise dispose of all or a part of the System as otherwise required by State law or with the written consent of the Authority.

Section 6.05. Parity Bonds. With the written consent in advance of the Authority and anything to the contrary in Sections 6.07 or 6.08 of the Ordinance notwithstanding, Parity Bonds may be authorized and issued by the City pursuant to a Supplemental Resolution solely to complete the Project as described in the City's Program application to the Authority as of the date of the 1995 Authority Loan Agreement and in accordance with the plans and specifications, in the event that the 1995 Bonds should be insufficient, together with other funds lawfully available therefor, to pay all costs of acquisition and construction of the Project; provided, however, that prior to the issuance of such Parity Bonds under the provision of this paragraph, the Consulting Engineers shall file with the Clerk a certificate to the effect that additional funds are necessary for such purpose. All such Parity Bonds authorized and issued under the provisions of this section shall be limited to the aggregate principal amount required to make up any deficiency in funds for payment of the construction costs to complete the Project, and the maturities of any such Parity Bonds shall be in years and amounts suggested by the Authority.

Section 6.06. Insurance. In addition to the insurance required by Section 6.09 of the Ordinance, the City will require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority, so long as the Authority is the Owner of the 1995 Bonds. The City will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the City, the Authority, the prime contractor and all subcontractors as their interests may appear, in accordance

with the 1995 Authority Loan Agreement, during construction of the Project in the full insurable value thereof.

Section 6.07. Enforcement of Collections. If the City does not own the Water System referred to in Section 6.11 of the Ordinance, it shall enter into a termination agreement with the provider of water for the customers of the System.

Section 6.08. Books, Records and Reports. In addition to the requirements set forth in Section 6.13 of the Ordinance, the report of the required audit shall include a statement that the City is in compliance with the terms and provisions of the 1995 Authority Loan Agreement and the Ordinance and that the revenues from the System are adequate to meet its operation and maintenance expenses and debt service requirements. The City shall timely file or cause to be filed all reports and certificates required by the 1995 Authority Loan Agreement.

Commencing on the date contracts are executed for construction of the Project and for two years following completion of the Project, the City each month shall complete a monthly financial report in the form attached as Exhibit C to the 1995 Authority Loan Agreement and forward a copy of such report to the Authority by the 10th of each month.

Section 6.09. Operating Budget. The City shall submit to the Authority a copy of the annual budget required by Section 6.14 of the Ordinance within 30 days of the adoption thereof.

Section 6.10. Covenant to Amend Ordinance. The City retains the right to make any amendments, insertions or deletions by Supplemental Resolution to the Ordinance as the City deems desirable or necessary prior to the issuance of the 1995 Bonds, including but not limited to amendments, insertions and deletions to comply with the Code. Notwithstanding the provisions of Section 11.01 of the Ordinance, the City shall without consent of the Owners of any Bonds amend or supplement the Ordinance by a resolution supplemental thereto or any amendatory ordinance to comply with the Code if such amendment or supplement is necessary to preserve the tax-exempt status of the Bonds. The Council of the City hereby retains the specific authority to amend the Ordinance or supplement it by resolution to comply with the Code. In its determination to amend or supplement the Ordinance, the City may rely upon the opinion of nationally recognized bond counsel.

The City also retains the right to make any amendments, insertions or deletions by Supplemental Resolution of the Ordinance as the City deems necessary prior to the issuance of the 1995 Bonds to meet the requirements of the Authority.

Section 6.11. Public Purpose Bonds. The City shall use the 1995 Bond proceeds solely for the Project and as otherwise set forth herein, and the Project will be operated solely for a public purpose and as a local governmental activity of the City. The City will timely provide to the Authority any information with respect to the proceeds required by the 1995 Authority Loan Agreement.

Section 6.12. Private Activity Bond Covenant. The City shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the City to be use directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Code by reason of the classification of the Bonds as private activity bonds within the meaning of the Code. The City will take all actions necessary to comply with the Code in order to maintain the tax-exempt status of the Bonds.

Section 6.13. Filing Covenants. The City will file all statements, instruments and returns necessary to assure the tax-exempt status of the 1995 Bonds, including, without limitation, the information return required under Section 149(e) of the Code.

Section 6.14. Federal Guarantee Covenant. The 1995 Bonds, in whole or in part, are not and will not be directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

Section 6.15. Rebate Covenant. The City is a governmental unit with general taxing powers to finance operations of or facilities of the nature of the Project and the System. As covenanted above, the 1995 Bonds are not private activity bonds within the meaning of the Code, and ninety-five percent (95%) or more of the net proceeds (as defined with respect to the Code) of the 1995 Bonds will be used for local governmental activities of the City. The City reasonably expects it and all its subordinate entities to issue less than $5,000,000 in aggregate face amount of tax-exempt bonds (other than private activity bonds) during the calendar year, being 1995, in which the 1995 Bonds are to be issued. Therefore, the City believes that it is excepted from the rebate requirements of Section 148(f) of the Code. Notwithstanding the foregoing, if the City is in fact subject to such rebate requirements, the City hereby covenants to rebate to the United States the amounts required by the Code and to take all steps necessary to make such rebates as further described in Section 7.03. In the event the City fails to make such rebates as required, the City shall pay any and all penalties and obtain a waiver from the Internal Revenue Service in order to maintain the tax-exempt status of interest on the 1995 Bonds.

Section 6.16. Further Action. The City will take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the income on the Bonds will be and remain excludable from gross income in federal income tax purposes and will not take any actions or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

ARTICLE VII

INVESTMENT OF FUNDS

Section 7.01. Investments Particular to the 1995 Bonds. Except as otherwise specifically provided in the Ordinance, any investments shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, including, but not limited to those in the 1995 Bond Construction Trust Fund, and used for the purpose of such fund or account. The interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. Interest earnings on the Sinking Fund, including the Reserve Account therein, shall be transferred at least annually prior to completion of the Phase I Project, to the Bond Construction Trust Fund and, thereafter, prior to completion of the Phase II Project, to the 1993 Bond Construction Trust Fund, and, thereafter, to the 1995 Bond Construction Trust Fund and, thereafter, to the Prior Revenue Fund or the Revenue Fund, as the case may be.

Section 7.02. Arbitrage. The City covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the 1995 Bonds which would cause the 1995 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the 1995 Bonds) so that the interest on the 1995 Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusions. The City shall take any and all actions, and refrain from taking any actions, as shall be deemed necessary by the Authority to maintain the exclusion from gross income for federal income tax purposes of interest on the Authority's bonds used to fund the purchase of the 1995 Subordinate Bonds.

Section 7.03. Tax Certificate and Rebate. The City shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the 1995 Bonds. In addition, the City covenants to comply with all

regulations from time to time in effect and applicable to the 1995 Bonds as may be necessary in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Authority's bonds used to fund the purchase of the 1995 Bonds and fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such regulations, regardless of whether such actions may be contrary to any of the provisions of this Ordinance.

If it is determined that the City does not quality for an exception to Section 148 of the Code or the City is otherwise subject to rebate in connection with the 1995 Bonds, the City shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, unless otherwise agreed by the Authority, the City shall deposit, or cause to be deposited, with the Depository Bank in a separate fund designated the Rebate Fund, such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder, if any, and used only for payment of rebatable arbitrage to the United States. The City shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the City to be used for any lawful purpose of the System. The City shall remit payments to the United States in the time and at the address prescribed by the regulations as the same may be in time to time in effect with such reports and statements as may be prescribed by such regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the City shall assure that such payments are made by the City to the United States, on a timely basis, from any funds lawfully available therefor. In addition, the City shall cooperate with the Authority in preparing rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the City. To the extent not so performed by the Authority, the City and the Depository Bank (at the expense of the City) may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the City or the Depository Bank may deem appropriate in order to assure compliance with this Section 7.03.

The City shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 7.03 in accordance with the requirements of Section 148(f) of the Code. In the event the City fails to make such rebates as required, the City shall pay any and all penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the 1995 Bonds from gross income for federal income tax purposes.

The City shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation and certificate with respect thereto or, if the City qualifies for the small governmental issue exception to rebate or any other exception therefrom, then the City shall submit to the Authority a certificate stating that it is exempt from such rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the 1995 Bonds subject to rebate. The City shall also furnish to the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority, including information with respect to earnings on all funds constituting "gross proceeds" of the Bonds (as defined in the Code.)

Section 7.04. Restriction of Yield and Bond Proceeds. The City shall comply with the yield restriction on Bond proceeds as set forth in Section 148 of the Code.

ARTICLE VIII

DEFAULTS AND REMEDIES

Section 8.01. Appointment of Receiver. In addition to the powers set forth in Section 9.03 of the Ordinance, any receiver appointed pursuant to that section shall also have the power to construct the Project.

ARTICLE IX

MISCELLANEOUS

Section 9.01. Severability of Invalid Provision. If any section, paragraph, clause or provision of this Amendatory Ordinance or of the Ordinance shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Amendatory Ordinance or the Ordinance.

Section 9.02. Repeal of Conflicting Ordinances. All ordinances, orders or resolutions, or parts thereof, in conflict with the Ordinance are, to the extent of such conflict, repealed;

provided, that no provision of the Prior Ordinance shall be repealed hereby so long as the 1964 Bonds are outstanding. So long as any of the 1964 Bonds is outstanding, in the event of an otherwise irreconcilable conflict between the Prior Ordinance and the Ordinance, the Prior Ordinance shall govern; provided, that a conflict shall be deemed reconcilable if satisfaction of the more conservative provision at least complies with the conflicting provision.

Section 9.03. Covenant of Due Procedure. The City covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the final enactment and passage of this Amendatory Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and constitution of the State applicable thereto; and that the Mayor, Clerk and members of the City Council were at all times when any actions in connection with this Ordinance occurred, and are, duly in office and duly qualified for such office.

Section 9.04. Effective Date. This Amendatory Ordinance shall take effect after notice and public hearing hereon and otherwise in accordance with the Act.

First Reading: April 11th, 1995
Second Reading and Passage May 9th, 1995
Public Hearing and Effective Date June 13th, 1995

THE CITY OF LOGAN, WEST VIRGINIA

MAYOR

ATTEST: [SEAL]

CITY CLERK

This Ordinance approved as to form:

CITY ATTORNEY

ABB06FAF

Exhibit A

PHASE III PROJECT DESCRIPTION

Pipe, a flap gate and headwall modifications, manholes, division structures, cleanouts, pavement repair and other miscellaneous items necessary for a completed project with work at three locations within the City.

Exhibit B

1995 LOAN AGREEMENT

WDA-5
(May 1993)

LOAN AGREEMENT

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

_____
(Governmental Agency)

W I T N E S S E T H:

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

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

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

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

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

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

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

ARTICLE I

Definitions

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

1.2 "Consulting Engineers" means the professional engineer, licensed by the State, who shall not be a regular, full-time employee of the State or any of its agencies, commissions or political sub-divisions, and designated in the Application and any qualified successor thereto.

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

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

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

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

1.7 "Origination Fee" means the fee paid by a Governmental Agency with respect to its participation in the State's Revolving Fund program established pursuant to Title VI of the Water Quality Act of 1987, to provide funds for the acquisition and construction of wastewater Projects.

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

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

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

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

ARTICLE II

The Project and the System

2.1 The Project shall generally consist of the construction and acquisition of the facilities described in the Application, to be, being or having been constructed in accordance with plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers, the Authority having found, to the extent applicable, that the Project is consistent with the applicable comprehensive plan of water management approved by the Director of the West Virginia Division of Natural Resources* (or in the process of preparation by such

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* Now administered by the West Virginia Division of Environmental Protection.

Director), has been approved by the West Virginia Bureau of Public Health and is consistent with the standards set by the West Virginia Water Resources Board for the waters of the State affected thereby.

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

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

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

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

2.6 The Governmental Agency agrees that it will permit the Authority and its agents and representatives to have access to the records of the Governmental Agency pertaining to the operation

and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof or if the Project is an improvement to an existing system at any reasonable time following commencement of construction.

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

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

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

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

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

2.12 The Governmental Agency, commencing on the date contracts are executed for the construction of the Project and for two years following the completion of the Project, shall each month complete a Monthly Financial Report, the form of which is attached hereto as Exhibit C and incorporated herein by reference, and forward a copy by the 10th of each month to the Authority.

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

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

Engineers to such effect the form of which certificate is attached hereto as Exhibit A;

(d) No Loan shall be made for the purpose of refinancing any outstanding long-term indebtedness of a Governmental Agency unless an opinion of counsel is received by the Authority to the effect that such refinancing is permitted by the Act and the Resolution, and that such refinancing will not cause a violation of any covenant, representation or agreement of the Authority contained in the Resolution or Tax Regulatory Agreement with respect to the exclusion of the interest on the Bonds from gross income of the holder thereof for federal income tax purposes;

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

(f) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") necessary for the construction of the Project and operation of the System with all requisite appeal periods having expired without successful appeal, and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

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

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

(i) Such rates and charges for the System shall be sufficient to comply with the provisions of Subsection 4.1(b)(ii) hereof, and the Authority shall have received a certificate of the

accountants for the Governmental Agency, or such other person or firm experienced in the finances of governmental agencies and satisfactory to the Authority, to such effect; and

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

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

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

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

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied

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

ARTICLE IV

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

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

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

(b) Covenants substantially as follows:

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

(ii) That the schedule of rates or charges for the services of the System shall be sufficient to provide funds which, along with other revenues of the System, will pay all Operating Expenses and leave a balance each year equal to at least

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

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

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

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

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

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

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

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

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

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority, which report shall include a statement that the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Loan Agreement and that the Governmental Agency's revenues are adequate to meet its operation and maintenance expenses and debt service requirements;

(xii) That the Governmental Agency shall annually adopt a detailed 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;

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

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

Authority, the proceeds of the Local Bonds may be used to fund all or a portion of the Reserve Account, on which the owner of the Local Bonds shall have a lien as provided herein;

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

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

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

(xviii) That the Governmental Agency shall have obtained the certificate of the Consulting Engineer in the form attached to the Loan Application, to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority, 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;

(xix) That the Governmental Agency 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 services provided by the System and will not restore the services of the water facility until all delinquent charges for the services of the System have been fully paid or, if the water facility is not owned by the Governmental Agency, then the Governmental Agency shall enter into a termination agreement with the water provider; and

(xx) That the Governmental Agency shall furnish to the Authority such information with respect to earnings on all funds constituting "gross proceeds" of the Local Bonds (as that

term is defined in the Code) from time to time as the Authority may request.

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

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

4.3 An Origination Fee Account shall be established with the Trustee to hold the portion of the proceeds of any Loan established to fund an Origination Fee. Amounts on deposit in an Origination Fee Account shall belong to the Governmental Agency receiving the related Loan, but such amounts may only be disbursed from the Account to pay the Origination Fee as and when required to satisfy the requirements of the State's Revolving Fund program established pursuant to Title VI of the Water Quality Act of 1987 or for such other purposes as the Authority may approve in writing.

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

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

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

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

4.8 The Governmental Agency agrees to expend the net proceeds of the Local Bonds for the Project within 3 years of the issuance of the Authority's bonds.

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

ARTICLE V

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

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

the Local Act and in compliance with the provisions of Subsection 4.1(b)(ii) hereof.

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

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

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

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

Authority, the Governmental Agency may issue and sell to the Authority additional, subordinate bonds for such purposes as may be acceptable to the Authority.

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

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

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

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

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

6.8 The Governmental Agency hereby agrees to file with the Authority upon completion of acquisition and construction of

the Project a schedule in substantially the form of Amended Schedule A to the Application, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE VII

Miscellaneous

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

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

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

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

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

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

7.7 By execution and delivery of this Loan Agreement, notwithstanding the date hereof, the Governmental Agency specifically recognizes that it is hereby agreeing to sell its Local Bonds to the Authority and that such obligation may be

specifically enforced or subject to a similar equitable remedy by the Authority.

7.8 This Loan Agreement shall terminate upon the earlier of:

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

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

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

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

_____
[Proper Name of Governmental Agency]

(SEAL)

By: _____

Its: _____

Attest:

Date: _____

_____

Its: _____

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Director

Attest:

Date: _____

_____
Secretary-Treasurer

ABB0017F

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____

(Issuer)

_____

(Name of Bonds)

I, _____, Registered Professional Engineer, West Virginia License No. _____, of _____, Consulting Engineers, _____, _____, hereby certify that my firm is engineer for the acquisition and construction of _____ to the _____ system (herein called the "Project") of _____ (the "Issuer") to be constructed primarily in _____ County, West Virginia, which construction and acquisition are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer. Capitalized words not defined herein shall have the meaning set forth in the _____ passed by the _____ of the Issuer on _____, 19__, effective _____, 19__, and the Loan Agreement by and between the Issuer and the West Virginia Water Development Authority (the "Authority") dated _____, 19__.

1. The Bonds are being issued for the purpose of _____ _____ (the "Project").

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

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

WITNESS my signature on this ____ day of _____, 19__.

_____

By: _____

West Virginia License No. _____

[SEAL]

EXHIBIT B

[Opinion of Bond Counsel for Governmental Agency]

[To Be Dated as of Date of Loan Closing]

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

Gentlemen:

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

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

Year	Installment	Interest Rate

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

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as

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

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

1. The Loan Agreement has been duly authorized by and executed on behalf of the Governmental Agency and is a valid and binding special obligation of the Governmental Agency enforceable in accordance with the terms thereof.

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

3. The Governmental Agency is a duly organized and presently existing _____ _____, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.

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

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

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

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

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

Very truly yours,

EXHIBIT C

Monthly Financial Report

_____

[Name of Governmental Agency]

_____

_____

[Name of Bond Issue]

Fiscal Year - ____

Report Month: _____

	ITEM	CURRENT MONTH	YEAR TO DATE	BUDGET YEAR TO DATE	DIFFERENCE
1.	Gross Revenues Collected				
2.	Operation and Maintenance Expense				
3.	Other Bond Debt Payments (including Reserve Fund deposits)				
4.	Bond Payments (include Reserve Fund deposits)				
5.	Renewal and Replacement Fund Deposit				
6.	Funds available for capital construction				

Witnesseth my signature this ____ day of _____, 19__.

[Name of Governmental Agency]

By: _____
Authorized Officer

ABB0017F

Section 6.16. Further Action. The City will take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the income on the Bonds will be and remain excludable from gross income in federal income tax purposes and will not take any actions or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

ARTICLE VII

INVESTMENT OF FUNDS

Section 7.01. Investments Particular to the 1995 Bonds. Except as otherwise specifically provided in the Ordinance, any investments shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, including, but not limited to those in the 1995 Bond Construction Trust Fund, and used for the purpose of such fund or account. The interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. Interest earnings on the Sinking Fund, including the Reserve Account therein, shall be transferred at least annually prior to completion of the Phase I Project, to the Bond Construction Trust Fund and, thereafter, prior to completion of the Phase II Project, to the 1993 Bond Construction Trust Fund, and, thereafter, to the 1995 Bond Construction Trust Fund and, thereafter, to the Prior Revenue Fund or the Revenue Fund, as the case may be.

Section 7.02. Arbitrage. The City covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the 1995 Bonds which would cause the 1995 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the 1995 Bonds) so that the interest on the 1995 Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusions. The City shall take any and all actions, and refrain from taking any actions, as shall be deemed necessary by the Authority to maintain the exclusion from gross income for federal income tax purposes of interest on the Authority's bonds used to fund the purchase of the 1995 Subordinate Bonds.

Section 7.03. Tax Certificate and Rebate. The City shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the 1995 Bonds. In addition, the City covenants to comply with all

regulations from time to time in effect and applicable to the 1995 Bonds as may be necessary in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Authority's bonds used to fund the purchase of the 1995 Bonds and fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such regulations, regardless of whether such actions may be contrary to any of the provisions of this Ordinance.

If it is determined that the City does not quality for an exception to Section 148 of the Code or the City is otherwise subject to rebate in connection with the 1995 Bonds, the City shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, unless otherwise agreed by the Authority, the City shall deposit, or cause to be deposited, with the Depository Bank in a separate fund designated the Rebate Fund, such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder, if any, and used only for payment of rebatable arbitrage to the United States. The City shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the City to be used for any lawful purpose of the System. The City shall remit payments to the United States in the time and at the address prescribed by the regulations as the same may be in time to time in effect with such reports and statements as may be prescribed by such regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the City shall assure that such payments are made by the City to the United States, on a timely basis, from any funds lawfully available therefor. In addition, the City shall cooperate with the Authority in preparing rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the City. To the extent not so performed by the Authority, the City and the Depository Bank (at the expense of the City) may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the City or the Depository Bank may deem appropriate in order to assure compliance with this Section 7.03.

The City shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 7.03 in accordance with the requirements of Section 148(f) of the Code. In the event the City fails to make such rebates as required, the City shall pay any and all penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the 1995 Bonds from gross income for federal income tax purposes.

The City shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation and certificate with respect thereto or, if the City qualifies for the small governmental issue exception to rebate or any other exception therefrom, then the City shall submit to the Authority a certificate stating that it is exempt from such rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the 1995 Bonds subject to rebate. The City shall also furnish to the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority, including information with respect to earnings on all funds constituting "gross proceeds" of the Bonds (as defined in the Code.)

Section 7.04. Restriction of Yield and Bond Proceeds. The City shall comply with the yield restriction on Bond proceeds as set forth in Section 148 of the Code.

ARTICLE VIII

DEFAULTS AND REMEDIES

Section 8.01. Appointment of Receiver. In addition to the powers set forth in Section 9.03 of the Ordinance, any receiver appointed pursuant to that section shall also have the power to construct the Project.

ARTICLE IX

MISCELLANEOUS

Section 9.01. Severability of Invalid Provision. If any section, paragraph, clause or provision of this Amendatory Ordinance or of the Ordinance shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Amendatory Ordinance or the Ordinance.

Section 9.02. Repeal of Conflicting Ordinances. All ordinances, orders or resolutions, or parts thereof, in conflict with the Ordinance are, to the extent of such conflict, repealed;

provided, that no provision of the Prior Ordinance shall be repealed hereby so long as the 1964 Bonds are outstanding. So long as any of the 1964 Bonds is outstanding, in the event of an otherwise irreconcilable conflict between the Prior Ordinance and the Ordinance, the Prior Ordinance shall govern; provided, that a conflict shall be deemed reconcilable if satisfaction of the more conservative provision at least complies with the conflicting provision.

Section 9.03. Covenant of Due Procedure. The City covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the final enactment and passage of this Amendatory Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and constitution of the State applicable thereto; and that the Mayor, Clerk and members of the City Council were at all times when any actions in connection with this Ordinance occurred, and are, duly in office and duly qualified for such office.

Section 9.04. Effective Date. This Amendatory Ordinance shall take effect after notice and public hearing hereon and otherwise in accordance with the Act.

First Reading: April 11th, 1995
Second Reading and Passage May 9th, 1995
Public Hearing and Effective Date June 13th, 1995

THE CITY OF LOGAN, WEST VIRGINIA

MAYOR

ATTEST: [SEAL]

CITY CLERK

This Ordinance approved as to form:

CITY ATTORNEY

ABB06FAF

Exhibit A

PHASE III PROJECT DESCRIPTION

Pipe, a flap gate and headwall modifications, manholes, division structures, cleanouts, pavement repair and other miscellaneous items necessary for a completed project with work at three locations within the City.

Exhibit B

1995 LOAN AGREEMENT

EXHIBIT B

WDA-5
(May 1993)

LOAN AGREEMENT

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

_____
(Governmental Agency)

W I T N E S S E T H:

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

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

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

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

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

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

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

ARTICLE I

Definitions

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

1.2 "Consulting Engineers" means the professional engineer, licensed by the State, who shall not be a regular, full-time employee of the State or any of its agencies, commissions or political sub-divisions, and designated in the Application and any qualified successor thereto.

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

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

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

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

1.7 "Origination Fee" means the fee paid by a Governmental Agency with respect to its participation in the State's Revolving Fund program established pursuant to Title VI of the Water Quality Act of 1987, to provide funds for the acquisition and construction of wastewater Projects.

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

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

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

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

ARTICLE II

The Project and the System

2.1 The Project shall generally consist of the construction and acquisition of the facilities described in the Application, to be, being or having been constructed in accordance with plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers, the Authority having found, to the extent applicable, that the Project is consistent with the applicable comprehensive plan of water management approved by the Director of the West Virginia Division of Natural Resources* (or in the process of preparation by such

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* Now administered by the West Virginia Division of Environmental Protection.

Director), has been approved by the West Virginia Bureau of Public Health and is consistent with the standards set by the West Virginia Water Resources Board for the waters of the State affected thereby.

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

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

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

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

2.6 The Governmental Agency agrees that it will permit the Authority and its agents and representatives to have access to the records of the Governmental Agency pertaining to the operation

and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof or if the Project is an improvement to an existing system at any reasonable time following commencement of construction.

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

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

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

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

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

2.12 The Governmental Agency, commencing on the date contracts are executed for the construction of the Project and for two years following the completion of the Project, shall each month complete a Monthly Financial Report, the form of which is attached hereto as Exhibit C and incorporated herein by reference, and forward a copy by the 10th of each month to the Authority.

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

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

Engineers to such effect the form of which certificate is attached hereto as Exhibit A;

(d) No Loan shall be made for the purpose of refinancing any outstanding long-term indebtedness of a Governmental Agency unless an opinion of counsel is received by the Authority to the effect that such refinancing is permitted by the Act and the Resolution, and that such refinancing will not cause a violation of any covenant, representation or agreement of the Authority contained in the Resolution or Tax Regulatory Agreement with respect to the exclusion of the interest on the Bonds from gross income of the holder thereof for federal income tax purposes;

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

(f) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") necessary for the construction of the Project and operation of the System with all requisite appeal periods having expired without successful appeal, and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

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

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

(i) Such rates and charges for the System shall be sufficient to comply with the provisions of Subsection 4.1(b)(ii) hereof, and the Authority shall have received a certificate of the

accountants for the Governmental Agency, or such other person or firm experienced in the finances of governmental agencies and satisfactory to the Authority, to such effect; and

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

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

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

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

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied

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

ARTICLE IV

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

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

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

(b) Covenants substantially as follows:

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

(ii) That the schedule of rates or charges for the services of the System shall be sufficient to provide funds which, along with other revenues of the System, will pay all Operating Expenses and leave a balance each year equal to at least

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

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

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

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

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

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

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

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

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

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority, which report shall include a statement that the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Loan Agreement and that the Governmental Agency's revenues are adequate to meet its operation and maintenance expenses and debt service requirements;

(xii) That the Governmental Agency shall annually adopt a detailed 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;

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

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

Authority, the proceeds of the Local Bonds may be used to fund all or a portion of the Reserve Account, on which the owner of the Local Bonds shall have a lien as provided herein;

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

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

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

(xviii) That the Governmental Agency shall have obtained the certificate of the Consulting Engineer in the form attached to the Loan Application, to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority, 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;

(xix) That the Governmental Agency 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 services provided by the System and will not restore the services of the water facility until all delinquent charges for the services of the System have been fully paid or, if the water facility is not owned by the Governmental Agency, then the Governmental Agency shall enter into a termination agreement with the water provider; and

(xx) That the Governmental Agency shall furnish to the Authority such information with respect to earnings on all funds constituting "gross proceeds" of the Local Bonds (as that

term is defined in the Code) from time to time as the Authority may request.

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

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

4.3 An Origination Fee Account shall be established with the Trustee to hold the portion of the proceeds of any Loan established to fund an Origination Fee. Amounts on deposit in an Origination Fee Account shall belong to the Governmental Agency receiving the related Loan, but such amounts may only be disbursed from the Account to pay the Origination Fee as and when required to satisfy the requirements of the State's Revolving Fund program established pursuant to Title VI of the Water Quality Act of 1987 or for such other purposes as the Authority may approve in writing.

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

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

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

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

4.8 The Governmental Agency agrees to expend the net proceeds of the Local Bonds for the Project within 3 years of the issuance of the Authority's bonds.

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

ARTICLE V

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

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

the Local Act and in compliance with the provisions of Subsection 4.1(b)(ii) hereof.

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

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

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

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

Authority, the Governmental Agency may issue and sell to the Authority additional, subordinate bonds for such purposes as may be acceptable to the Authority.

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

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

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

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

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

6.8 The Governmental Agency hereby agrees to file with the Authority upon completion of acquisition and construction of

the Project a schedule in substantially the form of Amended Schedule A to the Application, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE VII

Miscellaneous

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

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

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

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

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

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

7.7 By execution and delivery of this Loan Agreement, notwithstanding the date hereof, the Governmental Agency specifically recognizes that it is hereby agreeing to sell its Local Bonds to the Authority and that such obligation may be

specifically enforced or subject to a similar equitable remedy by the Authority.

7.8 This Loan Agreement shall terminate upon the earlier of:

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

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

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

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

_____
[Proper Name of Governmental Agency]

(SEAL)

By: _____

Its: _____

Attest:

Date: _____

_____

Its: _____

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Director

Attest:

Date: _____

_____
Secretary-Treasurer

ABB0017F

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____

(Issuer)

_____

(Name of Bonds)

I, _____, Registered Professional Engineer, West Virginia License No. _____, of _____, Consulting Engineers, _____, _____, hereby certify that my firm is engineer for the acquisition and construction of _____ _____ to the _____ _____ system (herein called the "Project") of _____ (the "Issuer") to be constructed primarily in _____ County, West Virginia, which construction and acquisition are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer. Capitalized words not defined herein shall have the meaning set forth in the _____ passed by the _____ of the Issuer on _____, 19__, effective _____, 19__, and the Loan Agreement by and between the Issuer and the West Virginia Water Development Authority (the "Authority") dated _____, 19__.

1. The Bonds are being issued for the purpose of _____ _____ _____ (the "Project").

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

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

WITNESS my signature on this ____ day of _____, 19__.

_____

By: _____

West Virginia License No. _____

[SEAL]

EXHIBIT B

[Opinion of Bond Counsel for Governmental Agency]

[To Be Dated as of Date of Loan Closing]

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

Gentlemen:

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

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

Year	Installment	Interest Rate

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

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as

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

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

1. The Loan Agreement has been duly authorized by and executed on behalf of the Governmental Agency and is a valid and binding special obligation of the Governmental Agency enforceable in accordance with the terms thereof.

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

3. The Governmental Agency is a duly organized and presently existing _____ _____, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.

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

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

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

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

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

Very truly yours,

EXHIBIT C

Monthly Financial Report

_____

[Name of Governmental Agency]

_____

_____

[Name of Bond Issue]

Fiscal Year - ____

Report Month: _____

ITEM	CURRENT MONTH	YEAR TO DATE	BUDGET YEAR TO DATE	DIFFERENCE
1. Gross Revenues Collected				
2. Operation and Maintenance Expense				
3. Other Bond Debt Payments (including Reserve Fund deposits)				
4. Bond Payments (include Reserve Fund deposits)				
5. Renewal and Replacement Fund Deposit				
6. Funds available for capital construction				

Witnesseth my signature this ____ day of _____, 19__.

[Name of Governmental Agency]

By: _____
Authorized Officer

ABB0017F

A RESOLUTION SUPPLEMENTING THE BOND ORDINANCE ADOPTED BY THE COUNCIL OF THE CITY OF LOGAN ON MAY 9, 1995, PROVIDING AS TO DATE, SERIES, INTEREST RATE, MATURITIES, SALE PRICE, REDEMPTION PROVISIONS AND OTHER TERMS OF THE SUBORDINATE SEWERAGE SYSTEM REVENUE BONDS, SERIES 1995, OF THE CITY OF LOGAN; APPROVING AND RATIFYING A LOAN AGREEMENT RELATING TO SUCH BONDS; DESIGNATING THE DEPOSITORY BANK, BOND REGISTRAR AND PAYING AGENT IN CONNECTION WITH SAID BONDS; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Council of The City of Logan (the "Council"), West Virginia (the "City"), has duly and effectively adopted on May 9, 1995, effective June 13, 1995, an Ordinance entitled:

> AN ORDINANCE AMENDING AND SUPPLEMENTING THE BOND AND NOTE ORDINANCE PASSED BY THE COUNCIL OF THE CITY OF LOGAN, WEST VIRGINIA, ON AUGUST 11, 1987, AS AMENDED BY THE AMENDATORY AND SUPPLEMENTAL BOND AND NOTE ORDINANCE PASSED BY SAID COUNCIL ON JULY 21, 1992, ALL AS SUPPLEMENTED PRIOR TO THE DATE OF INTRODUCTION HEREOF; AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONAL EXTENSIONS, IMPROVEMENTS AND BETTERMENTS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF THE CITY OF LOGAN; AUTHORIZING ISSUANCE OF NOT MORE THAN $600,000 IN AGGREGATE PRINCIPAL AMOUNT OF SUBORDINATE SEWERAGE SYSTEM REVENUE BONDS, SERIES 1995, OF THE CITY OF LOGAN TO BE USED, ALONG WITH OTHER FUNDS AND MONEYS OF OR AVAILABLE TO THE CITY OF LOGAN THAT MAY BE LAWFULLY EXPENDED FOR SUCH PURPOSES, TO FINANCE THE COST OF SUCH ACQUISITION AND CONSTRUCTION; PROVIDING FOR THE SALE OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY AND FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNER OF SUCH BONDS; AND ENACTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the capitalized terms used and not otherwise defined in this Supplemental Resolution have the respective meanings given them in the Bond Ordinance described above (the "Ordinance"); and

WHEREAS, the Ordinance provides for the issuance of Subordinate Sewerage System Revenue Bonds, Series 1995 (the "Bonds"), in the aggregate principal amount not to exceed $600,000 of the City, all in accordance with the Act, and the terms of the Loan Agreement to be entered into between the City and the West Virginia Water Development Authority (the "Authority"), and in the Ordinance it is provided that the dates, series, interest rates,

maturities, principal amounts, redemption provisions and other terms of the Bonds should be established by a supplemental resolution and that other matters relating to the Bonds be herein provided for; and

WHEREAS, the Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreement; and

WHEREAS, the Council of the City deems it essential and desirable that the Bonds be issued for the purposes of paying the costs, not otherwise provided, of acquisition and construction of the Project, funding capitalized interest, and of paying certain costs of issuance and related costs; and

WHEREAS, the Council of the City further deems it essential and desirable that this resolution (the "Supplemental Resolution") be adopted and that the date, series, interest rate, maturities, sale price and other terms of the Bonds be fixed hereby in the manner stated herein, that the Loan Agreement be approved, and that other matters relating to the Bonds be herein provided for.

NOW, THEREFORE, be it resolved by the Council of The City of Logan, West Virginia, as follows:

(1) The City does hereby authorize the acquisition and construction of the Project in accordance with the plans and specifications prepared by the Consulting Engineers and the provisions of the Ordinance.

(2) Pursuant to the Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Subordinate Sewerage System Revenue Bonds, Series 1995, in the aggregate principal amount of $273,980 (the "Bonds"), all in the form set forth below and in the Ordinance:

> (a) The Bonds of the City shall be originally issued in the form of a single bond, numbered R-1 and designated Series 1995, in the principal amount of $273,980. The Bonds shall be dated the date of delivery thereof, shall bear interest at the rate of six and three fourths percent (6.75%) per annum, payable semiannually on April 1 and October 1 of each year, first interest payable October 1, 1995, shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and subject to the other requirements provided in the Loan Agreement, as long as the Authority shall be the

registered owner of the Bonds, and shall be payable in installments of principal on October 1 of each of the years from 1996 through 2033, inclusive, and in the amounts as set forth in "Schedule X," attached to the Loan Agreement and incorporated therein and herein by reference.

(3) All other provisions relating to the Bonds shall be as provided in the Ordinance, and the Bonds shall be in substantially the form provided in the Ordinance with such changes, insertions and omissions as may be approved by the Mayor of the City. The execution of the Bonds by the Mayor shall be conclusive evidence of such approval.

(4) The City does hereby ratify, approve and accept the Loan Agreement, including the "Schedule X", a copy of which is incorporated herein by reference, and the execution and delivery by the Mayor of the Loan Agreement, and the performance of the obligations contained therein, on behalf of the City have been and are hereby authorized, approved and directed. The price of the Bonds shall be 100% of par value.

(5) The City hereby appoints and designates Bank One West Virginia, Logan, N.A., as the Depository Bank for the Bonds.

(6) The City hereby appoints and designates One Valley Bank, National Association, as Registrar for the Bonds.

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

(8) The City hereby directs that $11,200 of the proceeds of the Bonds, representing capitalized interest, be placed in the Sinking Fund at the Commission.

(9) The City hereby directs that none of the proceeds of the Bonds be placed in the Reserve Account.

(10) The undersigned Thomas E. Esposito, duly elected Mayor of the City and the undersigned Vickie Luke, duly elected Clerk of the City, or other appropriate officers and employees of the City and the Sanitary Board are hereby authorized and directed to perform all acts, conditions, things and procedures required to exist, to be performed or to be taken to execute and deliver the Bonds and are hereby authorized and directed to execute and deliver such other documents and certificates, including the Registrar's Agreement, required or desirable in connection with the Bonds hereby and by the Ordinance approved and provided for, to the end that the Bonds may be delivered to the Authority pursuant to the Loan Agreement on or about August 22, 1995.

(11) The City shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the City to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. It will take all actions necessary to comply with the Code and the Regulations promulgated thereunder.

(12) The City and all subordinate entities reasonably expect to issue less than $5,000,000 in aggregate principal amount of tax-exempt bonds (other than private activity bonds) during the calendar year 1995, and the City believes that it is excepted from the rebate requirement of Section 148(f) of the Code.

(13) The City does hereby authorize the investment and reinvestment of all moneys held as part of the funds and accounts created by the Ordinance, by the Commission or the Depository Bank, as the case may be, at the direction of the City, in any Qualified Investment, to the fullest extent possible under applicable laws and the terms and provisions of the Ordinance.

(14) The financing of the Project with proceeds of the Bonds is in the public interest, serves a public purpose of the City and will promote the health, welfare and safety of the residents of the City.

(15) This Supplemental Resolution shall be effective immediately upon adoption.

Resolution adopted August 18, 1995.

THE CITY OF LOGAN, WEST VIRGINIA

By _____
Mayor

ATTEST:

_____
City Clerk

[SEAL]

ABB09C18

EXHIBIT

LOAN AGREEMENT - See Document No. 1.17

Aug 30, 1995

A RESOLUTION AMENDING THE RESOLUTION ADOPTED BY THE COUNCIL OF THE CITY OF LOGAN ON AUGUST 18, 1995, SUPPLEMENTING THE BOND ORDINANCE ADOPTED BY THE COUNCIL OF THE CITY OF LOGAN ON MAY 9, 1995, PROVIDING AS TO DATE, SERIES, INTEREST RATE, MATURITIES, SALE PRICE, REDEMPTION PROVISIONS AND OTHER TERMS OF THE SUBORDINATE SEWERAGE SYSTEM REVENUE BONDS, SERIES 1995, OF THE CITY OF LOGAN; APPROVING AND RATIFYING A LOAN AGREEMENT RELATING TO SUCH BONDS; DESIGNATING THE DEPOSITORY BANK, BOND REGISTRAR AND PAYING AGENT IN CONNECTION WITH SAID BONDS; AND MAKING OTHER PROVISION AS TO THE BONDS.

WHEREAS, the Council of The City of Logan (the "Council"), West Virginia (the "City"), on August 18, 1995, adopted a Resolution entitled "A Resolution Supplementing the Bond Ordinance Adopted by the Council of The City of Logan On May 9, 1995, Providing as to Date, Series, Interest Rate, Maturities, Sale Price, Redemption Provisions and Other Terms of the Subordinate Sewerage System Revenue Bonds, Series 1995, of The City of Logan; Approving and Ratifying a Loan Agreement Relating to Such Bonds; Designating the Depository Bank, Bond Registrar and Paying Agent in Connection with Said Bonds; and Making Other Provision as to the Bonds" (the "Supplemental Resolution"); and

WHEREAS, capitalized terms used and not otherwise defined in this Amendatory Resolution have the respective meanings given them in the Supplemental Resolution and in the Bond Ordinance described therein; and

WHEREAS, the Bond Ordinance authorized Phase III of certain extensions, improvements and betterments to the existing public sewerage facilities of the City, as described in and financed in part pursuant to an agreement with the United States

Environmental Protection Agency for Grant No. C-540292-02, originally awarded on October 7, 1985 (the "Project"), and the payment of certain remaining costs of Phase II of the Project; and

WHEREAS, the Bond Ordinance supplemented the Ordinance adopted by the Council on August 11, 1987, authorizing the 1987 Subordinate Bonds and the 1987 Supplemental Bonds to finance a portion of the cost of acquisition and construction of the Project, and the Bonds are part of the over-all financing of the Project; and

WHEREAS, the City expended $104,000 of revenues derived from the System after the costs for Phase II of the Project, which were to be paid in part with the proceeds of the 1993 Subordinate Bonds and the 1993 Supplemental Bonds, had been finalized, to pay for vehicles, equipment and tools and to make other capital expenditures that should have been included as part of the Project, and the City may reimburse itself therefor from the proceeds of the Bonds; and

WHEREAS, the Authority is willing to purchase Bonds in the aggregate principal amount of $377,980, increased from $273,980, to finance such reimbursement; and

WHEREAS, the rates for the System were established assuming Bonds in an aggregate principal amount exceeding $400,000 with interest in excess of 7% per annum; and

WHEREAS, it is in the best interests of the City, the Sanitary Board, the System, the residents of the City and the customers of the System to increase the aggregate principal amount

of the Bonds to $377,980 and to reimburse the City for said capital expenditures;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF LOGAN, WEST VIRGINIA, AS FOLLOWS:

1. Section 1 of the Supplemental Resolution is hereby amended and re-enacted to read as follows:

> (1) The City does hereby authorize the acquisition and construction of the Project in accordance with the plans and specifications prepared by the Consulting Engineers and the provisions of the Ordinance, and the reimbursement of the City for certain capital expenditures previously made from the revenues of the System that could have been financed with the proceeds of the Prior Subordinate Bonds and the Prior Supplemental Bonds, including but not limited to vehicles, equipment and tools.

2. Section 2 of the Supplemental Resolution is hereby amended and re-enacted to read as follows:

> (2) Pursuant to the Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Subordinate Sewerage System Revenue Bonds, Series 1995, in the aggregate principal amount of $377,980 (the "Bonds"), all in the form set forth below and in the Ordinance:
>
> > (a) The Bonds of the City shall be originally issued in the form of a single bond, numbered R-1 and designated Series 1995, in the principal amount of $377,980. The Bonds shall be dated the date of delivery thereof, shall bear interest at the rate of six and three fourths percent (6.75%) per annum, payable semiannually on April 1 and October 1 of each year, first interest payable October 1, 1995, shall be subject to redemption upon the written consent of the Authority, and upon

payment of the interest and redemption premium, if any, and subject to the other requirements provided in the Loan Agreement, as long as the Authority shall be the registered owner of the Bonds, and shall be payable in installments of principal on October 1 of each of the years from 1996 through 2033, inclusive, and in the amounts as set forth in "Schedule X," attached to the Loan Agreement and incorporated therein and herein by reference.

3. Schedule X attached to the Supplemental Resolution is hereby amended and re-enacted to read as Schedule X attached to this Amendatory Resolution.

4. All the proceeds of the Bonds except the capitalized interest shall be credited to the 1995 Bond Construction Trust Fund; provided, however, that certain proceeds may, rather than being deposited in the 1995 Bond Construction Trust Fund, be paid directly by the Authority as directed by the City. Specifically, the Authority may pay Bond proceeds directly to Bank One West Virginia, Logan, N.A., for the repayment of certain interim financing, and the City may endorse to the West Virginia Municipal Bond Commission a check received from the Authority for a portion of the proceeds of the Bonds.

5. This Amendatory Resolution shall be a supplemental resolution as authorized by and within the meaning of the Bond Ordinance.

6. This Amendatory Resolution shall be effective immediately upon adoption.

Resolution adopted August 30, 1995.

CITY OF LOGAN, WEST VIRGINIA

By: _____
Mayor

ATTEST:

Vickie Luke
CITY CLERK

(SEAL)

ABB0A1FB

SCHEDULE X

BOND DEBT SERVICE

West Virginia Water Development Authority
City of Logan

Dated Date 8/31/1995
Delivery Date 8/31/1995

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
Aug 31, 1995	-	-	-	-	
Oct 1, 1995	-	-	2,197.01	2,197.01	2,197.01
Apr 1, 1996	-	-	12,756.83	12,756.83	
Oct 1, 1996	2,326.00	6.750%	12,756.83	15,082.83	27,839.66
Apr 1, 1997	-	-	12,678.32	12,678.32	
Oct 1, 1997	2,484.00	6.750%	12,678.32	15,162.32	27,840.64
Apr 1, 1998	-	-	12,594.48	12,594.48	
Oct 1, 1998	2,651.00	6.750%	12,594.48	15,245.48	27,839.96
Apr 1, 1999	-	-	12,505.02	12,505.02	
Oct 1, 1999	2,830.00	6.750%	12,505.02	15,335.02	27,840.04
Apr 1, 2000	-	-	12,409.50	12,409.50	
Oct 1, 2000	3,021.00	6.750%	12,409.50	15,430.50	27,840.00
Apr 1, 2001	-	-	12,307.55	12,307.55	
Oct 1, 2001	3,225.00	6.750%	12,307.55	15,532.55	27,840.10
Apr 1, 2002	-	-	12,198.70	12,198.70	
Oct 1, 2002	3,443.00	6.750%	12,198.70	15,641.70	27,840.40
Apr 1, 2003	-	-	12,082.50	12,082.50	
Oct 1, 2003	3,675.00	6.750%	12,082.50	15,757.50	27,840.00
Apr 1, 2004	-	-	11,958.47	11,958.47	
Oct 1, 2004	3,923.00	6.750%	11,958.47	15,881.47	27,839.94
Apr 1, 2005	-	-	11,826.07	11,826.07	
Oct 1, 2005	4,188.00	6.750%	11,826.07	16,014.07	27,840.14
Apr 1, 2006	-	-	11,684.72	11,684.72	
Oct 1, 2006	4,471.00	6.750%	11,684.72	16,155.72	27,840.44
Apr 1, 2007	-	-	11,533.83	11,533.83	
Oct 1, 2007	4,772.00	6.750%	11,533.83	16,305.83	27,839.66
Apr 1, 2008	-	-	11,372.77	11,372.77	
Oct 1, 2008	5,095.00	6.750%	11,372.77	16,467.77	27,840.54
Apr 1, 2009	-	-	11,200.82	11,200.82	
Oct 1, 2009	5,439.00	6.750%	11,200.82	16,639.82	27,840.64
Apr 1, 2010	-	-	11,017.25	11,017.25	
Oct 1, 2010	5,806.00	6.750%	11,017.25	16,823.25	27,840.50
Apr 1, 2011	-	-	10,821.30	10,821.30	
Oct 1, 2011	6,197.00	6.750%	10,821.30	17,018.30	27,839.60
Apr 1, 2012	-	-	10,612.15	10,612.15	
Oct 1, 2012	6,616.00	6.750%	10,612.15	17,228.15	27,840.30
Apr 1, 2013	-	-	10,388.86	10,388.86	
Oct 1, 2013	7,062.00	6.750%	10,388.86	17,450.86	27,839.72
Apr 1, 2014	-	-	10,150.52	10,150.52	
Oct 1, 2014	7,539.00	6.750%	10,150.52	17,689.52	27,840.04
Apr 1, 2015	-	-	9,896.07	9,896.07	
Oct 1, 2015	8,048.00	6.750%	9,896.07	17,944.07	27,840.14
Apr 1, 2016	-	-	9,624.45	9,624.45	
Oct 1, 2016	8,591.00	6.750%	9,624.45	18,215.45	27,839.90
Apr 1, 2017	-	-	9,334.51	9,334.51	
Oct 1, 2017	9,171.00	6.750%	9,334.51	18,505.51	27,840.02
Apr 1, 2018	-	-	9,024.99	9,024.99	
Oct 1, 2018	9,790.00	6.750%	9,024.99	18,814.99	27,839.98
Apr 1, 2019	-	-	8,694.57	8,694.57	
Oct 1, 2019	10,451.00	6.750%	8,694.57	19,145.57	27,840.14
Apr 1, 2020	-	-	8,341.85	8,341.85	
Oct 1, 2020	11,156.00	6.750%	8,341.85	19,497.85	27,839.70

BOND DEBT SERVICE

West Virginia Water Development Authority
City of Logan

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
Apr 1, 2021	-	-	-	-	
Oct 1, 2021	11,909.00	6.750%	7,965.34	7,965.34	
Apr 1, 2022	-	-	7,965.34	19,874.34	27,839.68
Oct 1, 2022	12,713.00	6.750%	7,563.41	7,563.41	
Apr 1, 2023	-	-	7,563.41	20,276.41	27,839.82
Oct 1, 2023	13,571.00	6.750%	7,134.35	7,134.35	
Apr 1, 2024	-	-	7,134.35	20,705.35	27,839.70
Oct 1, 2024	14,487.00	6.750%	6,676.32	6,676.32	
Apr 1, 2025	-	-	6,676.32	21,163.32	27,839.64
Oct 1, 2025	15,465.00	6.750%	6,187.38	6,187.38	
Apr 1, 2026	-	-	6,187.38	21,652.38	27,839.76
Oct 1, 2026	16,508.00	6.750%	5,665.44	5,665.44	
Apr 1, 2027	-	-	5,665.44	22,174.44	27,839.88
Oct 1, 2027	17,624.00	6.750%	5,108.27	5,108.27	
Apr 1, 2028	-	-	5,108.27	22,732.27	27,840.54
Oct 1, 2028	18,813.00	6.750%	4,513.46	4,513.46	
Apr 1, 2029	-	-	4,513.46	23,326.46	27,839.92
Oct 1, 2029	20,083.00	6.750%	3,878.52	3,878.52	
Apr 1, 2030	-	-	3,878.52	23,961.52	27,840.04
Oct 1, 2030	21,439.00	6.750%	3,200.72	3,200.72	
Apr 1, 2031	-	-	3,200.72	24,639.72	27,840.44
Oct 1, 2031	22,886.00	6.750%	2,477.15	2,477.15	
Apr 1, 2032	-	-	2,477.15	25,363.15	27,840.30
Oct 1, 2032	24,431.00	6.750%	1,704.75	1,704.75	
Apr 1, 2033	-	-	1,704.75	26,135.75	27,840.50
Oct 1, 2033	26,080.00	6.750%	880.20	880.20	
			880.20	26,960.20	27,840.40
	377,980.00		682,139.87	1,060,119.87	1,060,119.87

CITY OF LOGAN

SEWER REVENUE NOTES, SERIES 2003 A

NOTES ORDINANCE

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CITY OF LOGAN

ORDINANCE AUTHORIZING THE ISSUANCE BY THE CITY OF LOGAN OF NOT MORE THAN $175,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE NOTES, SERIES 2003 A, FOR THE PURPOSES OF TEMPORARILY FINANCING CERTAIN BOND PAYMENT ARREARAGES AND COSTS OF ISSUANCE OF THE NOTES; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH NOTES; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH NOTES AND ENACTING OTHER PROVISIONS WITH RESPECT THERETO.

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

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

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

B. The Issuer presently owns and operates a public sewerage system (the "System"). The Issuer is in arrears with respect to some of its debt service payments and debt service reserve payments on its Prior Bonds, as hereinafter defined. The Issuer has, by ordinance enacted August 6, 2002, increased its customer rates to provide sufficient revenues to currently fund its Operating Expenses and debt service and reserve account payments on its outstanding bonds, but finds it necessary to borrow additional funds to pay arrearages on

the Prior Bonds pending the receipt of the increased revenues resulting from such rate increase.

C. It is deemed necessary for the Issuer to issue its Sewer Revenue Notes, Series 2003 A (the "Notes"), in an aggregate principal amount of not more than $175,000, to temporarily finance such arrearages and the costs of issuance of the Notes and related costs.

D. The Issuer has outstanding its (i) Sewer Revenue Bonds, Series 1987 A and Series 1987 B, dated September 25, 1987; (ii) Sewer Revenue Bonds, Series 1993 A and Series 1993 B, dated March 29, 1993; and (iii) Sewer Revenue Bonds, Series 1995, dated August 31, 1995. The Series 1987 A Bonds, Series 1993 A Bonds and Series 1995 Bonds are payable from and secured by a first lien on the Net Revenues (as hereinafter defined) of the System on a parity with each other and are herein called the "First Lien Bonds." The Series 1987 B Bonds and Series 1993 B Bonds are payable from a junior and subordinate lien on the Net Revenues of the System on a parity with each other and are herein called the "Subordinate Bonds." The First Lien Bonds and the Subordinate Bonds are herein collectively called, the "Prior Bonds." The Notes shall be payable with respect to liens, pledge and source of and security for payment from the Net Revenues of the System on a parity with the First Lien Bonds and prior and senior to the Subordinate Bonds.

E. It is in the best interests of the Issuer that its Notes be sold to the Purchaser (as hereinafter defined) pursuant to the terms and conditions of the commitment letter of the Purchaser.

F. The Issuer has complied with all requirements of West Virginia law relating to the issuance of the Notes, or will have so complied prior to issuance of the Notes.

Section 1.03. Definitions. All capitalized terms used in this Ordinance and not otherwise defined herein shall have the following meanings in this Ordinance unless the context expressly requires otherwise:

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

"Authorized Officer" means the Mayor of the Issuer or any other officer of the Issuer specifically designated by resolution of the Council of the Issuer.

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

"Closing Date" means the date upon which there is an exchange of the Notes for the proceeds or at least an initial advance of more than a de minimis portion thereof representing the purchase price of the Notes by the Purchaser.

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

"Consulting Engineers" means any qualified engineer or firm of engineers that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System.

"Council" or "Governing Body" means the Council of the Issuer or any other governing body of the Issuer that succeeds to the functions of the Council as presently constituted.

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

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

"First Lien Bonds" has the meaning set forth in the recitals hereof.

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

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

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

"Issuer" or "City" means the City of Logan, a municipal corporation and political subdivision of the State of West Virginia, in Logan County, West Virginia, and, unless the context clearly indicates otherwise, includes the Council of the Issuer.

"Mayor" means the Mayor of the Issuer.

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

"Noteholder" or "Holder of the Notes" or "Holder" or "Registered Owner" or any similar term means any person who shall be the registered owner of any Outstanding Note or Notes.

"Notes" means the not more than $175,000 in aggregate principal amount of Sewer Revenue Notes, Series 2003 A, authorized hereby to be issued pursuant to this Notes Legislation.

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

"Notes Proceeds Fund" means the Notes Proceeds Fund established by Section 4.01 hereof.

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

"Outstanding," when used with reference to Notes and as of any particular date, describes all Notes theretofore and thereupon being delivered except (a) any Note for the payment of which moneys, equal to its principal amount, with interest to the date of maturity, shall be held in trust under this Ordinance and set aside for such payment (whether upon or prior to maturity); and (b) any Note deemed to have been paid as provided in Article VI hereof.

"Paying Agent" means the Commission or such other entity to be designated as the Paying Agent for the Notes in the Supplemental Resolution and its successors and assigns.

"Prior Bonds" has the meaning set forth in the recitals hereof.

"Prior Ordinance" means, collectively, the ordinances of the Issuer, together with any resolutions supplemental thereto, authorizing the issuance of the Prior Bonds.

"Purchaser" means the purchaser or purchasers of the Notes directly from the Issuer, designated as such in the Supplemental Resolution and its successors and assigns.

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

(a) Government Obligations;

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

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

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

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government Obligations, provided, that

said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

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

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

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

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

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

"Reserve Accounts" means, collectively, the respective Reserve Accounts created for the Prior Bonds or the Notes, as applicable.

"Sanitary Board" means the Sanitary Board of the Issuer.

"Series 1987 A Bonds" means the Sewer Revenue Bonds, Series 1987 A, of the Issuer, dated September 25, 1987, issued in the original aggregate principal amount of $623,087.

"Series 1987 B Bonds" means the Sewer Revenue Bonds, Series 1987 B, of the Issuer, dated September 25, 1987, issued in the original aggregate principal amount of $152,833.

"Series 1993 A Bonds" means the Sewer Revenue Bonds, Series 1993 A, of the Issuer, dated March 29, 1993, issued in the original aggregate principal amount of $2,284,839.

"Series 1993 B Bonds" means the Sewer Revenue Bonds, Series 1993 B, of the Issuer, dated March 29, 1993, issued in the original aggregate principal amount of $76,161.

"Series 1995 Bonds" means the Sewer Revenue Bonds Series 1995, of the Issuer, dated August 31, 1995, issued in the original aggregate principal amount of $377,980.

"Series 2003 A Notes Reserve Account" means the Series 2003 A Notes Reserve Account established by Section 4.02 hereof.

"Series 2003 A Notes Sinking Fund" means the Series 2003 A Notes Sinking Fund established by Section 4.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds created for the Prior Bonds and the Notes, as applicable.

"Subordinate Bonds" has the meaning set forth in the recitals hereof.

"State" means the State of West Virginia.

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

"System" means, collectively, the complete existing public sewerage system of the Issuer, as presently existing in its entirety or any integral part thereof, and shall include any extensions, additions, betterments and improvements thereto hereafter acquired or constructed for the System from any sources whatsoever, both within and without the Issuer.

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

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

Words importing singular number include the plural number in each case and vice versa; words importing the masculine gender include every other gender; and words importing persons include firms, partnerships, associations and corporations.

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

Section 1.04. Notes Legislation Constitutes Contract. In consideration of the acceptance of the Notes by those who shall be the Registered Owners of the same from time to time, this Notes Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owners, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the benefit, protection and security of the Registered Owners of the Notes.

ARTICLE II

[RESERVED]

ARTICLE III

THE NOTES

Section 3.01. Authorization of the Notes. For the purposes of temporarily financing a portion of the Prior Bonds arrearages and paying the costs of issuance of the Notes and related costs, there shall be and hereby are authorized to be issued the Sewer Revenue Notes, Series 2003 A, of the Issuer, in an aggregate principal amount of not more than $175,000.

Section 3.02. Terms of Notes. The Notes shall be issued in fully registered form and shall be initially issued as one Note, in the aggregate principal amount of not to exceed $175,000. The Notes shall be dated such date, shall bear interest at such rate or rates, not exceeding the then legally permissible limit on such date or dates; shall mature on such dates; and shall be subject to such repayment or redemption, all as provided in the Supplemental Resolution or as specifically provided in the Notes. The Notes shall be payable as to principal and interest at the principal office of the Paying Agent in any coin or currency which, on the date of payment, is legal tender for the payment of public and private debts under the laws of the United States of America.

The aggregate proceeds of the Notes shall be paid to the Issuer upon delivery of the Notes. Interest shall accrue on the Notes from the date of delivery thereof.

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

No Note shall be valid or entitled to any security or benefit under this Ordinance unless and until the certificate of authentication and registration on such Note shall have been duly manually executed by the Registrar, and such executed certificate of the Registrar upon any such Note shall be conclusive evidence that such Note has been authenticated, registered and delivered under this Notes Legislation. The certificate of authentication and registration

shall be deemed to have been executed by the Registrar if signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the certificate of authentication and registration on all of the Notes issued hereunder.

Section 3.04. Negotiability, Transfer and Registration. Subject to the restrictions on transfer set forth below, the Notes shall be and have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder, in accepting any of said Notes, shall be conclusively deemed to have agreed that said Notes shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Notes shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Notes remains Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Notes. The Notes shall be transferrable only upon the books of the Registrar which shall be kept for that purpose at the office of the Registrar by request of the registered owner thereof in person or by his attorney duly authorized in writing, and upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or his duly authorized attorney. Upon the transfer of a Note, there shall be issued to the transferee another fully registered Note or Notes of the aggregate principal amount equal to the unpaid amount of the transferred Note.

In all cases in which the privilege of transferring Notes is exercised, Notes shall be delivered in accordance with the provisions of this Ordinance. All Notes surrendered in any such transfers shall forthwith be canceled by the Registrar. For every such transfer of Notes, the Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such transfer and the cost of preparing each new Note upon each transfer, and any other expenses of the Registrar incurred in connection therewith, which sum or sums shall be paid by the person requesting such transfer as a condition precedent to the exercise of the privilege of making such transfer. The Registrar shall not be obliged to make any such transfer of Notes during the 15 days preceding an interest payment date on the Notes or after notice of any prepayment of the Notes has been given.

Section 3.05. Notes Mutilated, Destroyed, Stolen or Lost. In case any Note shall become mutilated or be destroyed, stolen or lost, the Issuer, may in its discretion, issue and deliver a new Note in exchange and substitution for such mutilated Note upon surrender and cancellation of such mutilated Notes or in lieu of and substitution for the Note destroyed, stolen or lost and upon the Holder's furnishing the Issuer proof of ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and

conditions as the Issuer may prescribe and paying such expenses as the Issuer may incur. All Notes so surrendered shall be submitted to and canceled by the Registrar and held for the account of the Issuer. If such Note shall have matured or be about to mature, instead of issuing a substitute Note, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Note be lost, stolen or destroyed, without surrender thereof.

Section 3.06. Form of Notes. The text of the Notes shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted by this Ordinance or any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF NOTE)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF LOGAN
SEWER REVENUE NOTE, SERIES 2003 A

No. R-1 $_____

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF LOGAN, a municipal corporation and political subdivision of the State of West Virginia in Logan County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the sources and in the manner hereinafter set forth, to the order of

- _____ -

or registered assigns (the "Registered Owner"), the principal sum of _____ DOLLARS ($_____), together with interest on such principal sum from the date of delivery hereof at the rates per annum set forth as follows:

A. Interest on this Note shall be payable at the rate of _____% per annum.

B. Principal of and interest on this Note shall be payable in 10 equal semiannual installments in the amount of $_____ on _____ 1 and _____ 1 of each year, commencing _____ 1, and continuing through and including _____. Unless earlier prepaid, this Note shall finally mature on _____.

The principal of and interest on this Note are payable in any coin or currency which on the date of payment thereof is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia, as Paying Agent.

This Note is subject to prepayment of principal and interest to the date of prepayment in whole or in part at any time, without penalty.

This Note is issued (i) to temporarily finance certain principal, interest and reserve account arrearages with respect to the Prior Bonds, as hereinafter defined; and (ii) to pay the costs of issuance hereof and related costs. This Note 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 a Notes Ordinance duly enacted by the Issuer on _____, 2003, as supplemented by a Supplemental Resolution duly adopted by the Issuer on _____, 2003 (collectively, the "Notes Legislation"), and is subject to all the terms and conditions thereof.

The principal of and interest on this Note are payable only from and secured by a lien on the Net Revenues (as defined in the Notes Legislation) of the System, on a parity with the Issuer's outstanding (i) Sewer Revenue Bonds, Series 1987 A, dated September 25, 1987, (ii) Sewer Revenue Bonds, Series 1993 A, dated March 29, 1993, and (iii) Sewer Revenue Bonds, Series 1995, dated August 31, 1995 (collectively, the "First Lien Bonds") and prior and senior to the Issuer's outstanding (i) Sewer Revenue Bonds, Series 1987 B, dated September 25, 1987, and (ii) Sewer Revenue Bonds, Series 1993 B, dated March 29, 1993 (collectively, the "Subordinate Bonds") and from moneys in the Reserve Account created under the Notes Legislation. The First Lien Bonds and the Subordinate Bonds are sometimes collectively herein called the "Prior Bonds."

This Note does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional, statutory or charter provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from the sources set forth above. Under the Notes Legislation, the Issuer has entered into certain covenants with the Registered Owner, for the terms of which reference is made to said Notes Legislation. Remedies provided the Registered Owner are exclusively as provided in the Notes Legislation, to which reference is here made for a detailed description thereof.

Subject to the requirements for transfer set forth below, this Note is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia. This Note is transferable, as provided in the Notes Legislation, only by transfer of registration upon the books of _____, _____, West Virginia, as registrar (the "Registrar"), to be made at the request of the Registered Owner hereof in person or by his attorney duly authorized in writing, and upon surrender hereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Owner or his duly authorized attorney.

All moneys received from the sale of this Note shall be applied solely to the payment of debt service and reserve account arrearages on the Prior Bonds and the costs of issuance and related costs described in the Notes Legislation, and there shall be and hereby

is created and granted a lien upon such moneys, until so applied, in favor of the Registered Owner of this Note.

Under the Act, this Note and the interest hereon are exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at issuance of this Note do exist, have happened and have been performed in due time, form and manner as required by law, and that the Notes, together with all other obligations of the Issuer, do not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia.

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

This Note shall not be valid or obligatory unless authenticated and registered by the Registrar by the execution of the Registrar's Certificate of Authentication and Registration attached hereto and incorporated herein.

IN WITNESS WHEREOF, the CITY OF LOGAN has caused this Note to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its City Clerk, and has caused this Note to be dated _____, 2003.

[SEAL]

By: _____
Mayor

ATTEST:

By: _____
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is to certify that this Note is one of the Notes described in and issued under the provisions of the within-mentioned Notes Legislation and has been duly registered in the name of the registered owner set forth above.

Date: _____, 2003.

_____,
as Registrar

By _____
Authorized Officer

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____ the within-mentioned Note and does hereby irrevocably constitute and appoint _____, attorney, to transfer said Note on the books of the Registrar on behalf of said Issuer with full power of substitution in the premises.

Dated: _____.

_____

IN THE PRESENCE OF:

_____

Section 3.07. Sale of Notes. The Notes shall be sold to the Purchaser contemporaneously with, or as soon as practicable and authorized and permitted by applicable law after, adoption of the Supplemental Resolution; provided, that the Purchaser and the Issuer shall have agreed to the purchase thereof.

Section 3.08. Security for the Notes. The principal of and interest on the Notes shall be payable only from and secured by a lien on the Net Revenues of the System, on a parity with the First Lien Bonds and prior and senior to the Subordinate Bonds.

Section 3.09. Notes not to be Indebtedness of Issuer. The Notes shall be special obligations of the Issuer, payable as to principal and interest solely from the sources described in Section 3.08 hereof. The Notes do not and shall not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation. The general funds of the Issuer are not liable, and neither the full faith and credit nor the taxing power of the Issuer is pledged for the payment of the Notes. The Holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as pledged therefor by this Ordinance.

Notwithstanding anything in this Ordinance, the Issuer shall not be required to advance any money derived from any source of income other than that pledged by this Ordinance for the payment of the principal of or interest on the Notes or for the performance of any of its duties under this Ordinance. The Issuer may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose and may be used by the Issuer for such purpose without incurring indebtedness.

ARTICLE IV

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF; APPLICATION OF NOTES PROCEEDS

Section 4.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are hereby created with (or continued if previously established by the Prior Ordinance) and shall be held by the Depository Bank, separate and apart from all other funds or accounts of the Depository Bank and the Issuer and from each other:

(1) Revenue Fund (established by the Prior Ordinance);

(2) Renewal and Replacement Fund (established by the Prior Ordinance); and

(3) Notes Proceeds Fund.

Section 4.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created with (or continued if previously established by the Prior Ordinance or the Prior Notes Legislation) and shall be held by the Commission, separate and apart from all other funds or accounts of the Commission and the Issuer and from each other:

(1) Series 1987 A Bonds Sinking Fund (established by the Prior Ordinance);

(2) Within the Series 1987 A Bonds Sinking Fund, the Series 1987 A Bonds Reserve Account (established by the Prior Ordinance);

(3) Series 1987 B Bonds Sinking Fund (established by the Prior Ordinance);

(4) Within the Series 1987 B Bonds Sinking Fund, the Series 1987 B Bonds Reserve Account (established by the Prior Ordinance);

(5) Series 1993 A Bonds Sinking Fund (established by the Prior Ordinance);

(6) Within the Series 1993 A Bonds Sinking Fund, the Series 1993 A Bonds Reserve Account (established by the Prior Ordinance);

(7) Series 1993 B Bonds Sinking Fund (established by the Prior Ordinance);

(8) Within the Series 1993 B Bonds Sinking Fund, the Series 1993 B Bonds Reserve Account (established by the Prior Ordinance);

(9) Series 1995 Bonds Sinking Fund (established by the Prior Ordinance);

(10) Within the Series 1995 Bonds Sinking Fund, the Series 1995 Bonds Reserve Account (established by the Prior Ordinance);

(11) Series 2003 A Notes Sinking Fund; and

(12) Within the Series 2003 A Notes Sinking Fund; the Series 2003 Notes Reserve Account.

Section 4.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and in the Prior Ordinance and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in this Bond Legislation and in the Prior Ordinance. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the Series 1987 A Bonds Sinking Fund, the Series 1993 A Bonds Sinking Fund and the Series 1995 Bonds Sinking Fund, the amounts required by the Prior

Ordinance to pay the interest on and principal of the Series 1987 A Bonds, the Series 1993A Bonds and the Series 1995 Bonds; and (ii) for deposit in the Series 2003 Notes Sinking Fund, the amounts required to pay interest on and principal of the Notes, as set forth in the Notes.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the Series 1987 A Bonds Reserve Account, the Series 1993 A Bonds Reserve Account and the Series 1995 Bonds Reserve Account, the amounts required by the Prior Ordinance; and (ii) for deposit in the Series 2003 Notes Reserve Account, an amount equal to 1/240 of the maximum annual debt service on the Notes.

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

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 1987 B Bonds Sinking Fund and the Series 1993 B Bonds Sinking Fund the amounts required by the Prior Ordinance to pay the principal of the Series 1987 B Bonds and the Series 1993 B Bonds.

(6) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 1987 B Bonds Reserve Account and the Series 1993 B Bonds Reserve Account the amounts required by the Prior Ordinance.

If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 4.03 and the relevant provisions of the Prior Ordinance, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

Section 4.04. Application of Notes Proceeds. The moneys derived from the sale of the Notes shall be deposited with the Depository Bank in the Notes Proceeds Fund and applied solely to the payment of the sinking fund and reserve account arrearages on the Prior Bonds and costs of issuance of the Notes and related costs, and until so expended, are hereby pledged as additional security for the Notes.

Pending application of the proceeds of the Notes, any moneys held in the Notes Proceeds Fund shall be invested and reinvested by the Depository Bank at the direction of the Issuer to the fullest extent possible under applicable laws, and to the extent practicable, in Qualified Investments having maturities consonant with the required use thereof.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year (or more often if reasonably requested by the Issuer), a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Notes are Outstanding.

ARTICLE V

DEFAULT AND REMEDIES

Section 5.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Notes:

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

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Notes in this Ordinance, any Supplemental Resolution, or in the Notes, as the case may be, contained, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Depository Bank, any other bank or banking association holding any fund or account hereunder or a Holder of a Note;

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

(D) If a default occurs with respect to the Prior Bonds or the Prior Ordinance.

Section 5.02. Remedies. Upon the happening and continuance of any Event of Default, any Holder of a Note may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of the Holders of the Notes including the right to require the Issuer to perform its duties under the Act and the Notes Legislation relating thereto, (iii) bring suit upon the Notes, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Holders of the Notes, and (v) by action or bill in equity enjoin any acts in violation of the Notes Legislation with respect to the Notes, or the rights of the Holders of the Notes; provided that, the rights of the Holders of the Notes shall be on a parity with the rights of the Holders of the Prior Bonds.

No remedy by the terms of this Ordinance conferred upon or reserved to the Holders of the Notes is intended to be exclusive of any other remedy, but each and every

such remedy shall be cumulative and shall be in addition to any other remedy given to the Holders of the Notes hereunder or now or hereafter existing at law or by statute.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Event of Default hereunder by the Holders of the Notes shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereto.

ARTICLE VI

[RESERVED]

ARTICLE VII

MISCELLANEOUS

Section 7.01. Amendment or Modification of Ordinance. Prior to issuance of the Notes, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Notes, no material modification or amendment of this Ordinance, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Noteholders shall be made without the consent in writing of the Holders of the Notes then Outstanding; provided, that no change shall be made in the maturity of any Note or Notes or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the Holder thereof.

Section 7.02. Ordinance Constitutes Contract. The provisions of the Ordinance shall constitute a contract between the Issuer and the Holders of the Notes, and no change, variation or alteration of any kind of the provisions of the Ordinance shall be made in any manner, except as in this Ordinance provided.

Section 7.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution or the Notes.

Section 7.04. Headings, Etc. The headings and catchlines of the articles, sections and subsections hereof are for convenience of reference only, and shall not affect in any way the meaning or interpretation of any provision hereof.

Section 7.05. Conflicting Provisions Repealed. All ordinances, resolutions, indentures or orders, or parts thereof, in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed, provided however, that all provisions of the Prior Ordinance shall remain in full force and effect, as applicable, until the Prior Bonds and all interest accrued thereon are paid in full.

Section 7.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption and passage of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and

manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, the City Clerk and members of the Council were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

Section 7.07. Effective Date. This Ordinance shall be effective following the public hearing and final reading hereof.

Section 7.08. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance, determined by the Issuer to contain sufficient information as to give notice of the contents hereof, shall be published once a week for two successive weeks within a period of fourteen consecutive days, with at least six full days intervening between each publication, in *The Logan Banner*, a newspaper published and of general circulation in the City of Logan, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Notes and that any person interested may appear before Council upon a date certain, not less than 10 days subsequent to the date of the first publication of the said abstract and notice, and present protests, and that a certified copy of the Ordinance is on file in the office of the City Clerk for review by interested parties during the office hours of the City Clerk.

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

Passed on First Reading:	September 2, 2003
Passed on Second Reading:	September 9, 2003
Passed on Final Reading following Public Hearing:	September 23, 2003

By: _____
Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the CITY OF LOGAN on September 23, 2003, which Ordinance has not been repealed, rescinded, modified, amended or revoked, except as set forth in the Supplemental Resolution described therein.

Dated this September 29, 2003.

By: Debra Y. Stapleton
City Clerk

09/23/03
532980/99001

CITY OF LOGAN

Sewer Revenue Notes, Series 2003 A

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES AND OTHER TERMS OF THE NOTES, SERIES 2003 A OF THE CITY OF LOGAN; AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF SUCH NOTES TO LOGAN BANK & TRUST COMPANY; AND MAKING OTHER PROVISIONS AS TO THE NOTES.

WHEREAS, the City of Logan (the "Issuer") in the County of Logan, State of West Virginia, is a municipal corporation and political subdivision of said State, the governing body of which is its Council (the "Governing Body");

WHEREAS, the Governing Body has duly and officially enacted on September 23, 2003, an Ordinance (the "Ordinance") entitled:

ORDINANCE AUTHORIZING THE ISSUANCE BY THE CITY OF LOGAN OF NOT MORE THAN $175,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE NOTES, SERIES 2003 A, FOR THE PURPOSES OF TEMPORARILY FINANCING CERTAIN BOND PAYMENT ARREARAGES AND COSTS OF ISSUANCE OF THE NOTES; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH NOTES; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH NOTES AND ENACTING OTHER PROVISIONS WITH RESPECT THERETO.

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

WHEREAS, the Ordinance provides for the issuance by the Issuer of its Sewer Revenue Notes, Series 2003 A in an aggregate principal amount not to exceed $175,000 (the "Notes"), all in accordance with Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act");

WHEREAS, in the Ordinance, it is provided that the exact principal amount, date, maturity date, interest rate, interest and principal payment dates and other terms of the Notes should be established by a supplemental resolution and that other matters relating to the Notes be provided for therein;

WHEREAS, the Notes are proposed to be purchased by Logan Bank & Trust Company, Logan, West Virginia (the "Purchaser" or the "Bank"), pursuant to a commitment letter dated June 30, 2003;

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the principal amount, date, maturity date, interest rate, interest and principal payment dates and other terms of the Notes be fixed hereby in the manner stated herein, and that other matters relating to the Notes be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LOGAN:

Section 1. Pursuant to the Ordinance and the Act, this Supplemental Resolution is adopted, and there are hereby authorized and ordered to be issued the Sewer Revenue Notes, Series 2003 A, of the Issuer, initially represented by a single Note, numbered R-1, in the principal amount of $151,290. The Notes shall be dated September 29, 2003, and shall finally mature on October 1, 2008. Installments of principal of and interest on the Notes shall be payable semiannually, on the first day of each April and October, commencing April 1, 2004, through and including October 1, 2008, as set forth in the Notes. Interest on the Notes shall be payable at the rate of 5.95% per annum. The Notes shall be subject to prepayment of principal and interest to the date of prepayment, in whole or in part, at any time, without penalty.

Section 2. Proceeds of the Notes shall be expended solely for the purposes of (i) temporarily financing a portion of the Prior Bonds arrearages, (ii) paying costs of issuance of the Notes and related costs.

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

Section 4. The Notes shall be sold to Logan Bank & Trust Company, Logan, West Virginia, and shall be registered in the name of such bank. The price of the Notes shall be 100% of par value, there being no interest accrued thereon.

Section 5. The Mayor and City Clerk are hereby authorized and directed to execute and deliver the Notes and such other documents and certificates required or desirable in connection with the Notes hereby and by the Ordinance approved and provided for, to the end that the Notes may be delivered to the Purchaser on or about September 29, 2003.

Section 6. The Issuer hereby appoints and designates the West Virginia Municipal Bond Commission, Charleston, West Virginia, as the Paying Agent for the Notes.

Section 7. The Issuer hereby appoints and designates Logan Bank & Trust Company, Logan, West Virginia, as the Registrar for the Notes and the Depository Bank.

Section 8. The issuance of the Notes and the payment of the Prior Bonds arrearages of the Notes is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 9. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this September 23, 2003.

CITY OF LOGAN

By: _____
Mayor

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Council of the CITY OF LOGAN on September 23, 2003, which Resolution has not been repealed, rescinded, modified, amended or revoked, as of the date hereof.

Dated this September 29, 2003.

By: Debra K. Stapleton
City Clerk

09/23/03
636290/99002

WEST VIRGINIA
Water Development Authority
Celebrating 34 Years of Service ***1974 - 2008***

June 27, 2008

THE CITY OF LOGAN

Sewer Revenue Bonds, Series 2008 A
(West Virginia SRF Program)

TO WHOM IT MAY CONCERN:

In reliance upon the certificate of Jeff Vallet, CPA, independent certified public accountants, and an opinion of Steptoe & Johnson PLLC, as bond counsel, that the coverage and parity tests have been met, the undersigned duly authorized representative of the West Virginia Water Development Authority (the "WDA"), the registered owner of the Prior Bonds, hereinafter defined and described, hereby consents to the issuance of the Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program) (the "Series 2008 A Bonds"), in the aggregate principal amounts of $4,468,000, by The City of Logan (the "Issuer"), under the terms of the ordinance authorizing the Series 2008 A Bonds, on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's outstanding (i) Sewer Revenue Bonds, Series 1987 A (West Virginia Water Development Authority), dated September 25, 1987, issued in the original aggregate principal amount of $623,087 (the "Series 1987 A Bonds"); (ii) Sewer Revenue Bonds, Series 1993 A (West Virginia Water Development Authority), dated March 29, 1993, issued in the original aggregate principal amount of $2,284,839 (the "Series 1993 A Bonds"); and (iii) Sewer Revenue Bonds, Series 1995 (West Virginia Water Development Authority), dated August 31, 1995, issued in the original aggregate principal amount of $377,980 (the "Series 1995 Bonds") and senior to the Issuer's outstanding (i) Sewer Revenue Bonds, Series 1987 B, dated September 25, 1987 issued in the original aggregate principal amount of $152,833 (the "Series 1987 B Bonds"); and (ii) Sewer Revenue Bonds, Series 1993 B (West Virginia Water Development Authority), dated March 29, 1993, issued in the original aggregate principal amount of $76,161 (the "Series 1993 B Bonds").

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Chris E. Jarrett – Executive Director

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180 Association Drive, Charleston, WV 25311-1217
phone (304) 558-3612 / fax (304) 558-0299
www.wvwda.org

The City of Logan
Sewer Revenue Bonds, Series 2008 A
(West Virginia SRF Program)

RECEIPT AND RELEASE

The undersigned duly authorized representative of the Logan Bank & Trust Company, Logan, West Virginia (the "Bank"), the holder of The City of Logan Sewer Revenue Notes, Series 2006, dated May 17, 2006, issued in the original aggregate principal amount not to exceed $1,575,000 (the "Series 2006 Notes"), hereby certifies and declares that on the date hereof, he received on behalf of the Bank from The City of Logan (the "Issuer") the sum of $1,326,547.00 and that such sum is sufficient to pay in full the entire outstanding principal of and all interest accrued on the Series 2006 Notes to the date hereof and to discharge all liens, pledges and encumbrances securing the Series 2006 Notes.

Dated this 27th day of June, 2008.

LOGAN BANK & TRUST COMPANY

T. Bk Will VP
Authorized Officer

SWEEP RESOLUTION

The City of Logan

WHEREAS, The City of Logan (the "Issuer") is a governmental body and political subdivision of West Virginia;

WHEREAS, the Issuer has issued bonds, as more specifically set forth on Exhibit A, attached hereto and incorporated herein by reference (the "Bonds");

WHEREAS, the Issuer makes or will make monthly debt service payments on and transfers reserve funds for the Bonds by check to the West Virginia Municipal Bond Commission (the "MBC") which in turn pays the owners of the Bonds and deposits funds in the reserve accounts;

WHEREAS, the MBC may accept such monthly payments by electronic funds transfer, thereby eliminating delay in payments and lost checks;

WHEREAS, the Issuer finds and determines that it is in the best interest of the Issuer, its citizens and the owners of the Bonds that the monthly debt service and reserve fund payments be made by electronic funds transfer with the State Treasurer sweeping the Issuer's account.

NOW THEREFORE BE IT RESOLVED AS FOLLOWS:

1) The monthly debt service payments on and reserve funds for the Bonds, as set forth in Exhibit A, shall be made to the MBC by an electronic transfer by the State Treasurer from the accounts set forth in Exhibit A in such form and at such directions as are provided by the MBC.

2) The Mayor and Recorder are hereby authorized to sign and execute all such documents as are necessary to facilitate the electronic transfer of the Bond debt service and reserve fund payments.

3) This resolution shall be effective immediately upon adoption.

Adopted this 10th day of June, 2008.

Mayor