CITY OF MONTGOMERY
SEWER REVENUE BONDS
SERIES 2017 A (WV CWSRF PROGRAM)
and
SERIES 2017 B (WV CWSRF PROGRAM)

Closing Date: September 7, 2017

GOODWIN

CITY OF MONTGOMERY

ORDINANCE AUTHORIZING THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF THE CITY OF MONTGOMERY AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN $991,570 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2017 (WV CWSRF PROGRAM) IN ONE OR MORE SERIES; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNER 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 ENACTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF MONTGOMERY:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Ordinance. This Ordinance (together with any order or Ordinance supplemental hereto or amendatory hereof, the "Bond Legislation") is enacted pursuant to the provisions of Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Bond Act") and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (the "SRF Act", and together with the Bond Act, 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 Montgomery (the "Issuer") is a municipality, public corporation and political subdivision of the State of West Virginia in Fayette 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 constructed certain improvements to the existing public sewerage facilities of the Issuer. Those improvements will consist of the following improvements to the City of Montgomery's wastewater treatment system in Fayette County: the existing Sixth Avenue pump station has reached the end of its functional life and is being replaced and relocated; the new pump station will be located in a lot purchased by the City of Montgomery adjacent to the existing site but not within Sixth Avenue roadway (where the existing station is located making maintenance difficult); the new pump station will have energy efficient pumps and controls; back up pumping systems along with associated gravity and force main sanitary sewer lines are also included in the Pump Station project (collectively, the "Project"), which constitute properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes (the existing public sewerage facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System").

C. The Issuer intends to permanently finance a portion of the costs of acquiring, constructing and equipping the Project through the issuance of its revenue bonds to be sold to the West Virginia Water Development Authority (the "Authority"), in connection with the West Virginia Water Pollution Control Revolving Fund Program (the "SRF Program"), pursuant to the SRF Act, in order to take advantage of the favorable terms available to the Issuer under the SRF Program (as hereinafter defined).

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds, Series 2017 (WV CWSRF Program), in an amount not to exceed $991,570 (the "Series 2017 Bonds"), initially to be represented by two (2) bonds designated as Series 2017 A (WV CWSRF Program) and Series 2017 B (WV CWSRF Program), to permanently finance a portion of the costs of acquiring, constructing and equipping of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefore; interest upon the Series 2017 Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Series 2017 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, commitment fees, fees and expenses of the Authority, including the SRF Administrative Fee, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2017 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the cost of acquiring, constructing and equipping the Project, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2017 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that its Series 2017 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"), approved hereby if not previously approved by Ordinance of the Issuer.

G. The Issuer currently has outstanding its (i) Sewer Revenue Bond, Series 1987 A, dated October 27, 1987, issued in the original principal amount of $1,164,146, currently outstanding in the amount of $675,255, (ii) Sewer Revenue Bond, Series 1987 B, dated October 27, 1987, issued in the original principal amount of $285,539, currently outstanding in the amount of $75,142, (iii) Sewer Revenue Bond, Series 1993 A, dated January 19, 1993, issued in the original principal amount of $648,387, currently outstanding in the amount of $461,892, (iv) Sewer Revenue Bond, Series 1993 B, dated January 19, 1993, issued in the original principal amount of $21,613, currently outstanding in the amount of $8,313, and (v) Sewer Revenue Bond, Series 2009, dated May 12, 2009, issued in the original principal amount of $309,000, currently outstanding in the amount of $287,769 (collectively, the "Prior Bonds"), which shall be on parity with the Series 2017 Bonds.

The Series 2017 Bonds shall be issued on parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has met the coverage and parity requirements of the Prior Bonds and the Ordinance authorizing the Prior Bonds for issuance of the Series 2017 Bonds and has substantially complied with all other parity requirements, except to the extent that noncompliance with any such other parity requirements is not of a material nature. Prior to the issuance of the Series 2017 Bonds, the Issuer will obtain the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met and written consent of the holders of the Prior Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer that are secured by revenues or assets of the System that will be on parity with the Series 2017 Bonds.

H. The estimated revenues to be derived in each year following completion of the Project will be sufficient to pay all costs of operation and maintenance of the System and the principal of and interest, if any, on the Series 2017 Bonds and the Prior Bonds, and to make payments into all Sinking Funds, Reserve Accounts and other payments provided for herein, all as such terms are hereinafter defined.

I. The Issuer has complied with all requirements of West Virginia law and the Bond Purchase Agreement relating to authorization of the acquisition, construction and equipping of the Project, the operation of the System and the issuance of

the Series 2017 Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the obtaining of a certificate of public convenience and necessity and approval of this financing and necessary user rates and charges described herein 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 2017 Bonds or such final order will not be subject to appeal or rehearing.

J. Pursuant to the Act, the Issuer has established a Sanitary Board, and the Sanitary Board has petitioned the Governing Body to issue the Series 2017 Bonds for the purposes described in this Ordinance.

K. The Project has been approved by the West Virginia Infrastructure and Jobs Development Council as required under Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2017 Bonds by those who shall be the Registered Owner of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owner, 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 Owner or Owners of such Series 2017 Bond, which shall be of equal rank and without preference, priority or distinction between any one bond of a series and any other bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means, collectively, Chapter 16, Article 13 and Chapter 22C, Article 2 of the Code of West Virginia, 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 2017 Bonds, or any other agency of the State of West Virginia that succeeds to the functions of the Authority.

"Authorized Officer" means the Mayor of the Governing Body of the Issuer or any temporary Mayor duly selected by the Governing Body.

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

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

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

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

"Bond Purchase Agreement" means the bond purchase agreement heretofore entered, or to be entered, into by and among the Authority, the DEP and the Issuer, providing for the purchase of the Series 2017 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 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.

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

"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 Terradon Corporation, Nitro, 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 1.02D hereof to be a part of the cost of designing, acquiring, constructing and equipping the Project.

"Council" means the West Virginia Infrastructure and Jobs Development Council or any other agency of the State of West Virginia that succeeds to the functions of the Council.

"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.

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

"Governing Body" or "Council" 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.

"Investment Property" means

(A) any security (within the meaning of Section 165(g)(2)(A) or (B) of the Code),

(B) any obligation,

(C) any annuity contract,

(D) any investment-type property, or

(E) in the case of a bond other than a private activity bond, any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan.

Except as provided in the following sentence, the term "Investment Property" does not include any tax-exempt bond. With respect to an issue other than an issue a part of which is a specified private activity bond (as defined in section 57(a)(5)(C) of the Code), the term "Investment Property" includes a specified private activity bond (as so defined).

"Issuer" means City of Montgomery, a municipal corporation, public corporation and political subdivision of the State of West Virginia in Fayette 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 Revenues" means the balance of the Gross Revenues remaining after deduction of Operating Expenses, as hereinafter defined.

"Nonpurpose Investment" means any Investment Property, as defined in Section 148(b) of the Code, that is not a purpose investment.

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

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

"Paying Agent" means the Commission or other entity designated as such for the Series 2017 Bonds in the Supplemental Resolution with the written consent of the Authority and the DEP.

"Prior Ordinances" means the Ordinances of the Issuer enacted October 27, 1987, January 19, 1993, May 2, 1996, and May 12, 2009, authorizing the Prior Bonds.

"Private Business Use" means use (directly or indirectly) in a trade or business carried on by any person other than a governmental unit; provided that use as a member of the general public shall not be taken into account.

"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 or similar banking arrangements, fully secured by investments of the types described in paragraphs (a) through (c) above or fully insured by the FDIC, with member banks of the Federal Reserve system or 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 therefore; 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 Code of West Virginia, 1931, as amended, including, without limitation, authorized pools of investments operated by such Investment Management Board; and

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

"Recorder" means the Recorder of the Governing Body of the Issuer.

"Registrar" means the Bond Registrar.

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

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

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

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in any reserve account for the Series 2017 Bonds and the Prior Bonds.

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

"Sanitary Board" means the Sanitary Board of the Issuer, as such term is defined in the Prior Ordinances.

"Series 2017 A Bond" means the Sewer Revenue Bond, Series 2017 A (WV CWSRF Program), of the Issuer, authorized by this Ordinance.

"Series 2017 B Bond" means the Sewer Revenue Bond, Series 2017 B (WV CWSRF Program), of the Issuer, authorized by this Ordinance.

"Series 2017 Bonds" means the Sewer Revenue Bonds, Series 2017 A (WV CWSRF Program) and Series 2017 B (WV CWSRF Program), of the Issuer, authorized by this Ordinance.

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

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

"Series 2017 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 2017 Bonds in the then current or any succeeding year.

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

"Sinking Funds" means, collectively, the respective sinking funds established for the Series 2017 Bonds and the Prior Bonds.

"SRF Administrative Fee" means any administrative fee required to be paid under 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.

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

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

"System" means the complete properties of the Issuer for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, as presently existing in its entirety or any integral part thereof, and shall include the Project and any additions, improvements and extensions thereto hereafter constructed or acquired for said system from any sources whatsoever.

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; and any requirement for execution or attestation of the Bonds or any certificate or other document by the Mayor or the Recorder shall mean that such Bonds, certificate or other document may be executed or attested by an Acting Mayor or Acting Recorder.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition, construction and equipping of the Project, at an estimated cost of not to exceed $1,004,942, in accordance with the plans

and specifications which have been prepared by the Consulting Engineers, approved by the DEP and the Issuer and heretofore filed in the office of the Governing Body. The proceeds of the Series 2017 Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received or will receive bids and will enter into contracts for the construction of the Project, compatible with the financing plan submitted to the SRF Program.

The cost of acquisition and construction of the Project is estimated not to exceed $1,004,942, $991,570 of which will be obtained from the proceeds of the Series 2017 Bonds.

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 funding a reserve account for the Series 2017 Bonds, paying costs of constructing the Project and paying certain costs of issuance of the Series 2017 Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 2017 Bonds of the Issuer. The Series 2017 Bonds shall be issued as two (2) bonds, designated as (i) "Sewer Revenue Bond, Series 2017 A (WV CWSRF Program)," in an amount not to exceed $752,237, and (ii) "Sewer Revenue Bond, Series 2017 B (WV CWSRF Program)," in an amount not to exceed $239,333, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2017 Bonds remaining after funding the Series 2017 A Bonds Reserve Account (if funded from Bond proceeds) shall be deposited in or credited to the Series 2017 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 2017 A Bond shall be issued in such principal amount, shall bear interest at the rate of 0.25%, plus a 0.25% annual administrative fee, 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 principal amounts advanced under the Series 2017 B Bond will be deemed forgiven on the 30th day of June in the fiscal year in which advanced. The Series 2017 B Bond shall be deemed no longer outstanding after the last advance is forgiven. The Series 2017 B Bond shall bear no interest.

The Series 2017 Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 2017 Bonds shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of

the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2017 Bonds shall be issued in the form of two (2) bonds, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amounts of the Series 2017 Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2017 Bonds shall be exchangeable at the option and expense of the Registered Owner for other fully registered Bond or Bonds of the same series in an aggregate principal amount or amounts equal to the amount of said Series 2017 Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Series 2017 Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.04. Authentication and Registration. No Series 2017 Bonds 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 Bonds, substantially in the form set forth in Section 3.12 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 Bonds have been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2017 Bonds shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the bonds issued hereunder.

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

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

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

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

In all cases in which the privilege of exchanging the Series 2017 Bonds or transferring the registered Series 2017 Bonds is exercised, the Series 2017 Bonds shall be delivered in accordance with the provisions of this Bond Legislation. The Series 2017 Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of the Series 2017 Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of the Series 2017 Bonds during the period commencing on the 15th day of the month next preceding an interest payment date, if any, on the Series 2017 Bonds or, in the case of any proposed redemption of the Series 2017 Bonds, next preceding the date of the selection of the portion of the Series 2017 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 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 bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated bond, upon surrender and cancellation of such mutilated bond, or in lieu of and substitution for the bond destroyed, stolen or lost, and upon the Holder's furnishing 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. The bond so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such bond shall have matured or be about to mature, instead of issuing a substitute bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2017 Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the

meaning of any constitutional or statutory provision or limitation, but shall be payable solely, in the case of the Series 2017 Bonds only, from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2017 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2017 Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of the Series 2017 Bonds shall be secured by a first lien on the Net Revenues derived from the System, on parity with the lien on such Net Revenues in favor of the Holders of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Prior Bonds and the Series 2017 Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

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

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

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

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

D. Executed copy of the Bond Purchase Agreement; and

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

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

(FORM OF BONDS)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF MONTGOMERY
SEWER REVENUE BOND, SERIES 2017 A
(WV CWSRF PROGRAM)

No. AR-1 $752,237

KNOW ALL MEN BY THESE PRESENTS: That CITY OF MONTGOMERY, a municipal corporation, public corporation and political subdivision of the State of West Virginia in Fayette County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefore, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of SEVEN HUNDRED FIFTY-TWO THOUSAND TWO HUNDRED THIRTY-SEVEN DOLLARS ($752,237), 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 September 1, 2018, 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 described Bond Legislation) on this Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2018, as set forth on EXHIBIT B attached hereto.

This Bond shall bear interest at the rate of zero and 25/100 percent (0.25%) per annum, plus a 0.25% annual administrative fee, beginning September 1, 2018. Principal and interest installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, 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 by and among the Issuer, the Authority and the DEP, dated September 7, 2017.

This Bond is issued (i) to pay a portion of the costs of acquiring, constructing and equipping certain improvements and extensions to the existing public sewerage facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing public sewerage facilities of the Issuer, the improvements and

extensions constructed by the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 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 August 21, 2017, and a Supplemental Resolution duly adopted by the Issuer on August 21, 2017 (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 this Bond under the Bond Legislation.

THIS BOND IS ISSUED ON PARITY AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT WITH THE ISSUER'S (i) $1,164,146 SEWER REVENUE BOND, SERIES 1987 A, (ii) $285,539 SEWER REVENUE BOND, SERIES 1987 B, (iii) $648,387 SEWER REVENUE BOND, SERIES 1993 A, (iv) $21,613 SEWER REVENUE BOND, SERIES 1993 B, (v) $175,000 SEWER REVENUE BOND, SERIES 1996 A, AND (vi) $309,000 SEWER REVENUE BOND, SERIES 2009 (COLLECTIVELY, THE "PRIOR BONDS"), AND SIMULTANEOUSLY WITH THE ISSUER'S $239,333 SEWER REVENUE BOND (WV CWSRF PROGRAM), SERIES 2017 B 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 Prior Bonds from moneys in the reserve account created under the Bond Legislation for this Bond (the "Series 2017 A Bond Reserve Account") and unexpended proceeds of this Bond. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds that may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, or the interest hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2017 A Bonds Reserve Account and unexpended proceeds of this Bond. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on this Bond and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the Prior Bonds; provided however, that so long as there exists in the Series 2017 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on this Bond in the then current or any succeeding year, and in the respective

reserve accounts established for any other obligations outstanding on parity with this Bond, including the Prior Bonds, an amount at least equal to the requirement therefore, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owner of this Bond for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owner of this Bond are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

All provisions of the Bond Legislation, Ordinances 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, CITY OF MONTGOMERY has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated September 7, 2017.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is the Series 2017 A Bond 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: September 7, 2017.

City National Bank, as Registrar

By: _____
Vice President and Trust Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $138,756.00	9/7/17	(6) $	
(2) $		(7) $	
(3) $		(8) $	
(4) $		(9) $	
(5) $		(10) $	

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

City of Montgomery
CWSRF
$752,237
0.25% Interest Rate
0.25% Administrative Fee

Date	Principal	Coupon	Interest	Total Debt Service	Admin Fee	Net Debt Service
9/1/2018	4,592	0.250%	470.15	5,062.15	240.40	5,302.55
12/1/2018	4,595	0.250%	467.28	5,062.28	240.40	5,302.68
3/1/2019	4,598	0.250%	464.41	5,062.41	240.40	5,302.81
6/1/2019	4,601	0.250%	461.53	5,062.53	240.40	5,302.93
9/1/2019	4,604	0.250%	458.66	5,062.66	240.40	5,303.06
12/1/2019	4,607	0.250%	455.78	5,062.78	240.40	5,303.18
3/1/2020	4,609	0.250%	452.90	5,061.90	240.40	5,302.30
6/1/2020	4,612	0.250%	450.02	5,062.02	240.40	5,302.42
9/1/2020	4,615	0.250%	447.14	5,062.14	240.40	5,302.54
12/1/2020	4,618	0.250%	444.25	5,062.25	240.40	5,302.65
3/1/2021	4,621	0.250%	441.37	5,062.37	240.40	5,302.77
6/1/2021	4,624	0.250%	438.48	5,062.48	240.40	5,302.88
9/1/2021	4,627	0.250%	435.59	5,062.59	240.40	5,302.99
12/1/2021	4,630	0.250%	432.70	5,062.70	240.40	5,303.10
3/1/2022	4,633	0.250%	429.80	5,062.80	240.40	5,303.20
6/1/2022	4,635	0.250%	426.91	5,061.91	240.40	5,302.31
9/1/2022	4,638	0.250%	424.01	5,062.01	240.40	5,302.41
12/1/2022	4,641	0.250%	421.11	5,062.11	240.40	5,302.51
3/1/2023	4,644	0.250%	418.21	5,062.21	240.40	5,302.61
6/1/2023	4,647	0.250%	415.31	5,062.31	240.40	5,302.71
9/1/2023	4,650	0.250%	412.40	5,062.40	240.40	5,302.80
12/1/2023	4,653	0.250%	409.50	5,062.50	240.40	5,302.90
3/1/2024	4,656	0.250%	406.59	5,062.59	240.40	5,302.99
6/1/2024	4,659	0.250%	403.68	5,062.68	240.40	5,303.08
9/1/2024	4,662	0.250%	400.77	5,062.77	240.40	5,303.17
12/1/2024	4,664	0.250%	397.85	5,061.85	240.40	5,302.25
3/1/2025	4,667	0.250%	394.94	5,061.94	240.40	5,302.34
6/1/2025	4,670	0.250%	392.02	5,062.02	240.40	5,302.42
9/1/2025	4,673	0.250%	389.10	5,062.10	240.40	5,302.50

12/1/2025	4,676	0.250%	386.18	5,062.18	240.40	5,302.58
3/1/2026	4,679	0.250%	383.26	5,062.26	240.40	5,302.66
6/1/2026	4,682	0.250%	380.34	5,062.34	240.40	5,302.74
9/1/2026	4,685	0.250%	377.41	5,062.41	240.40	5,302.81
12/1/2026	4,688	0.250%	374.48	5,062.48	240.40	5,302.88
3/1/2027	4,691	0.250%	371.55	5,062.55	240.40	5,302.95
6/1/2027	4,694	0.250%	368.62	5,062.62	240.40	5,303.02
9/1/2027	4,697	0.250%	365.69	5,062.69	240.40	5,303.09
12/1/2027	4,700	0.250%	362.75	5,062.75	240.40	5,303.15
3/1/2028	4,703	0.250%	359.81	5,062.81	240.40	5,303.21
6/1/2028	4,705	0.250%	356.87	5,061.87	240.40	5,302.27
9/1/2028	4,708	0.250%	353.93	5,061.93	240.40	5,302.33
12/1/2028	4,711	0.250%	350.99	5,061.99	240.40	5,302.39
3/1/2029	4,714	0.250%	348.05	5,062.05	240.40	5,302.45
6/1/2029	4,717	0.250%	345.10	5,062.10	240.40	5,302.50
9/1/2029	4,720	0.250%	342.15	5,062.15	240.40	5,302.55
12/1/2029	4,723	0.250%	339.20	5,062.20	240.40	5,302.60
3/1/2030	4,726	0.250%	336.25	5,062.25	240.40	5,302.65
6/1/2030	4,729	0.250%	333.30	5,062.30	240.40	5,302.70
9/1/2030	4,732	0.250%	330.34	5,062.34	240.40	5,302.74
12/1/2030	4,735	0.250%	327.38	5,062.38	240.40	5,302.78
3/1/2031	4,738	0.250%	324.42	5,062.42	240.40	5,302.82
6/1/2031	4,741	0.250%	321.46	5,062.46	240.40	5,302.86
9/1/2031	4,744	0.250%	318.50	5,062.50	240.40	5,302.90
12/1/2031	4,747	0.250%	315.53	5,062.53	240.40	5,302.93
3/1/2032	4,750	0.250%	312.57	5,062.57	240.40	5,302.97
6/1/2032	4,753	0.250%	309.60	5,062.60	240.40	5,303.00
9/1/2032	4,756	0.250%	306.63	5,062.63	240.40	5,303.03
12/1/2032	4,759	0.250%	303.66	5,062.66	240.40	5,303.06
3/1/2033	4,762	0.250%	300.68	5,062.68	240.40	5,303.08
6/1/2033	4,765	0.250%	297.70	5,062.70	240.40	5,303.10
9/1/2033	4,768	0.250%	294.73	5,062.73	240.40	5,303.13
12/1/2033	4,771	0.250%	291.75	5,062.75	240.40	5,303.15
3/1/2034	4,774	0.250%	288.76	5,062.76	240.40	5,303.16
6/1/2034	4,777	0.250%	285.78	5,062.78	240.40	5,303.18
9/1/2034	4,780	0.250%	282.80	5,062.80	240.40	5,303.20
12/1/2034	4,783	0.250%	279.81	5,062.81	240.40	5,303.21
3/1/2035	4,786	0.250%	276.82	5,062.82	240.40	5,303.22
6/1/2035	4,789	0.250%	273.83	5,062.83	240.40	5,303.23
9/1/2035	4,792	0.250%	270.83	5,062.83	240.40	5,303.23
12/1/2035	4,795	0.250%	267.84	5,062.84	240.40	5,303.24

3/1/2036	4,798	0.250%	264.84	5,062.84	240.40	5,303.24
6/1/2036	4,801	0.250%	261.84	5,062.84	240.40	5,303.24
9/1/2036	4,804	0.250%	258.84	5,062.84	240.40	5,303.24
12/1/2036	4,807	0.250%	255.84	5,062.84	240.40	5,303.24
3/1/2037	4,810	0.250%	252.84	5,062.84	240.40	5,303.24
6/1/2037	4,813	0.250%	249.83	5,062.83	240.40	5,303.23
9/1/2037	4,816	0.250%	246.82	5,062.82	240.40	5,303.22
12/1/2037	4,819	0.250%	243.81	5,062.81	240.40	5,303.21
3/1/2038	4,822	0.250%	240.80	5,062.80	240.40	5,303.20
6/1/2038	4,825	0.250%	237.79	5,062.79	240.40	5,303.19
9/1/2038	4,828	0.250%	234.77	5,062.77	240.40	5,303.17
12/1/2038	4,831	0.250%	231.75	5,062.75	240.40	5,303.15
3/1/2039	4,834	0.250%	228.73	5,062.73	240.40	5,303.13
6/1/2039	4,837	0.250%	225.71	5,062.71	240.40	5,303.11
9/1/2039	4,840	0.250%	222.69	5,062.69	240.40	5,303.09
12/1/2039	4,843	0.250%	219.66	5,062.66	240.40	5,303.06
3/1/2040	4,846	0.250%	216.64	5,062.64	240.40	5,303.04
6/1/2040	4,849	0.250%	213.61	5,062.61	240.40	5,303.01
9/1/2040	4,852	0.250%	210.58	5,062.58	240.40	5,302.98
12/1/2040	4,855	0.250%	207.55	5,062.55	240.40	5,302.95
3/1/2041	4,858	0.250%	204.51	5,062.51	240.40	5,302.91
6/1/2041	4,861	0.250%	201.47	5,062.47	240.40	5,302.87
9/1/2041	4,864	0.250%	198.44	5,062.44	240.40	5,302.84
12/1/2041	4,867	0.250%	195.40	5,062.40	240.40	5,302.80
3/1/2042	4,870	0.250%	192.35	5,062.35	240.40	5,302.75
6/1/2042	4,873	0.250%	189.31	5,062.31	240.40	5,302.71
9/1/2042	4,876	0.250%	186.27	5,062.27	240.40	5,302.67
12/1/2042	4,879	0.250%	183.22	5,062.22	240.40	5,302.62
3/1/2043	4,882	0.250%	180.17	5,062.17	240.40	5,302.57
6/1/2043	4,885	0.250%	177.12	5,062.12	240.40	5,302.52
9/1/2043	4,888	0.250%	174.06	5,062.06	240.40	5,302.46
12/1/2043	4,891	0.250%	171.01	5,062.01	240.40	5,302.41
3/1/2044	4,894	0.250%	167.95	5,061.95	240.40	5,302.35
6/1/2044	4,897	0.250%	164.89	5,061.89	240.40	5,302.29
9/1/2044	4,901	0.250%	161.83	5,062.83	240.40	5,303.23
12/1/2044	4,904	0.250%	158.77	5,062.77	240.40	5,303.17
3/1/2045	4,907	0.250%	155.70	5,062.70	240.40	5,303.10
6/1/2045	4,910	0.250%	152.64	5,062.64	240.40	5,303.04
9/1/2045	4,913	0.250%	149.57	5,062.57	240.40	5,302.97
12/1/2045	4,916	0.250%	146.50	5,062.50	240.40	5,302.90
3/1/2046	4,919	0.250%	143.43	5,062.43	240.40	5,302.83

6/1/2046	4,922	0.250%	140.35	5,062.35	240.40	5,302.75
9/1/2046	4,925	0.250%	137.28	5,062.28	240.40	5,302.68
12/1/2046	4,928	0.250%	134.20	5,062.20	240.40	5,302.60
3/1/2047	4,931	0.250%	131.12	5,062.12	240.40	5,302.52
6/1/2047	4,934	0.250%	128.04	5,062.04	240.40	5,302.44
9/1/2047	4,937	0.250%	124.95	5,061.95	240.40	5,302.35
12/1/2047	4,940	0.250%	121.87	5,061.87	240.40	5,302.27
3/1/2048	4,944	0.250%	118.78	5,062.78	240.40	5,303.18
6/1/2048	4,947	0.250%	115.69	5,062.69	240.40	5,303.09
9/1/2048	4,950	0.250%	112.60	5,062.60	240.40	5,303.00
12/1/2048	4,953	0.250%	109.50	5,062.50	240.40	5,302.90
3/1/2049	4,956	0.250%	106.41	5,062.41	240.40	5,302.81
6/1/2049	4,959	0.250%	103.31	5,062.31	240.40	5,302.71
9/1/2049	4,962	0.250%	100.21	5,062.21	240.40	5,302.61
12/1/2049	4,965	0.250%	97.11	5,062.11	240.40	5,302.51
3/1/2050	4,968	0.250%	94.01	5,062.01	240.40	5,302.41
6/1/2050	4,971	0.250%	90.90	5,061.90	240.40	5,302.30
9/1/2050	4,975	0.250%	87.79	5,062.79	240.40	5,303.19
12/1/2050	4,978	0.250%	84.68	5,062.68	240.40	5,303.08
3/1/2051	4,981	0.250%	81.57	5,062.57	240.40	5,302.97
6/1/2051	4,984	0.250%	78.46	5,062.46	240.40	5,302.86
9/1/2051	4,987	0.250%	75.35	5,062.35	240.40	5,302.75
12/1/2051	4,990	0.250%	72.23	5,062.23	240.40	5,302.63
3/1/2052	4,993	0.250%	69.11	5,062.11	240.40	5,302.51
6/1/2052	4,996	0.250%	65.99	5,061.99	240.40	5,302.39
9/1/2052	4,999	0.250%	62.87	5,061.87	240.40	5,302.27
12/1/2052	5,003	0.250%	59.74	5,062.74	240.40	5,303.14
3/1/2053	5,006	0.250%	56.62	5,062.62	240.40	5,303.02
6/1/2053	5,009	0.250%	53.49	5,062.49	240.40	5,302.89
9/1/2053	5,012	0.250%	50.36	5,062.36	240.40	5,302.76
12/1/2053	5,015	0.250%	47.22	5,062.22	240.40	5,302.62
3/1/2054	5,018	0.250%	44.09	5,062.09	240.40	5,302.49
6/1/2054	5,021	0.250%	40.95	5,061.95	240.40	5,302.35
9/1/2054	5,025	0.250%	37.81	5,062.81	240.40	5,303.21
12/1/2054	5,028	0.250%	34.67	5,062.67	240.40	5,303.07
3/1/2055	5,031	0.250%	31.53	5,062.53	240.40	5,302.93
6/1/2055	5,034	0.250%	28.39	5,062.39	240.40	5,302.79
9/1/2055	5,037	0.250%	25.24	5,062.24	240.40	5,302.64
12/1/2055	5,040	0.250%	22.09	5,062.09	240.40	5,302.49
3/1/2056	5,043	0.250%	18.94	5,061.94	240.40	5,302.34
6/1/2056	5,047	0.250%	15.79	5,062.79	240.40	5,303.19

9/1/2056	5,050	0.250%	12.64	5,062.64	240.40	5,303.04
12/1/2056	5,053	0.250%	9.48	5,062.48	240.40	5,302.88
3/1/2057	5,056	0.250%	6.32	5,062.32	240.40	5,302.72
6/1/2057	5,059	0.250%	3.16	5,062.16	240.27	5,302.43
	752,237		37,502.27	789,739.27	37,502.27	827,241.54
The quarterly administration fee is calculated based upon 0.25% of the loan payments and will be $240.40, with a final payment of $240.27, to total $37,502.27.						

(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:

_____

BOND REGISTER

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF MONTGOMERY
SEWER REVENUE BOND, SERIES 2017 A
(WV CWSRF PROGRAM)

Bond Number	Principal Amount	Date of Bond
No. AR-1	$752,237	September 7, 2017

NO WRITING ON THIS BOND REGISTER EXCEPT BY THE REGISTRAR

Name of Registered Owner:

West Virginia Water Development Authority
1009 Bullitt Street
Charleston, WV 25301

Signature of Registrar:

City National Bank

By: _____
Vice President and Trust Officer

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF MONTGOMERY
SEWER REVENUE BOND, SERIES 2017 B
(WV CWSRF PROGRAM)

No. BR-1 $239,333

KNOW ALL MEN BY THESE PRESENTS: That CITY OF MONTGOMERY, a municipal corporation, public corporation and political subdivision of the State of West Virginia in Fayette County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefore, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of TWO HUNDRED THIRTY-NINE THOUSAND THREE HUNDRED THIRTY-THREE DOLLARS ($239,333), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously forgiven, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein. This Bond shall not be subject to the Administrative Fee.

The principal amounts advanced under this Bond will be deemed forgiven on the 30th day of June in the fiscal year in which advanced. This Bond shall be deemed no longer outstanding after the last advance is forgiven. This Bond shall bear no interest.

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 by and among the Issuer, the Authority and the DEP, dated September 7, 2017.

This Bond is issued (i) to pay a portion of the costs of acquiring, constructing and equipping certain improvements and extensions to the existing public sewerage facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing public sewerage facilities of the Issuer, the improvements and extensions constructed by the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 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 August 21, 2017, and a Supplemental Resolution duly adopted by the Issuer on August 21, 2017 (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 this Bond under the Bond Legislation.

THIS BOND IS ISSUED ON PARITY AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT WITH THE ISSUER'S (i) $1,164,146 SEWER REVENUE BOND, SERIES 1987 A, (ii) $285,539 SEWER REVENUE BOND, SERIES 1987 B, (iii) $648,387 SEWER REVENUE BOND, SERIES 1993 A, (iv) $21,613 SEWER REVENUE BOND, SERIES 1993 B, (v) $175,000 SEWER REVENUE BOND, SERIES 1996 A, AND (vi) $309,000 SEWER REVENUE BOND, SERIES 2009 (COLLECTIVELY, THE "PRIOR BONDS"), AND SIMULTANEOUSLY WITH THE ISSUER'S $752,237 SEWER REVENUE BOND (WV CWSRF PROGRAM), SERIES 2017 A BOND.

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

All provisions of the Bond Legislation, Ordinances 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, CITY OF MONTGOMERY has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated September 7, 2017.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is the Series 2017 B Bond 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: September 7, 2017.

City National Bank, as Registrar

By: _____
Vice President and Trust Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $2,448.00	9/7/17	(6) $	
(2) $		(7) $	
(3) $		(8) $	
(4) $		(9) $	
(5) $		(10) $	

TOTAL $_____

(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:

_____

BOND REGISTER

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF MONTGOMERY
SEWER REVENUE BOND, SERIES 2017 B
(WV CWSRF PROGRAM)

Bond Number	Principal Amount	Date of Bond
No. BR-1	$239,333	September 7, 2017

NO WRITING ON THIS BOND REGISTER EXCEPT BY THE REGISTRAR

Name of Registered Owner:

West Virginia Water Development Authority
1009 Bullitt Street
Charleston, WV 25301

Signature of Registrar:

City National Bank

By: _____
Vice President and Trust Officer

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Bond Purchase Agreement. The Bond Purchase Agreement, including all schedules and exhibits attached thereto, is hereby approved. The Series 2017 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, 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 Recorder 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.

Section 3.12. Filing of Amended Schedule. Within 60 days following the Completion Date, 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 construction of the Project and sources of funds therefore.

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 Ordinances);

(2) Renewal and Replacement Fund (established by the Prior Ordinances); and

(3) Series 2017 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 2017 A Bonds Sinking Fund; and

(2) Series 2017 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 this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following manner and order of priority:

(1) The Issuer shall first each month pay from the Revenue Fund the amount necessary and sufficient to pay current Operating Expenses.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Paying Agent the amounts required by the Prior Ordinances to pay interest on the Prior Bonds and pay interest on the Series 2017 A Bond.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Paying Agent or the Commission: (i) the amounts required by the Prior Ordinances to pay principal on the Prior Bonds; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 2017 A Bond, remit to the Commission for deposit in the Series 2017 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2017 A Bond on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2017 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission the amounts: (i) to make reserve fund payments on the Prior Bonds required by the Prior Ordinances; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 2017 A Bond, if not fully funded upon issuance of the Series 2017 A Bond, remit to the Commission for deposit in the Series 2017 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2017 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2017 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 2017 A Bonds Reserve Requirement.

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

Moneys in the Series 2017 A Bonds Sinking Fund shall be used only for the purpose of paying principal of and interest, if any, on the Series 2017 A Bond as the same shall become due. Moneys in the Series 2017 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2017 A Bond as the same shall come due, when other moneys in the Series 2017 A Bonds Sinking Fund are insufficient therefore, and for no other purpose.

All investment earnings on moneys in the Series 2017 A Bonds Sinking Fund and the Series 2017 A Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due, if any, on the Series 2017 A Bond, and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2017 A Bonds Reserve Account which result in a reduction in the balance therein below the Series 2017 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 order set forth above.

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

on such additional parity bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve accounts in an amount equal to the requirement therefore.

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

Principal, interest or reserve account payments, whether made for a deficiency or otherwise, shall be made on parity and pro rata, with respect to the Prior Bonds and the Series 2017 Bonds, in accordance with the respective principal amounts then Outstanding.

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

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

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

B. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required principal, interest and reserve account payments with respect to the Series 2017 Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. The Issuer shall also on the first 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 as Exhibit F, 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 law, such excess shall be considered Surplus Revenues.

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 at any time, make the necessary arrangements whereby such required payments shall be automatically deducted from the Revenue Fund and transferred to the Commission on the dates required.

F. The moneys in excess of the maximum amounts insured by FDIC in any of the 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 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 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.

ARTICLE VI

BOND PROCEEDS

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

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

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

C. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2017 A Bond shall be used to fund the Series 2017 A Bonds Reserve Account, if not funded upon issuance of the Series 2017 A Bond, in an amount not to exceed the Series 2017 A Bonds Reserve Requirement; provided that, in no event shall more than 10% of the proceeds of the Series 2017 A Bond be deposited in the Series 2017 A Bonds Reserve Account. Any remaining proceeds thereafter shall be used as directed by the DEP.

Section 6.02. Disbursements from 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 2017 Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments of all Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2017 Construction Trust Fund shall be made only after submission to, and approval 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 as Exhibit C 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, moneys in the Series 2017 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 the Holder of the Series 2017 Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holder of the Series 2017 Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2017 Bonds or the interest, if any, thereon is Outstanding and unpaid.

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

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 2017 Bonds shall be secured by a first lien on the Net Revenues derived from the System, on parity with the lien on such Net Revenues in favor of the Holders of the Prior Bonds. The Net Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 2017 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. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken

any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal, and the Issuer shall provide an opinion of counsel to the Issuer 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 a 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 in the tariff on file with the Public Service Commission of West Virginia and approved by the Issuer on December 8, 2015.

So long as the Series 2017 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 2017 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 the System, or any part thereof, except as provided in the Prior Ordinances. Additionally, so long as the Series 2017 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 2017 Bonds, immediately be remitted to the Commission for deposit in the Series 2017 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 2017 Bonds. Any balance remaining after the payment of the Series 2017 Bonds and interest, if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefore, 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 Ordinance, determine that such property comprising a part of the System is no

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

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

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

The Issuer shall give the 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, 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 2017 Bonds pursuant to this Bond Legislation, except with the prior written consent of DEP and the Authority 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 parity in all respects with the Series 2017 Bonds.

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

No parity bonds shall be issued at any time, however, unless there has been procured and filed with the Recorder 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 Ordinance then Outstanding; and

(3) The parity bonds then proposed to be issued.

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such parity bonds and (b) any increase in rates adopted by the Issuer and approved by the Public Service Commission of West Virginia, the period for appeal of which has expired prior to the date of delivery of such parity bonds, and shall not exceed the amount to be stated in a certificate of the

Independent Certified Public Accountants, which shall be filed in the office of the Recorder 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, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer, the period for appeal of which has expired prior to issuance of such parity bonds.

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 Holder of the Series 2017 Bonds and the Prior Bonds and the Holder of any parity bonds subsequently issued from time to time within the limitations of and in compliance with this section. Bonds issued on parity, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and security for payment from said revenues, without preference of any bond of one series over any other bond of the same series. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such parity bonds, in addition to the payments required for bonds theretofore issued pursuant to this Bond Legislation.

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

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

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 cost 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 it 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 of the System at all reasonable times following completion of construction of the Project and commencement of operation thereof, or if the Project is an improvement to an existing system, at any reasonable time following commencement of construction.

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

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the Public Service Commission of West Virginia. The Issuer shall maintain separate control accounting records. 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 that 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 purchasers of the Series 2017 Bonds, and shall mail in each year to any Holder or Holders of the Series 2017 Bonds, requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants (and, to the extent legally required, in compliance with 2 CFR 200 Subpart F, or any successor

thereto) and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to the Holder of the Series 2017 Bonds, and shall submit said report to the Authority and the DEP, or any other original purchasers of the Series 2017 Bonds. Such audit report submitted to the Authority and the DEP 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 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 permit the DEP and the Authority, 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 also provide the DEP and the Authority, 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 DEP and the Authority with respect to the System pursuant to the Act.

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.

Section 7.09. Rates. Prior to the issuance of the Series 2017 Bonds, equitable rates or charges for the use of and service rendered by the System 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 Recorder, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at

least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2017 A Bond and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2017 A Bond, including the Parity Bonds; provided that in the event that amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 2017 A Bonds Reserve Account and any reserve accounts for obligations on a parity with the Series 2017 A Bond, including the Parity Bonds, are funded at least at the requirement therefore, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2017 A Bond and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2017 A Bond, including the parity bonds. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and enact by Ordinance 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 the DEP 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 therefore in such budget without a written finding and recommendation by a professional engineer which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by an Ordinance duly enacted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all Ordinances authorizing increased expenditures for operation and maintenance to the Authority and the DEP and to any Holder of any Bonds, within 30 days of adoption thereof, and shall make available such budgets and all Ordinances authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Authority and the DEP and to any Holder of any Bonds, or anyone acting for and on 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 construction 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 Authority and the DEP by the 10th day of each month.

Section 7.11. Engineering Services and Operating Personnel. The Issuer shall 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 DEP and the Authority, the Project is adequate for the purposes for

which it was designed, the funding plan as submitted to the DEP and the Authority 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 DEP and 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 engineer shall certify to the Authority, 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, 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 Regulation, 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.

The Issuer shall serve the additional customers at the location(s) as set forth in the Certificate of Engineer. The Issuer shall not reduce the amount of additional customers served by the Project without the prior written approval of the Board of the Authority. Following completion of the Project, the Issuer shall certify to the Authority the number of customers added to the System.

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

Section 7.13. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the

System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable, the user of the services and facilities shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System 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, 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 2017 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 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) WORKERS' COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract, if any, 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 System facilities 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 for every officer, member and employee of the Issuer having custody of the revenues or of any other funds of the System, in an amount at least equal to the total funds in the custody of any such person at any one time.

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

The Issuer shall also require all contractors engaged in the construction of the Project to carry such workers' compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project, provided that the amounts and terms of such coverage are satisfactory to the DEP and the Authority. 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. The Issuer shall verify such insurance prior to commencement of construction.

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 Division 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 Division 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 therefore.

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 of Construction; Permits and Orders. The Issuer will cause the Project to be constructed 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 construction of the Project and operation of the System and shall provide a certificate of the Consulting Engineer to such effect, all orders and approvals required by State law and the Council necessary for the construction of the Project and the operation of the System and all approvals for issuance of the Series 2017 Bonds required by state law, with all requisite appeal periods having expired without successful appeal and shall provide an opinion of counsel to the Issuer to such effect.

Section 7.18. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2017 Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due, on the Series 2017 Bonds during the term thereof is, under the terms of the Series 2017 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property, or borrowed money, used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2017 Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2017 Bonds during the term thereof is, under the terms of the Series 2017 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property, or borrowed money, used or to be used for a Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2017 Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 2017 Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of the portion of the Project to which such Private Business Use is related. All of the foregoing shall be determined in accordance with the Code.

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

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

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

E. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 2017 Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

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

Section 7.20. Compliance with Bond Purchase Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms, conditions and requirements of the Bond Purchase Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer will provide the DEP with copies of all documents submitted to the Authority.

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

Section 7.21. 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 7.22. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2017 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 and the Authority for written approval. The Issuer shall obtain the written approval of the DEP before expending any proceeds of the Series 2017 Bonds held in "contingency" 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 2017 Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the funding as being provided by the DEP and the Authority in any press release, publication, program, bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any ground breaking or dedication of the Project.

ARTICLE VIII

INVESTMENTS; USE OF PROCEEDS

Section 8.01. Investments. Any moneys 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 moneys 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 moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission 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 bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

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

Section 8.02. 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 2017 Bonds as a condition to issuance of the Series 2017 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 2017 Bonds as may be necessary in order to maintain the status of the Series 2017 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 2017 Bonds that would cause any bonds or notes, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or DEP, as the case may be, from which the proceeds of the Series 2017 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 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 Ordinance.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2017 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 2017 Bonds:

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

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

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

(4) If default occurs with 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 Owner 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 Owner 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 Owner; provided that, all rights and remedies of the Holders of the Series 2017 Bonds shall be on parity with the Holders of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the 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 Bond 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 Owner of the Bond. 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 Owner 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 Holder of the Series 2017 Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues, the pledge of future grant proceeds and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Series 2017 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2017 Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2017 Bonds, no material modification or amendment of this Ordinance, or of any Ordinance amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owner of the Series 2017 Bonds shall be made without the consent in writing of the Registered Owner of the Series 2017 Bonds so affected and then

Outstanding; provided, that no change shall be made in the maturity of the Series 2017 Bonds or the rates of interest, if any, thereon, or in the principal amounts thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein respectively pledged therefore without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amounts of the Series 2017 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 Bondholders as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest, if any, on the Series 2017 Bonds from gross income of the holders thereof.

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

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

Section 11.04. Headings, Etc. The headings and catch lines 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; Prior Ordinances. All orders or Ordinances, 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 at the enactment of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, Recorder and members of the Governing Body were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

Section 11.07. Procedure on Enactment of Ordinance; Public Hearing. Upon adoption of this Ordinance, the Recorder is hereby authorized and directed to have an abstract of this Ordinance, which abstract has been determined by the

Council of the Issuer to contain sufficient information to give notice of the contents of such Ordinance, published once each week for 2 successive weeks, with not less than six full days between each publication, the first such publication to be not less than 10 days before the date stated below for the public hearing, in the *Charleston Gazette-Mail*, a newspaper published and having a general circulation in the City of Montgomery, together with a notice to all persons concerned, stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2017 Bonds described in this Ordinance and that any person interested may appear before the Council at the public hearing to be had at a public meeting of Council on the 21st day of August, 2017, at 6:00 p.m., in the Council Chambers of the Montgomery City Hall at 706 Third Avenue and present protests, and that a copy of this Ordinance is on file with the Recorder for review by interested parties during the office hours of the Recorder. At such hearing, all protests and suggestions shall be heard by the Council, and it shall then take such action as it shall deem proper in the premises.

Section 11.08. Effective Date. This Ordinance shall take effect immediately upon enactment.

Enacted this 7th day of September, 2017.

CITY OF MONTGOMERY

By: _____
Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the CITY OF MONTGOMERY on the 21st day of August, 2017.

Dated: August 21, 2017

[SEAL]

_____
Recorder

EXHIBIT A

Bond Purchase Agreement included in bond transcript at Tab 3.

CITY OF MONTGOMERY

SEWER REVENUE BONDS
SERIES 2017 (WV CWSRF PROGRAM)

BOND ORDINANCE

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CITY OF MONTGOMERY
SEWER REVENUE BONDS
SERIES 2017 A (WV CWSRF PROGRAM)
AND
SERIES 2017 B (WV CWSRF PROGRAM)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNTS, DATE, MATURITY DATE, INTEREST RATES, PAYMENT SCHEDULES, SALE PRICES AND OTHER TERMS OF THE CITY OF MONTGOMERY, SEWER REVENUE BONDS, SERIES 2017 A (WV CWSRF PROGRAM) AND SERIES 2017 B (WV CWSRF PROGRAM); AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF THE SERIES 2017 BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; APPROVING AND RATIFYING THE BOND PURCHASE AGREEMNT WITH RESPECT TO THE SERIES 2017 BONDS; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Town Council (the "Governing Body") of the City of Montgomery (the "Issuer") has duly and officially enacted a Bond Ordinance on August 21, 2017 (the "Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF THE CITY OF MONTGOMERY AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN $991,570 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2017 (WV CWSRF PROGRAM) IN ONE OR MORE SERIES; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNER 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 ENACTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Ordinance provides for the issuance of the Sewer Revenue Bonds, Series 2017 A (WV CWSRF Program) and Series 2017 B (WV CWSRF PROGRAM) of the Issuer, in the aggregate principal amount not to exceed $991,570 (collectively, the "Series 2017 Bonds"), and authorized the execution and delivery of a Bond Purchase Agreement (the "Agreement") relating to the Series 2017 Bonds, including all schedules and exhibits attached thereto, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Division of Environmental Protection ("DEP"), all in accordance with Chapter 16, Article 13 and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (collectively, the "Act"); and in the Ordinance it is provided that the exact principal amounts, date, maturity date, interest rates, payment schedules, sale prices and other terms of the Bonds should be established by a supplemental resolution, and that other matters relating to the Bonds be therein provided for;

WHEREAS, the Agreement for the sale of the Series 2017 Bonds has been presented to the Issuer at this meeting;

WHEREAS, the Series 2017 Bonds are proposed to be purchased by the Authority pursuant to the Agreement; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Agreement be approved and ratified, that the exact principal amounts, date, maturity date, interest rates, payment schedules, sale prices and other terms of the Series 2017 Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Series 2017 Bonds be herein provided for.

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

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 following bonds of the Issuer:

A. Sewer Revenue Bond, Series 2017A (WV CWSRF PROGRAM), of the Issuer, originally represented by a single bond, numbered AR-1, in the original principal amount of $752,237. The Series 2017 A Bond shall be dated the date of delivery, shall finally mature June 1, 2057, and shall bear interest at the rate of 0.25% per annum, plus an administrative fee of 0.25% per annum. The principal of the Series 2017 A Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2018, in the amounts set forth in the Schedule Y attached to the Agreement and incorporated in and made a part of the Series 2017 A Bond. The Series 2017 A Bond shall be subject to redemption upon the written consent of the

Authority and DEP, and upon payment of the redemption premium, if any, and otherwise in compliance with the Agreement, so long as the Authority shall be the Registered Owner of the Series 2017 A Bond.

B. Sewer Revenue Bond, Series 2017B (WV CWSRF PROGRAM), of the Issuer, originally represented by a single bond, numbered BR-1, in the original principal amount of $239,333. The Series 2017 B Bond shall be dated the date of delivery. The principal amounts advanced under the Series 2017 B Bond will be deemed forgiven on the 30th day of June in the fiscal year in which advanced. The Series 2017 B Bond shall be deemed no longer outstanding after the last advance is forgiven. The Series 2017 B Bond shall bear no interest.

Section 2. All other provisions relating to the Series 2017 Bonds and the text of the Series 2017 Bonds shall be in substantially the form provided in the Ordinance.

Section 3. The Issuer hereby ratifies, approves and accepts the Agreement, including all schedules and exhibits attached thereto, a copy of which is incorporated herein by reference and the form of which is attached hereto and incorporated herein as Exhibit A, and the execution and delivery of the Agreement by the Mayor and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed. The Issuer hereby affirms all covenants and representations made in the Agreement and in the applications to DEP and the Authority.

The price of the Series 2017 A Bond shall be 100% of par value, bearing interest at the rate of 0.25% per annum, plus an administrative fee of 0.25% per annum, provided that the proceeds of the Series 2017 A Bond shall be advanced from time to time as requisitioned by the Issuer. The price of the Series 2017 B Bond shall be 100% of par value, bearing no interest per annum, with principal forgiveness on the 30th day of June in the fiscal year in which advanced, provided that the proceeds of the Series 2017 B Bond shall be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer hereby appoints and designates City National Bank, Beckley, West Virginia, to serve as Registrar (the "Registrar") for the Series 2017 Bonds under the Ordinance and approves and accepts the Registrar's Agreement to be dated the date of delivery of the Series 2017 Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed and approved.

Section 5. The Issuer hereby appoints and designates the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Commission"), to serve as Paying Agent for the Series 2017 Bonds under the Ordinance.

Section 6. The Issuer hereby appoints and designates City National Bank to serve as Depository Bank for the Revenue Fund, the Renewal and Replacement Fund and the Series 2017 Construction Trust Fund.

Section 7. The proceeds of the Series 2017 Bonds, as advanced from time to time, shall be deposited in or credited to the Series 2017 Construction Trust Fund, as received by the Issuer for payment of costs of the Project, including costs of issuance of the Series 2017 Bonds.

Section 8. The Mayor and Recorder are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Series 2017 Bonds hereby and by the Ordinance approved and provided for, to the end that the Series 2017 Bonds may be delivered to the Authority pursuant to the Agreement on September 7, 2017.

Section 9. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Series 2017 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 10. The Issuer hereby determines to invest all moneys in the funds and accounts established by the Ordinance held by the Depository Bank until expended, in money market accounts secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to invest all moneys in such money market accounts until further directed in writing by the Issuer. Moneys in the Sinking Funds and the Reserve Accounts for the Series 2017 Bonds shall be invested by the Commission in the West Virginia Consolidated Fund.

Section 11. The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project, and the Mayor is hereby authorized and directed to execute and deliver all such contracts.

Section 19. The Issuer hereby approves the costs of issuance and authorizes the payment of the same.

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

Adopted this 21st day of August, 2017.

Mayor

Recorder

CERTIFICATION

Certified as a true copy of a Supplemental Resolution duly adopted by the City Council of City of Montgomery on the 21st day of August, 2017.

Dated as of the 21st day of August, 2017.

[SEAL]

Recorder

Exhibit A

(Form of Bond Purchase Agreement)

SRF-BPA-1
(02/16)

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 MONTGOMERY
(C-544297 / 2013S-1478)
(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, who was selected pursuant to Article 1, Chapter 5G of the Code of West Virginia of 1931, as amended.

1.3 "Decentralized System" means wastewater treatment systems that treat wastewater, then reusing and/or dispersing the reclaimed water, as close to where it is generated as practical in each circumstance. A Decentralized System may include: on-site systems contained entirely within the simple boundaries of the lot it serves; small-scale collective systems, with their reuse/dispersal sites on easements on the lots served, on vacant lots purchased for this purpose, on off-site properties, or a combination of these; larger scale collective systems utilizing dispersed or aggregated reuse/dispersal sites or discharging to surface water.

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

1.5 "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.

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

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

1.8 "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.

1.9 "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.

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

1.11 "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.

1.12 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, in accordance with generally accepted governmental accounting standards. 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 Record Drawings, 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 or updated Operation and Maintenance Manual, if necessary 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 a state certified plant operator prior to the Project being 50% complete and notify the DEP of such employment. The Local Government shall retain the operator(s) to operate the System during the entire term of this Bond Purchase Agreement.

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 20th of each month to the DEP and the Authority.

2.13 The Local Government shall perform an annual maintenance audit which maintenance audit shall be submitted to the Authority and the Public Service Commission of West Virginia (the "PSC").

2.14 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 required by State law 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, or bond 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, or bond 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, or bond 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; and

(k) The Local Government shall have obtained 100% of the titles, easements and rights-of-way, or shall have received rights-of-entry or recorded binding options for the same and the Authority and DEP shall receive an opinion of counsel to the Local Government, satisfactory to the Authority and DEP, to such effect.

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."

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.

3.7 The Local Government shall comply with all federal requirements applicable to the Loan (including those imposed by P.L. 113-76, Consolidated Appropriations Act, 2014, and related SRF Policy Guidelines issued by the EPA) which the Local Government understands includes, among other things, requirements that all of the iron and steel products used in the Project are to be produced in the United States ("American Iron and Steel Requirement") unless (i) the Local Government has requested and obtained a waiver from the EPA pertaining to the Project or (ii) DEP has otherwise advised the Local Government in writing that the American Iron and Steel Requirement is not applicable to the Project.

3.8 The Local Government shall comply with all record keeping and reporting requirements under the Clean Water Act, including any reports required by a Federal agency or DEP such as performance indicators of program deliverables, information on costs and Project progress. The Local Government understands that (i) each contract and subcontract related to the Project is subject to audit by appropriate federal and state entities and (ii) failure to comply with the Clean Water Act and this Agreement may be a default hereunder that results in a repayment of the Loan in advance of the maturity of the Bonds and/or other remedial actions.

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 in accordance with 2 CFR 200 Subpart F (or any successor thereto) or the laws of the State 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 and DEP, and with the prior written consent of the Authority and DEP;

(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 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 An amount equal to the outstanding invoices 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.

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; or

(ii) 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 MONTGOMERY

(SEAL)

By: _____
Its: Mayor
Date: September 7, 2017

Attest:

_____
Its: Recorder

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

By: _____
Its: Director
Date: September 7, 2017

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Its: Executive Director
Date: September 7, 2017

Attest:

_____
Its: Authorized Officer

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 20th 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 B 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

[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".

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; (xi) the successful bidders have provided the Drug-Free Workplace Affidavit as evidence of the Vendor's compliance with the provisions of Article 1D, Chapter 21 of the West Virginia Code; and (xii) attached hereto as Exhibit A is the final amended "Schedule B - Total Cost of Project; Sources of Funds and Cost of Financing" for the Project.

4. The Project will serve _____ new customers in the _____ area as approved by the Infrastructure Council without substitution.

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

_____

By _____
West Virginia License No. _____

[SEAL]

[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. FISCAL SUSTAINABILITY – The Local Government shall submit an acceptable fiscal sustainability plan that complies with Section 603(d)(1)(E) of the Clean Water Act to DEP no later than six months following substantial completion of the Project. This requirement shall be included in the bond closing documents.

C. WAGE RATES – The Local Government shall require that all laborers and mechanics employed by its contractors and subcontractors be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the United States Secretary of Labor (DOL) in accordance with subchapter IV of chapter 32 of title 40, United States Code. The Local Government must require that contractors and subcontractors obtain wage determinations from DOL and comply with DOL guidance and regulations implementing wage rate requirements.

EXHIBIT F

MONTHLY PAYMENT FORM

West Virginia Water Development Authority
1009 Bullitt Street
Charleston, WV 25301

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
1009 Bullitt Street
Charleston, WV 25301

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. Under the Act, the Local Bonds and any interest thereon are exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

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

A. Series A Bonds (CWSRF Base Program)

Principal Amount of Local Bonds	$752,237
Purchase Price of Local Bonds	$752,237

The Local Bonds shall bear interest at a rate of 0.25% per annum. Commencing September 1, 2018, principal of and interest on the Local Bonds is payable quarterly, with an administrative fee of 0.25%. 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.

Number of Proposed New Customers to Be Served: -0-
Location: Sixth Avenue pump station, City of Montgomery, Fayette County

As of the date of the Bond Purchase 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:

(i) Sewer Revenue Bond, Series 1987 A, dated October 27, 1987, issued in the original principal amount of $1,164,146;

(ii) Sewer Revenue Bond, Series 1987 B, dated October 27, 1987, issued in the original principal amount of $285,539;

(iii) Sewer Revenue Bond, Series 1993 A, dated January 19, 1993, issued in the original principal amount of $648,387;

(iv) Sewer Revenue Bond, Series 1993 B, dated January 19, 1993, issued in the original principal amount of $21,613; and

(v) Sewer Revenue Bond, Series 2009, dated May 12, 2009, issued in the original principal amount of $309,000.

B. Series B Bonds (CWSRF Forgiveness)

Principal Amount of Local Bonds	$239,333
Purchase Price of Local Bonds	$239,333

The Local Bonds shall bear no interest. The Authority at the direction of the DEP shall forgive the principal amount of the Local Bonds. The principal amounts advanced under the Series B Bonds will be deemed forgiven on the 30th day of June in the fiscal year in which advanced. The Series B Bonds shall be deemed no longer outstanding after the last advance is forgiven.

The Local Bonds are fully registered in the name of the Authority.

The Local Government shall make monthly payments into the Renewal and Replacement Fund as required by Section 4.1 of this Agreement for at least the term of the Local Bonds.

The Local Government shall notify the Authority and the DEP of any proposed bond indebtedness secured by the revenues of the System.

SCHEDULE Y
DEBT SERVICE SCHEDULE

Net Debt Service

City of Montgomery

CWSRF

$752,237

0.25% Interest Rate

0.25% Administrative Fee

Date	Principal	Coupon	Interest	Total Debt Service	Admin Fee	Net Debt Service
9/1/2018	4,592	0.250%	470.15	5,062.15	240.40	5,302.55
12/1/2018	4,595	0.250%	467.28	5,062.28	240.40	5,302.68
3/1/2019	4,598	0.250%	464.41	5,062.41	240.40	5,302.81
6/1/2019	4,601	0.250%	461.53	5,062.53	240.40	5,302.93
9/1/2019	4,604	0.250%	458.66	5,062.66	240.40	5,303.06
12/1/2019	4,607	0.250%	455.78	5,062.78	240.40	5,303.18
3/1/2020	4,609	0.250%	452.90	5,061.90	240.40	5,302.30
6/1/2020	4,612	0.250%	450.02	5,062.02	240.40	5,302.42
9/1/2020	4,615	0.250%	447.14	5,062.14	240.40	5,302.54
12/1/2020	4,618	0.250%	444.25	5,062.25	240.40	5,302.65
3/1/2021	4,621	0.250%	441.37	5,062.37	240.40	5,302.77
6/1/2021	4,624	0.250%	438.48	5,062.48	240.40	5,302.88
9/1/2021	4,627	0.250%	435.59	5,062.59	240.40	5,302.99
12/1/2021	4,630	0.250%	432.70	5,062.70	240.40	5,303.10
3/1/2022	4,633	0.250%	429.80	5,062.80	240.40	5,303.20
6/1/2022	4,635	0.250%	426.91	5,061.91	240.40	5,302.31
9/1/2022	4,638	0.250%	424.01	5,062.01	240.40	5,302.41
12/1/2022	4,641	0.250%	421.11	5,062.11	240.40	5,302.51
3/1/2023	4,644	0.250%	418.21	5,062.21	240.40	5,302.61
6/1/2023	4,647	0.250%	415.31	5,062.31	240.40	5,302.71
9/1/2023	4,650	0.250%	412.40	5,062.40	240.40	5,302.80
12/1/2023	4,653	0.250%	409.50	5,062.50	240.40	5,302.90
3/1/2024	4,656	0.250%	406.59	5,062.59	240.40	5,302.99
6/1/2024	4,659	0.250%	403.68	5,062.68	240.40	5,303.08
9/1/2024	4,662	0.250%	400.77	5,062.77	240.40	5,303.17
12/1/2024	4,664	0.250%	397.85	5,061.85	240.40	5,302.25
3/1/2025	4,667	0.250%	394.94	5,061.94	240.40	5,302.34
6/1/2025	4,670	0.250%	392.02	5,062.02	240.40	5,302.42
9/1/2025	4,673	0.250%	389.10	5,062.10	240.40	5,302.50
12/1/2025	4,676	0.250%	386.18	5,062.18	240.40	5,302.58
3/1/2026	4,679	0.250%	383.26	5,062.26	240.40	5,302.66
6/1/2026	4,682	0.250%	380.34	5,062.34	240.40	5,302.74
9/1/2026	4,685	0.250%	377.41	5,062.41	240.40	5,302.81
12/1/2026	4,688	0.250%	374.48	5,062.48	240.40	5,302.88
3/1/2027	4,691	0.250%	371.55	5,062.55	240.40	5,302.95
6/1/2027	4,694	0.250%	368.62	5,062.62	240.40	5,303.02
9/1/2027	4,697	0.250%	365.69	5,062.69	240.40	5,303.09
12/1/2027	4,700	0.250%	362.75	5,062.75	240.40	5,303.15
3/1/2028	4,703	0.250%	359.81	5,062.81	240.40	5,303.21
6/1/2028	4,705	0.250%	356.87	5,061.87	240.40	5,302.27
9/1/2028	4,708	0.250%	353.93	5,061.93	240.40	5,302.33
12/1/2028	4,711	0.250%	350.99	5,061.99	240.40	5,302.39
3/1/2029	4,714	0.250%	348.05	5,062.05	240.40	5,302.45
6/1/2029	4,717	0.250%	345.10	5,062.10	240.40	5,302.50
9/1/2029	4,720	0.250%	342.15	5,062.15	240.40	5,302.55
12/1/2029	4,723	0.250%	339.20	5,062.20	240.40	5,302.60
3/1/2030	4,726	0.250%	336.25	5,062.25	240.40	5,302.65

Net Debt Service

City of Montgomery

CWSRF

$752,237

0.25% Interest Rate

0.25% Administrative Fee

Date	Principal	Coupon	Interest	Total Debt Service	Admin Fee	Net Debt Service
6/1/2030	4,729	0.250%	333.30	5,062.30	240.40	5,302.70
9/1/2030	4,732	0.250%	330.34	5,062.34	240.40	5,302.74
12/1/2030	4,735	0.250%	327.38	5,062.38	240.40	5,302.78
3/1/2031	4,738	0.250%	324.42	5,062.42	240.40	5,302.82
6/1/2031	4,741	0.250%	321.46	5,062.46	240.40	5,302.86
9/1/2031	4,744	0.250%	318.50	5,062.50	240.40	5,302.90
12/1/2031	4,747	0.250%	315.53	5,062.53	240.40	5,302.93
3/1/2032	4,750	0.250%	312.57	5,062.57	240.40	5,302.97
6/1/2032	4,753	0.250%	309.60	5,062.60	240.40	5,303.00
9/1/2032	4,756	0.250%	306.63	5,062.63	240.40	5,303.03
12/1/2032	4,759	0.250%	303.66	5,062.66	240.40	5,303.06
3/1/2033	4,762	0.250%	300.68	5,062.68	240.40	5,303.08
6/1/2033	4,765	0.250%	297.70	5,062.70	240.40	5,303.10
9/1/2033	4,768	0.250%	294.73	5,062.73	240.40	5,303.13
12/1/2033	4,771	0.250%	291.75	5,062.75	240.40	5,303.15
3/1/2034	4,774	0.250%	288.76	5,062.76	240.40	5,303.16
6/1/2034	4,777	0.250%	285.78	5,062.78	240.40	5,303.18
9/1/2034	4,780	0.250%	282.80	5,062.80	240.40	5,303.20
12/1/2034	4,783	0.250%	279.81	5,062.81	240.40	5,303.21
3/1/2035	4,786	0.250%	276.82	5,062.82	240.40	5,303.22
6/1/2035	4,789	0.250%	273.83	5,062.83	240.40	5,303.23
9/1/2035	4,792	0.250%	270.83	5,062.83	240.40	5,303.23
12/1/2035	4,795	0.250%	267.84	5,062.84	240.40	5,303.24
3/1/2036	4,798	0.250%	264.84	5,062.84	240.40	5,303.24
6/1/2036	4,801	0.250%	261.84	5,062.84	240.40	5,303.24
9/1/2036	4,804	0.250%	258.84	5,062.84	240.40	5,303.24
12/1/2036	4,807	0.250%	255.84	5,062.84	240.40	5,303.24
3/1/2037	4,810	0.250%	252.84	5,062.84	240.40	5,303.24
6/1/2037	4,813	0.250%	249.83	5,062.83	240.40	5,303.23
9/1/2037	4,816	0.250%	246.82	5,062.82	240.40	5,303.22
12/1/2037	4,819	0.250%	243.81	5,062.81	240.40	5,303.21
3/1/2038	4,822	0.250%	240.80	5,062.80	240.40	5,303.20
6/1/2038	4,825	0.250%	237.79	5,062.79	240.40	5,303.19
9/1/2038	4,828	0.250%	234.77	5,062.77	240.40	5,303.17
12/1/2038	4,831	0.250%	231.75	5,062.75	240.40	5,303.15
3/1/2039	4,834	0.250%	228.73	5,062.73	240.40	5,303.13
6/1/2039	4,837	0.250%	225.71	5,062.71	240.40	5,303.11
9/1/2039	4,840	0.250%	222.69	5,062.69	240.40	5,303.09
12/1/2039	4,843	0.250%	219.66	5,062.66	240.40	5,303.06
3/1/2040	4,846	0.250%	216.64	5,062.64	240.40	5,303.04
6/1/2040	4,849	0.250%	213.61	5,062.61	240.40	5,303.01
9/1/2040	4,852	0.250%	210.58	5,062.58	240.40	5,302.98
12/1/2040	4,855	0.250%	207.55	5,062.55	240.40	5,302.95
3/1/2041	4,858	0.250%	204.51	5,062.51	240.40	5,302.91
6/1/2041	4,861	0.250%	201.47	5,062.47	240.40	5,302.87
9/1/2041	4,864	0.250%	198.44	5,062.44	240.40	5,302.84
12/1/2041	4,867	0.250%	195.40	5,062.40	240.40	5,302.80

Net Debt Service

City of Montgomery

CWSRF

$752,237

0.25% Interest Rate

0.25% Administrative Fee

Date	Principal	Coupon	Interest	Total Debt Service	Admin Fee	Net Debt Service
3/1/2042	4,870	0.250%	192.35	5,062.35	240.40	5,302.75
6/1/2042	4,873	0.250%	189.31	5,062.31	240.40	5,302.71
9/1/2042	4,876	0.250%	186.27	5,062.27	240.40	5,302.67
12/1/2042	4,879	0.250%	183.22	5,062.22	240.40	5,302.62
3/1/2043	4,882	0.250%	180.17	5,062.17	240.40	5,302.57
6/1/2043	4,885	0.250%	177.12	5,062.12	240.40	5,302.52
9/1/2043	4,888	0.250%	174.06	5,062.06	240.40	5,302.46
12/1/2043	4,891	0.250%	171.01	5,062.01	240.40	5,302.41
3/1/2044	4,894	0.250%	167.95	5,061.95	240.40	5,302.35
6/1/2044	4,897	0.250%	164.89	5,061.89	240.40	5,302.29
9/1/2044	4,901	0.250%	161.83	5,062.83	240.40	5,303.23
12/1/2044	4,904	0.250%	158.77	5,062.77	240.40	5,303.17
3/1/2045	4,907	0.250%	155.70	5,062.70	240.40	5,303.10
6/1/2045	4,910	0.250%	152.64	5,062.64	240.40	5,303.04
9/1/2045	4,913	0.250%	149.57	5,062.57	240.40	5,302.97
12/1/2045	4,916	0.250%	146.50	5,062.50	240.40	5,302.90
3/1/2046	4,919	0.250%	143.43	5,062.43	240.40	5,302.83
6/1/2046	4,922	0.250%	140.35	5,062.35	240.40	5,302.75
9/1/2046	4,925	0.250%	137.28	5,062.28	240.40	5,302.68
12/1/2046	4,928	0.250%	134.20	5,062.20	240.40	5,302.60
3/1/2047	4,931	0.250%	131.12	5,062.12	240.40	5,302.52
6/1/2047	4,934	0.250%	128.04	5,062.04	240.40	5,302.44
9/1/2047	4,937	0.250%	124.95	5,061.95	240.40	5,302.35
12/1/2047	4,940	0.250%	121.87	5,061.87	240.40	5,302.27
3/1/2048	4,944	0.250%	118.78	5,062.78	240.40	5,303.18
6/1/2048	4,947	0.250%	115.69	5,062.69	240.40	5,303.09
9/1/2048	4,950	0.250%	112.60	5,062.60	240.40	5,303.00
12/1/2048	4,953	0.250%	109.50	5,062.50	240.40	5,302.90
3/1/2049	4,956	0.250%	106.41	5,062.41	240.40	5,302.81
6/1/2049	4,959	0.250%	103.31	5,062.31	240.40	5,302.71
9/1/2049	4,962	0.250%	100.21	5,062.21	240.40	5,302.61
12/1/2049	4,965	0.250%	97.11	5,062.11	240.40	5,302.51
3/1/2050	4,968	0.250%	94.01	5,062.01	240.40	5,302.41
6/1/2050	4,971	0.250%	90.90	5,061.90	240.40	5,302.30
9/1/2050	4,975	0.250%	87.79	5,062.79	240.40	5,303.19
12/1/2050	4,978	0.250%	84.68	5,062.68	240.40	5,303.08
3/1/2051	4,981	0.250%	81.57	5,062.57	240.40	5,302.97
6/1/2051	4,984	0.250%	78.46	5,062.46	240.40	5,302.86
9/1/2051	4,987	0.250%	75.35	5,062.35	240.40	5,302.75
12/1/2051	4,990	0.250%	72.23	5,062.23	240.40	5,302.63
3/1/2052	4,993	0.250%	69.11	5,062.11	240.40	5,302.51
6/1/2052	4,996	0.250%	65.99	5,061.99	240.40	5,302.39
9/1/2052	4,999	0.250%	62.87	5,061.87	240.40	5,302.27
12/1/2052	5,003	0.250%	59.74	5,062.74	240.40	5,303.14
3/1/2053	5,006	0.250%	56.62	5,062.62	240.40	5,303.02
6/1/2053	5,009	0.250%	53.49	5,062.49	240.40	5,302.89
9/1/2053	5,012	0.250%	50.36	5,062.36	240.40	5,302.76

Net Debt Service

City of Montgomery

CWSRF

$752,237

0.25% Interest Rate

0.25% Administrative Fee

Date	Principal	Coupon	Interest	Total Debt Service	Admin Fee	Net Debt Service
12/1/2053	5,015	0.250%	47.22	5,062.22	240.40	5,302.62
3/1/2054	5,018	0.250%	44.09	5,062.09	240.40	5,302.49
6/1/2054	5,021	0.250%	40.95	5,061.95	240.40	5,302.35
9/1/2054	5,025	0.250%	37.81	5,062.81	240.40	5,303.21
12/1/2054	5,028	0.250%	34.67	5,062.67	240.40	5,303.07
3/1/2055	5,031	0.250%	31.53	5,062.53	240.40	5,302.93
6/1/2055	5,034	0.250%	28.39	5,062.39	240.40	5,302.79
9/1/2055	5,037	0.250%	25.24	5,062.24	240.40	5,302.64
12/1/2055	5,040	0.250%	22.09	5,062.09	240.40	5,302.49
3/1/2056	5,043	0.250%	18.94	5,061.94	240.40	5,302.34
6/1/2056	5,047	0.250%	15.79	5,062.79	240.40	5,303.19
9/1/2056	5,050	0.250%	12.64	5,062.64	240.40	5,303.04
12/1/2056	5,053	0.250%	9.48	5,062.48	240.40	5,302.88
3/1/2057	5,056	0.250%	6.32	5,062.32	240.40	5,302.72
6/1/2057	5,059	0.250%	3.16	5,062.16	240.27	5,302.43
	752,237		37,502.27	789,739.27	37,502.27	827,241.54

The quarterly administration fee is calculated based upon 0.25% of the loan payments and will be $240.40, with a final payment of $240.27, to total $37,502.27.

CITY OF MONTGOMERY
SEWER REVENUE BONDS
SERIES 2017 A (WEST VIRGINIA CWSRF PROGRAM)
AND
SERIES 2017 B (WEST VIRGINIA CWSRF PROGRAM)

CROSS-RECEIPT FOR BOND AND BOND PROCEEDS

The undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of itself and the West Virginia Department of Environmental Protection (the "DEP"), and the undersigned Mayor of the City of Montgomery (the "City"), for and on behalf of the City, hereby certify as follows:

1. On the 7th day of September, 2017, at Charleston, West Virginia, the Authority received the City of Montgomery, Sewer Revenue Bonds, Series 2017 A (West Virginia CWSRF Program) and Series 2017 B (West Virginia CWSRF Program) (collectively, the "Series 2017 Bonds"), numbered AR-1, in the principal amount of $752,237, and BR-1, in the principal amount of $239,333, dated as of the date hereof. The Series 2017 Bonds represent the entire above-captioned bond issue.

2. At the time of such receipt, the Series 2017 Bonds had been executed and sealed by the designated officials of the City.

3. The City has received and hereby acknowledges receipt from the Authority of the sums of $138,756.00, being a portion of the principal amount of the Series 2017 A Bond, and $2,448.00, being a portion of the principal amount of the Series 2017 B Bond. The balances of the principal amounts of the Series 2017 Bonds will be advanced to the City by the Authority and the DEP as the construction of the Project progresses.

WITNESS my signature on this 7th day of September, 2014.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: Sheila A. Miller
Authorized Representative

CITY OF MONTGOMERY

By:
Mayor

CITY OF MONTGOMERY
SEWER REVENUE BONDS
SERIES 2017 A (WEST VIRGINIA CWSRF PROGRAM)
AND
SERIES 2017 B (WEST VIRGINIA CWSRF PROGRAM)

REQUEST AND AUTHORIZATION TO
AUTHENTICATE AND DELIVER BONDS

September 7, 2017

City National Bank
One Park Avenue
Beckley, WV 25801
Attention: Trust Department

Ladies and Gentlemen:

We herewith hand to you, duly executed, the $752,237 City of Montgomery, Sewer Revenue Bond, Series 2017 A (West Virginia CWSRF Program) and $239,333 City of Montgomery, Sewer Revenue Bond, Series 2017 B (West Virginia CWSRF Program), in the form of two bonds, numbered AR-1 and BR-1, respectively, dated the date hereof (collectively, the "Bonds"), issued by the City of Montgomery (the "Issuer"), authorized to be issued under and pursuant to the Bond Ordinance enacted on August 21, 2017, as amended by a Supplemental Resolution adopted by the Issuer on August 21, 2017 (collectively, the "Ordinance"). Other defined terms herein shall have the meanings respectively given such terms in the Ordinance.

You have received all the documents required to be filed with you pursuant to the Ordinance.

You are hereby requested and authorized to authenticate, register and deliver the Bonds on behalf of the Issuer to the West Virginia Water Development Authority, acting on behalf of the West Virginia Department of Environmental Protection, as the Purchaser of the Bonds, upon payment to the Issuer of $138,756.00, being the first advance of the principal of the Series 2017 A Bond, and $2,448.00, being the first advance of the principal of the Series 2017 B Bond.

CITY OF MONTGOMERY

By: _____
Mayor

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF MONTGOMERY
SEWER REVENUE BOND, SERIES 2017 A
(WV CWSRF PROGRAM)

SPECIMEN

No. AR-1 $752,237

KNOW ALL MEN BY THESE PRESENTS: That CITY OF MONTGOMERY, a municipal corporation, public corporation and political subdivision of the State of West Virginia in Fayette County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefore, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of SEVEN HUNDRED FIFTY-TWO THOUSAND TWO HUNDRED THIRTY-SEVEN DOLLARS ($752,237), 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 September 1, 2018, 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 described Bond Legislation) on this Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2018, as set forth on EXHIBIT B attached hereto.

This Bond shall bear interest at the rate of zero and 25/100 percent (0.25%) per annum, plus a 0.25% annual administrative fee, beginning September 1, 2018. Principal and interest installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, 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 by and among the Issuer, the Authority and the DEP, dated September 7, 2017.

This Bond is issued (i) to pay a portion of the costs of acquiring, constructing and equipping certain improvements and extensions to the existing public sewerage facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing public sewerage facilities of the Issuer, the improvements and extensions constructed by the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code

SPECIMEN

of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on August 21, 2017, and a Supplemental Resolution duly adopted by the Issuer on August 21, 2017 (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 this Bond under the Bond Legislation.

THIS BOND IS ISSUED ON PARITY AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT WITH THE ISSUER'S (i) $1,164,146 SEWER REVENUE BOND, SERIES 1987 A, (ii) $285,539 SEWER REVENUE BOND, SERIES 1987 B, (iii) $648,387 SEWER REVENUE BOND, SERIES 1993 A, (iv) $21,613 SEWER REVENUE BOND, SERIES 1993 B, (v) $175,000 SEWER REVENUE BOND, SERIES 1996 A, AND (vi) $309,000 SEWER REVENUE BOND, SERIES 2009 (COLLECTIVELY, THE "PRIOR BONDS"), AND SIMULTANEOUSLY WITH THE ISSUER'S $239,333 SEWER REVENUE BOND (WV CWSRF PROGRAM), SERIES 2017 B 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 Prior Bonds from moneys in the reserve account created under the Bond Legislation for this Bond (the "Series 2017 A Bond Reserve Account") and unexpended proceeds of this Bond. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds that may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, or the interest hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2017 A Bonds Reserve Account and unexpended proceeds of this Bond. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on this Bond and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the Prior Bonds; provided however, that so long as there exists in the Series 2017 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on this Bond in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on parity with this Bond, including the Prior Bonds, an amount at least equal to the requirement therefore, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owner of this Bond for the terms of which reference is made to the Bond Legislation. Remedies

provided the registered owner of this Bond are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

All provisions of the Bond Legislation, Ordinances 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, CITY OF MONTGOMERY has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated September 7, 2017.

[SEAL]

SPECIMEN

Mayor

ATTEST:

SPECIMEN

Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is the Series 2017 A Bond 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: September 7, 2017.

City National Bank, as Registrar

By: SPECIMEN
Vice President and Trust Officer

(Form of)

SPECIMEN

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $138,756.00	9/7/17	(6) $	
(2) $		(7) $	
(3) $		(8) $	
(4) $		(9) $	
(5) $		(10) $	

TOTAL $_____

EXHIBIT B

SPECIMEN

DEBT SERVICE SCHEDULE

City of Montgomery
CWSRF
$752,237
0.25% Interest Rate
0.25% Administrative Fee

Date	Principal	Coupon	Interest	Total Debt Service	Admin Fee	Net Debt Service
9/1/2018	4,592	0.250%	470.15	5,062.15	240.40	5,302.55
12/1/2018	4,595	0.250%	467.28	5,062.28	240.40	5,302.68
3/1/2019	4,598	0.250%	464.41	5,062.41	240.40	5,302.81
6/1/2019	4,601	0.250%	461.53	5,062.53	240.40	5,302.93
9/1/2019	4,604	0.250%	458.66	5,062.66	240.40	5,303.06
12/1/2019	4,607	0.250%	455.78	5,062.78	240.40	5,303.18
3/1/2020	4,609	0.250%	452.90	5,061.90	240.40	5,302.30
6/1/2020	4,612	0.250%	450.02	5,062.02	240.40	5,302.42
9/1/2020	4,615	0.250%	447.14	5,062.14	240.40	5,302.54
12/1/2020	4,618	0.250%	444.25	5,062.25	240.40	5,302.65
3/1/2021	4,621	0.250%	441.37	5,062.37	240.40	5,302.77
6/1/2021	4,624	0.250%	438.48	5,062.48	240.40	5,302.88
9/1/2021	4,627	0.250%	435.59	5,062.59	240.40	5,302.99
12/1/2021	4,630	0.250%	432.70	5,062.70	240.40	5,303.10
3/1/2022	4,633	0.250%	429.80	5,062.80	240.40	5,303.20
6/1/2022	4,635	0.250%	426.91	5,061.91	240.40	5,302.31
9/1/2022	4,638	0.250%	424.01	5,062.01	240.40	5,302.41
12/1/2022	4,641	0.250%	421.11	5,062.11	240.40	5,302.51
3/1/2023	4,644	0.250%	418.21	5,062.21	240.40	5,302.61
6/1/2023	4,647	0.250%	415.31	5,062.31	240.40	5,302.71
9/1/2023	4,650	0.250%	412.40	5,062.40	240.40	5,302.80
12/1/2023	4,653	0.250%	409.50	5,062.50	240.40	5,302.90
3/1/2024	4,656	0.250%	406.59	5,062.59	240.40	5,302.99
6/1/2024	4,659	0.250%	403.68	5,062.68	240.40	5,303.08
9/1/2024	4,662	0.250%	400.77	5,062.77	240.40	5,303.17
12/1/2024	4,664	0.250%	397.85	5,061.85	240.40	5,302.25
3/1/2025	4,667	0.250%	394.94	5,061.94	240.40	5,302.34
6/1/2025	4,670	0.250%	392.02	5,062.02	240.40	5,302.42
9/1/2025	4,673	0.250%	389.10	5,062.10	240.40	5,302.50

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12/1/2025	4,676	0.250%	386.18	5,062.18	240.40	5,302.58
3/1/2026	4,679	0.250%	383.26	5,062.26	240.40	5,302.66
6/1/2026	4,682	0.250%	380.34	5,062.34	240.40	5,302.74
9/1/2026	4,685	0.250%	377.41	5,062.41	240.40	5,302.81
12/1/2026	4,688	0.250%	374.48	5,062.48	240.40	5,302.88
3/1/2027	4,691	0.250%	371.55	5,062.55	240.40	5,302.95
6/1/2027	4,694	0.250%	368.62	5,062.62	240.40	5,303.02
9/1/2027	4,697	0.250%	365.69	5,062.69	240.40	5,303.09
12/1/2027	4,700	0.250%	362.75	5,062.75	240.40	5,303.15
3/1/2028	4,703	0.250%	359.81	5,062.81	240.40	5,303.21
6/1/2028	4,705	0.250%	356.87	5,061.87	240.40	5,302.27
9/1/2028	4,708	0.250%	353.93	5,061.93	240.40	5,302.33
12/1/2028	4,711	0.250%	350.99	5,061.99	240.40	5,302.39
3/1/2029	4,714	0.250%	348.05	5,062.05	240.40	5,302.45
6/1/2029	4,717	0.250%	345.10	5,062.10	240.40	5,302.50
9/1/2029	4,720	0.250%	342.15	5,062.15	240.40	5,302.55
12/1/2029	4,723	0.250%	339.20	5,062.20	240.40	5,302.60
3/1/2030	4,726	0.250%	336.25	5,062.25	240.40	5,302.65
6/1/2030	4,729	0.250%	333.30	5,062.30	240.40	5,302.70
9/1/2030	4,732	0.250%	330.34	5,062.34	240.40	5,302.74
12/1/2030	4,735	0.250%	327.38	5,062.38	240.40	5,302.78
3/1/2031	4,738	0.250%	324.42	5,062.42	240.40	5,302.82
6/1/2031	4,741	0.250%	321.46	5,062.46	240.40	5,302.86
9/1/2031	4,744	0.250%	318.50	5,062.50	240.40	5,302.90
12/1/2031	4,747	0.250%	315.53	5,062.53	240.40	5,302.93
3/1/2032	4,750	0.250%	312.57	5,062.57	240.40	5,302.97
6/1/2032	4,753	0.250%	309.60	5,062.60	240.40	5,303.00
9/1/2032	4,756	0.250%	306.63	5,062.63	240.40	5,303.03
12/1/2032	4,759	0.250%	303.66	5,062.66	240.40	5,303.06
3/1/2033	4,762	0.250%	300.68	5,062.68	240.40	5,303.08
6/1/2033	4,765	0.250%	297.70	5,062.70	240.40	5,303.10
9/1/2033	4,768	0.250%	294.73	5,062.73	240.40	5,303.13
12/1/2033	4,771	0.250%	291.75	5,062.75	240.40	5,303.15
3/1/2034	4,774	0.250%	288.76	5,062.76	240.40	5,303.16
6/1/2034	4,777	0.250%	285.78	5,062.78	240.40	5,303.18
9/1/2034	4,780	0.250%	282.80	5,062.80	240.40	5,303.20
12/1/2034	4,783	0.250%	279.81	5,062.81	240.40	5,303.21
3/1/2035	4,786	0.250%	276.82	5,062.82	240.40	5,303.22
6/1/2035	4,789	0.250%	273.83	5,062.83	240.40	5,303.23
9/1/2035	4,792	0.250%	270.83	5,062.83	240.40	5,303.23
12/1/2035	4,795	0.250%	267.84	5,062.84	240.40	5,303.24

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3/1/2036	4,798	0.250%	264.84	5,062.84	240.40	5,303.24
6/1/2036	4,801	0.250%	261.84	5,062.84	240.40	5,303.24
9/1/2036	4,804	0.250%	258.84	5,062.84	240.40	5,303.24
12/1/2036	4,807	0.250%	255.84	5,062.84	240.40	5,303.24
3/1/2037	4,810	0.250%	252.84	5,062.84	240.40	5,303.24
6/1/2037	4,813	0.250%	249.83	5,062.83	240.40	5,303.23
9/1/2037	4,816	0.250%	246.82	5,062.82	240.40	5,303.22
12/1/2037	4,819	0.250%	243.81	5,062.81	240.40	5,303.21
3/1/2038	4,822	0.250%	240.80	5,062.80	240.40	5,303.20
6/1/2038	4,825	0.250%	237.79	5,062.79	240.40	5,303.19
9/1/2038	4,828	0.250%	234.77	5,062.77	240.40	5,303.17
12/1/2038	4,831	0.250%	231.75	5,062.75	240.40	5,303.15
3/1/2039	4,834	0.250%	228.73	5,062.73	240.40	5,303.13
6/1/2039	4,837	0.250%	225.71	5,062.71	240.40	5,303.11
9/1/2039	4,840	0.250%	222.69	5,062.69	240.40	5,303.09
12/1/2039	4,843	0.250%	219.66	5,062.66	240.40	5,303.06
3/1/2040	4,846	0.250%	216.64	5,062.64	240.40	5,303.04
6/1/2040	4,849	0.250%	213.61	5,062.61	240.40	5,303.01
9/1/2040	4,852	0.250%	210.58	5,062.58	240.40	5,302.98
12/1/2040	4,855	0.250%	207.55	5,062.55	240.40	5,302.95
3/1/2041	4,858	0.250%	204.51	5,062.51	240.40	5,302.91
6/1/2041	4,861	0.250%	201.47	5,062.47	240.40	5,302.87
9/1/2041	4,864	0.250%	198.44	5,062.44	240.40	5,302.84
12/1/2041	4,867	0.250%	195.40	5,062.40	240.40	5,302.80
3/1/2042	4,870	0.250%	192.35	5,062.35	240.40	5,302.75
6/1/2042	4,873	0.250%	189.31	5,062.31	240.40	5,302.71
9/1/2042	4,876	0.250%	186.27	5,062.27	240.40	5,302.67
12/1/2042	4,879	0.250%	183.22	5,062.22	240.40	5,302.62
3/1/2043	4,882	0.250%	180.17	5,062.17	240.40	5,302.57
6/1/2043	4,885	0.250%	177.12	5,062.12	240.40	5,302.52
9/1/2043	4,888	0.250%	174.06	5,062.06	240.40	5,302.46
12/1/2043	4,891	0.250%	171.01	5,062.01	240.40	5,302.41
3/1/2044	4,894	0.250%	167.95	5,061.95	240.40	5,302.35
6/1/2044	4,897	0.250%	164.89	5,061.89	240.40	5,302.29
9/1/2044	4,901	0.250%	161.83	5,062.83	240.40	5,303.23
12/1/2044	4,904	0.250%	158.77	5,062.77	240.40	5,303.17
3/1/2045	4,907	0.250%	155.70	5,062.70	240.40	5,303.10
6/1/2045	4,910	0.250%	152.64	5,062.64	240.40	5,303.04
9/1/2045	4,913	0.250%	149.57	5,062.57	240.40	5,302.97
12/1/2045	4,916	0.250%	146.50	5,062.50	240.40	5,302.90
3/1/2046	4,919	0.250%	143.43	5,062.43	240.40	5,302.83

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6/1/2046	4,922	0.250%	140.35	5,062.35	240.40	5,302.75
9/1/2046	4,925	0.250%	137.28	5,062.28	240.40	5,302.68
12/1/2046	4,928	0.250%	134.20	5,062.20	240.40	5,302.60
3/1/2047	4,931	0.250%	131.12	5,062.12	240.40	5,302.52
6/1/2047	4,934	0.250%	128.04	5,062.04	240.40	5,302.44
9/1/2047	4,937	0.250%	124.95	5,061.95	240.40	5,302.35
12/1/2047	4,940	0.250%	121.87	5,061.87	240.40	5,302.27
3/1/2048	4,944	0.250%	118.78	5,062.78	240.40	5,303.18
6/1/2048	4,947	0.250%	115.69	5,062.69	240.40	5,303.09
9/1/2048	4,950	0.250%	112.60	5,062.60	240.40	5,303.00
12/1/2048	4,953	0.250%	109.50	5,062.50	240.40	5,302.90
3/1/2049	4,956	0.250%	106.41	5,062.41	240.40	5,302.81
6/1/2049	4,959	0.250%	103.31	5,062.31	240.40	5,302.71
9/1/2049	4,962	0.250%	100.21	5,062.21	240.40	5,302.61
12/1/2049	4,965	0.250%	97.11	5,062.11	240.40	5,302.51
3/1/2050	4,968	0.250%	94.01	5,062.01	240.40	5,302.41
6/1/2050	4,971	0.250%	90.90	5,061.90	240.40	5,302.30
9/1/2050	4,975	0.250%	87.79	5,062.79	240.40	5,303.19
12/1/2050	4,978	0.250%	84.68	5,062.68	240.40	5,303.08
3/1/2051	4,981	0.250%	81.57	5,062.57	240.40	5,302.97
6/1/2051	4,984	0.250%	78.46	5,062.46	240.40	5,302.86
9/1/2051	4,987	0.250%	75.35	5,062.35	240.40	5,302.75
12/1/2051	4,990	0.250%	72.23	5,062.23	240.40	5,302.63
3/1/2052	4,993	0.250%	69.11	5,062.11	240.40	5,302.51
6/1/2052	4,996	0.250%	65.99	5,061.99	240.40	5,302.39
9/1/2052	4,999	0.250%	62.87	5,061.87	240.40	5,302.27
12/1/2052	5,003	0.250%	59.74	5,062.74	240.40	5,303.14
3/1/2053	5,006	0.250%	56.62	5,062.62	240.40	5,303.02
6/1/2053	5,009	0.250%	53.49	5,062.49	240.40	5,302.89
9/1/2053	5,012	0.250%	50.36	5,062.36	240.40	5,302.76
12/1/2053	5,015	0.250%	47.22	5,062.22	240.40	5,302.62
3/1/2054	5,018	0.250%	44.09	5,062.09	240.40	5,302.49
6/1/2054	5,021	0.250%	40.95	5,061.95	240.40	5,302.35
9/1/2054	5,025	0.250%	37.81	5,062.81	240.40	5,303.21
12/1/2054	5,028	0.250%	34.67	5,062.67	240.40	5,303.07
3/1/2055	5,031	0.250%	31.53	5,062.53	240.40	5,302.93
6/1/2055	5,034	0.250%	28.39	5,062.39	240.40	5,302.79
9/1/2055	5,037	0.250%	25.24	5,062.24	240.40	5,302.64
12/1/2055	5,040	0.250%	22.09	5,062.09	240.40	5,302.49
3/1/2056	5,043	0.250%	18.94	5,061.94	240.40	5,302.34
6/1/2056	5,047	0.250%	15.79	5,062.79	240.40	5,303.19

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9/1/2056	5,050	0.250%	12.64	5,062.64	240.40	5,303.04
12/1/2056	5,053	0.250%	9.48	5,062.48	240.40	5,302.88
3/1/2057	5,056	0.250%	6.32	5,062.32	240.40	5,302.72
6/1/2057	5,059	0.250%	3.16	5,062.16	240.27	5,302.43
	752,237		37,502.27	789,739.27	37,502.27	827,241.54
The quarterly administration fee is calculated based upon 0.25% of the loan payments and will be $240.40, with a final payment of $240.27, to total $37,502.27.						

SPECIMEN

(Form of)

ASSIGNMENT

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

Dated: _____, 20__.

_____

In the presence of:

_____

BOND REGISTER

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF MONTGOMERY
SEWER REVENUE BOND, SERIES 2017 A
(WV CWSRF PROGRAM)

Bond Number	Principal Amount	Date of Bond
No. AR-1	$752,237	September 7, 2017

NO WRITING ON THIS BOND REGISTER EXCEPT BY THE REGISTRAR

Name of Registered Owner:

West Virginia Water Development Authority
1009 Bullitt Street
Charleston, WV 25301

Signature of Registrar:

City National Bank

SPECIMEN

By: _____
Vice President and Trust Officer

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF MONTGOMERY
SEWER REVENUE BOND, SERIES 2017 B
(WV CWSRF PROGRAM)

No. BR-1 $239,333

KNOW ALL MEN BY THESE PRESENTS: That CITY OF MONTGOMERY, a municipal corporation, public corporation and political subdivision of the State of West Virginia in Fayette County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefore, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of TWO HUNDRED THIRTY-NINE THOUSAND THREE HUNDRED THIRTY-THREE DOLLARS ($239,333), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously forgiven, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein. This Bond shall not be subject to the Administrative Fee.

The principal amounts advanced under this Bond will be deemed forgiven on the 30th day of June in the fiscal year in which advanced. This Bond shall be deemed no longer outstanding after the last advance is forgiven. This Bond shall bear no interest.

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 by and among the Issuer, the Authority and the DEP, dated September 7, 2017.

This Bond is issued (i) to pay a portion of the costs of acquiring, constructing and equipping certain improvements and extensions to the existing public sewerage facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing public sewerage facilities of the Issuer, the improvements and extensions constructed by the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 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 August 21, 2017, and a Supplemental Resolution duly adopted by the Issuer on August 21, 2017 (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 this Bond under the Bond Legislation.

SPECIMEN

THIS BOND IS ISSUED ON PARITY AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT WITH THE ISSUER'S (i) $1,164,146 SEWER REVENUE BOND, SERIES 1987 A, (ii) $285,539 SEWER REVENUE BOND, SERIES 1987 B, (iii) $648,387 SEWER REVENUE BOND, SERIES 1993 A, (iv) $21,613 SEWER REVENUE BOND, SERIES 1993 B, (v) $175,000 SEWER REVENUE BOND, SERIES 1996 A, AND (vi) $309,000 SEWER REVENUE BOND, SERIES 2009 (COLLECTIVELY, THE "PRIOR BONDS"), AND SIMULTANEOUSLY WITH THE ISSUER'S $752,237 SEWER REVENUE BOND (WV CWSRF PROGRAM), SERIES 2017 A BOND.

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

All provisions of the Bond Legislation, Ordinances 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, CITY OF MONTGOMERY has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated September 7, 2017.

[SEAL]

SPECIMEN

Mayor

ATTEST:

SPECIMEN

Recorder

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is the Series 2017 B Bond 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: September 7, 2017.

City National Bank, as Registrar

By: SPECIMEN
Vice President and Trust Officer

SPECIMEN

(Form of)

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$2,448.00	9/7/17	(6)	$	
(2)	$		(7)	$	
(3)	$		(8)	$	
(4)	$		(9)	$	
(5)	$		(10)	$	

TOTAL $_____

SPECIMEN

(Form of)

ASSIGNMENT

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

Dated: _____, 20__.

_____

In the presence of:

_____

BOND REGISTER

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF MONTGOMERY
SEWER REVENUE BOND, SERIES 2017 B
(WV CWSRF PROGRAM)

Bond Number	Principal Amount	Date of Bond
No. BR-1	$239,333	September 7, 2017

NO WRITING ON THIS BOND REGISTER EXCEPT BY THE REGISTRAR

Name of Registered Owner:

West Virginia Water Development Authority
1009 Bullitt Street
Charleston, WV 25301

Signature of Registrar:

City National Bank

SPECIMEN

By: _____
Vice President and Trust Officer

GOODWIN

Goodwin & Goodwin, LLP
300 Summers Street
Suite 1500
Charleston, WV 25301-1678

T (304) 346-7000
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September 7, 2017

City of Montgomery
Montgomery, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Re: City of Montgomery, Sewer Revenue Bonds
Series 2017 A (West Virginia CWSRF Program) and
Series 2017 B (West Virginia CWSRF Program)

Ladies and Gentlemen:

We have served as bond counsel to the City of Montgomery (the "Issuer") in connection with the issuance of its Sewer Revenue Bonds, Series 2017 A (West Virginia CWSRF Program) (the "Series 2017 A Bond") and Series 2017 B (West Virginia CWSRF Program) (the "Series 2017 B Bond" and, together with the Series 2017 A Bond, collectively, the "Bonds"), dated the date hereof.

We have examined certified copies of proceedings and other papers relating to the authorization of (i) the Bond Purchase Agreement for the Bonds, dated September 7, 2017, including all schedules and exhibits attached thereto (the "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 Agreement.

The Series 2017 A Bond is issued in the principal amount of $752,237, in the form of one bond, registered to the Authority, bearing interest at the rate of 0.25% per annum, plus an administrative fee of 0.25% per annum, with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2018, all as set forth in the Schedule Y attached to the Agreement and incorporated in and made a part of the Series 2017 A Bond. The Series 2017 A Bond is subject to the SRF Administrative Fee equal to 0.25% of the principal amount of the Series 2017 A Bond as set forth in the Schedule Y attached to the Agreement and incorporated in and made a part of the Series 2017 A Bond.

The Series 2017 B Bond is issued in the principal amount of $239,333, in the form of one bond, registered to the Authority, bearing no interest, with principal forgiveness, with principal amounts advanced under the Series 2017 B Bond being deemed forgiven on the 30th day of June in the fiscal year in which advanced.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13 and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (collectively, the "Act"), for the purposes of (i) paying the costs of constructing certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act and a Bond Ordinance duly enacted by the Issuer on August 21, 2017, as supplemented by a Supplemental Resolution duly adopted by the Issuer on August 21, 2017 (collectively, the "Ordinance"), pursuant to and under which Act and Ordinance the Bonds are authorized and issued, and the Agreement is entered into. 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 Ordinance and the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Ordinance and the Agreement when used herein.

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

1. The Issuer is a duly created and validly existing municipality and is a public corporation and political subdivision of the State of West Virginia, with full power and authority to construct the Project, to operate and maintain the System, to enact and adopt the Ordinance and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

2. The 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.

3. The 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 and the DEP or diminish the obligations of the Issuer, without the written consent of the Authority and the DEP.

4. The Issuer has legally and effectively enacted and adopted the Ordinance and all other necessary resolutions in connection with the issuance and sale of the Bonds. The Ordinance constitutes a valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms thereof and contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the 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 revenues of the System and secured by a first lien on and a pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Prior Bonds, all in accordance with the terms of the Bonds and the Ordinance.

6. Under the Act, the Bonds and the interest thereon are exempt from taxation by the State of West Virginia and the other taxing bodies of the State.

7. The Bonds have not been issued on the basis that the interest, if any, thereon 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, if any, 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 the enforceability of the Bonds under any applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights or the exercise of judicial discretion or principles of equity in appropriate cases.

We have examined the executed and authenticated Bonds numbered AR-1 and BR-1 and, in our opinion, the forms of said Bonds and their execution and authentication are regular and proper.

Respectfully submitted,

Goodwin & Goodwin, LLP

GOODWIN & GOODWIN, LLP

BRIAN D. PARSONS
108 EAST MAPLE AVENUE
FAYETTEVILLE, WEST VIRGINIA

September 7, 2017

City of Montgomery
Montgomery, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Re: City of Montgomery, Sewer Revenue Bonds
Series 2017 A (West Virginia CWSRF Program)
and Series 2017 B (West Virginia CWSRF Program)

Ladies and Gentlemen:

I am counsel to City of Montgomery (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Goodwin & Goodwin, LLP, as bond counsel, relating to the above-captioned bonds of the Issuer (the "Bonds"), the Bond Purchase Agreement for the Bonds, dated September 7, 2017, 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"), a Bond Ordinance duly enacted by the City Council of the Issuer (the "Council") on August 21, 2017, as supplemented by a Supplemental Resolution duly adopted by the Council on August 21, 2017 (collectively, the "Ordinance"), the Charter of the Issuer and the election of members of the Council, and other documents relating to the Bonds and the Issuer. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Purchase Agreement and the Ordinance when used herein.

I am of the opinion that:

1. The Issuer is a duly created and validly existing municipality and is a public corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the

System, to enact the Ordinance and to issue the Bonds, all under the Act and other applicable provisions of law.

2. The members, officials and officers of the Issuer and Council have been duly and properly elected, have taken the requisite oaths and are thereby authorized to act on behalf of the Issuer in their respective capacities.

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

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

5. 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 Ordinance, and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the Issuer, a breach of or default under any ordinance, resolution, agreement or other instrument to which the Issuer is a party or any existing law, regulation, court order or consent decree to which the Issuer is subject and of which I am aware.

6. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates, registrations and authorizations necessary for the creation and existence of the Issuer and the issuance of the Bonds.

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 Bond Purchase Agreement, the Bonds and the Ordinance, the acquisition and construction of the Project, the operation of the System, the validity of the Bonds, the collection of the Gross Revenues and the pledge of the Net Revenues for the payment of the Bonds. In addition, there is no requirement for approval of the Project by the Public Service Commission of West Virginia.

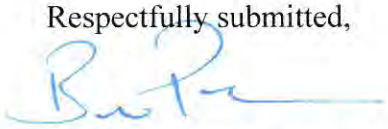
8. I have ascertained that the successful bidder has provided the drug-free workplace affidavit, submitted its drug-free workplace plan, and the contracts contain language that complies with the Drug-Free Workplace Act, Article 1D, Chapter 21 of the West Virginia Code. I have also ascertained that the successful bidder has

made the required provisions for all payment and performance bonds, such bonds have been verified for accuracy, and such bonds have been delivered and are in full force and effect as of the date hereof. Based upon my review of the contract and surety bonds in connection with the Project, I am of the opinion that such surety bonds (1) are in compliance with the contract; (2) are adequate in form, substance and amount to protect the various interest of the Issuer; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act, the Ordinance and the 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.

The opinions given herein are all subject to the effect upon enforceability of any document under any applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights or the exercise of judicial discretion or principles of equity in appropriate cases.

My opinion specifically excludes any matters involving the regulatory, tax, securities or public finance activities of the Issuer. This opinion is given for the benefit of those addressed on page 1 hereof and their counsel, in connection with the Bonds, and may not be relied on by them for any other purpose or relied on by any other person, firm or corporation for any purpose whatsoever.

Respectfully submitted,



BRIAN D. PARSONS, ESQ.

Brian D. Parsons

Attorney for the Montgomery Sanitary Board

RE: Sixth Avenue, Pump Project August 3, 2017

Ladies and Gentlemen:

I represent the Montgomery Sanitary Board with regard to a proposed project to replace the pump station situated on Sixth Avenue in the City of Montgomery, hereinafter referred to as "Project" and provide this final title opinion on behalf of the Montgomery Sanitary Board to satisfy the requirements of the West Virginia Clean Water Revolving Loan Fund Program, hereinafter referred to as "the Program" with regard to the financing proposed for the Project. Please be advised of the following:

1. That I am of the opinion that the City of Montgomery is a duly created and existing municipal corporation possessed with all the powers and authority granted to municipal corporations under the laws of the State of West Virginia and through the sanitary board has the full power and authority to construct, operate and maintain the Project as approved by the Division of Enviromental Protection.
2. That the Sanitary Board has obtained all necessary permits and approvals for the construction of the Project.
3. That I have investigated and ascertained the location of and am familiar with the legal description of, the necessary site, including easements and/or rights of way, required for the Project as set forth in the plans for the Project prepared by Terradon Engineering, the consulting engineers for the Project.
4. That I have examined the records on file in the Offices of the Clerk of the County Commission of Fayette County, West Virginia, the county in which the property is located, and, in my opinion, the City of Montgomery has acquired legal title or such other estate or interest in the necessary site components for the Project, including 100% of the easements and/or right of way, sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the facilities to be constructed.
5. That any deeds or other documents which have been acquired to date by the Montgomery Sanitary Board have been duly recorded in the aforesaid Clerk's Office in order to protect the legal title to and interest of the City of Montgomery.
6. The Sanitary Board has obtained from the West Virginia Department of Highways approval for a permit authorizing the construction of the Project as described in the plans upon, over and through public rights of way as shown in the plans.

If you have any questions regarding any of the information contained in this final title report, please contact my office.

Sincerely,

Brian D. Parsons, City Sanitation Board Attorney

CITY OF MONTGOMERY
SEWER REVENUE BONDS
SERIES 2017 A (WEST VIRGINIA CWSRF PROGRAM)
AND
SERIES 2017 B (WEST VIRGINIA CWSRF PROGRAM)

GENERAL CERTIFICATE ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. SIGNATURES AND DELIVERY
6. PUBLIC HEARING ON BOND ORDINANCE
7. RATES
8. INCUMBENCY AND OFFICIAL NAME
9. LAND AND RIGHTS-OF-WAY
10. MEETINGS
11. INSURANCE
12. BOND PURCHASE AGREEMENT
13. SPECIMEN BONDS
14. PROCEEDS
15. CONFLICTS OF INTEREST
16. VERIFICATION OF SCHEDULE
17. PROCUREMENT OF ENGINEERING SERVICES
18. CLEAN WATER ACT
19. COUNTERPARTS

We, the undersigned MAYOR and RECORDER of the City of Montgomery (the "Issuer") and the undersigned ATTORNEY for the Issuer, hereby certify in connection with the City of Montgomery, Sewer Revenue Bonds, Series 2017 A (West Virginia CWSRF Program) and Series 2017 B (West Virginia CWSRF Program) (collectively, the "Bonds" or the "Series 2017 Bonds"), dated the date hereof, as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning set forth in the Bond Ordinance duly enacted by the Issuer on August 21, 2017, and the Supplemental Resolution duly adopted by the Issuer on August 21, 2017 (collectively, the "Ordinance"), the Bond Purchase Agreement for the Series 2017 Bonds by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Department of Environmental Protection (the "DEP"), dated September 7, 2017 (the "Purchase Agreement").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or

affecting in any manner the authorization, issuance, sale and delivery of the 2017 Bonds, the acquisition, construction and equipping of the Project, the operation of the System, the collection or use of the revenues of the System, the pledge and security of the Net Revenues for the Bonds and the Prior Bonds; nor affecting the validity of the 2017 Bonds or any provisions made or authorized for the payment thereof; nor questioning the existence of the Issuer or the title of the officers of the Issuer or the City Council thereof to their respective offices; nor questioning any proceedings of the Issuer taken with respect to the authorization, issuance, sale or delivery of the Series 2017 Bonds, the acquisition, construction and equipping of the Project, the operation of the System, the collection or use of the revenues of the System, the pledge and security of the Net Revenues for the Bonds.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals, permits, exemptions, consents, authorizations, registrations, licenses, orders and certificates required by law for the creation and existence of the Issuer, the acquisition, construction and equipping of the Project, the operation of the System, the imposition of rates and charges and the issuance of the Series 2017 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 by the Issuer in accordance with Chapter 5, Article 22, Section 1 of the Code of West Virginia, 1931, as amended, which bids remain in full force and effect.

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 of the Purchase Agreement. The Issuer has met all conditions set forth in the Purchase Agreement and will provide the financial, institutional, legal and managerial capabilities necessary to complete and operate the Project.

The Series 2017 Bonds shall be issued on parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has met the parity and coverage requirements of the Prior Bonds and the Prior Resolutions and has substantially complied with all other parity requirements, except to the extent that noncompliance with any such other parity requirements is not of a material nature. The Issuer has obtained (i) a certificate of an Independent Certified Public Accountant stating that the parity and coverage tests of the Prior Bonds have been met and (ii) the written consent of the Holder of the Prior Bonds to the issuance of the Series 2017 Bonds on parity with the Prior Bonds.

5. SIGNATURES AND DELIVERY: The undersigned Mayor and Recorder are the duly elected or appointed, qualified and acting officers of the Issuer as indicated by the official titles opposite their signatures below, and are duly authorized to execute and seal the Series 2017 Bonds for the Issuer. The seal impressed upon the Series 2017 Bonds and this Certificate is the duly authorized, proper and only seal of the Issuer. As of the date hereof, the undersigned Mayor officially signed the Series 2017 Bonds, upon original issuance of two separate bonds, dated the date hereof, by her manual signature; the undersigned Recorder officially caused the seal of the Issuer to be affixed upon the Series 2017 Bonds and attested by his manual signature; the Registrar officially registered, authenticated and delivered the Series

2017 Bonds to a representative of the Authority as the original purchaser of the Series 2017 Bonds under the Purchase Agreement.

6. PUBLIC HEARING ON BOND ORDINANCE: The Issuer has duly published the required notice with respect to, among other things, the amounts of the Series 2017 Bonds to be issued, the interest rate and terms of the Series 2017 Bonds, the Project to be acquired and constructed and the cost of the Project.

7. RATES: The rates for the System, as adopted by the City Council, became effective on January 22, 2016.

8. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "City of Montgomery", and it is a municipal corporation organized and existing under the laws of, and a public corporation and political subdivision of, the State of West Virginia in Fayette County of said State. The governing body of the Issuer is its City Council, consisting of seven members, whose names and dates of commencement and termination of their current terms are as follows:

Name	Date of Commencement of Office	Date of Termination of Office
Greg Ingram	July 1, 2016	June 30, 2020
David White	July 1, 2016	June 30, 2020
Fred Lockard	July 1, 2016	June 30, 2020
Carol Vickers	July 1, 2016	June 30, 2020
Shawn Malhotra	July 1, 2016	June 30, 2020
Jennifer Bunner	July 1, 2016	June 30, 2020
Roger D. Landers	July 1, 2016	June 30, 2020

The duly elected or appointed officers of the Issuer are as follows:

Greg Ingram, Mayor	July 1, 2016	June 30, 2020
David White, Recorder	July 1, 2016	June 30, 2020

The duly appointed and acting attorney for the Issuer is Brian D Parsons of Fayetteville, West Virginia.

The Project was initiated by a Petition duly authorized by the members of the Sanitary Board of the City of Montgomery whose members include Greg Ingram, Chairman, David White, Recorder-Secretary, James F. Higgins, Jr. and Will Thornton.

9. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the acquisition, construction and equipping 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 that would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties that 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 Series 2017 Bonds.

10. MEETINGS: All actions, ordinances, resolutions, orders and agreements taken, enacted, adopted and entered into by or on behalf of the Issuer in any way connected with the issuance of the Series 2017 Bonds and the acquisition, construction, equipping, operation and financing of the Project or the System were authorized, enacted or adopted at meetings of the Issuer duly and regularly or specifically called and held pursuant to all applicable statutes, and a quorum of duly elected, appointed, qualified and/or acting members of the Issuer or City Council 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.

11. INSURANCE: The Issuer will maintain or, as appropriate, will require all contractors to maintain Workers' Compensation, public liability and property damage insurance, standard hazard insurance, builder's risk insurance, flood insurance and business interruption insurance, where applicable, in accordance with the Ordinance and the Purchase Agreement. All insurance for the System required by the Ordinance and the Purchase Agreement are in full force and effect.

12. BOND PURCHASE AGREEMENT: As of the date hereof, (i) the representations of the Issuer contained in the Purchase Agreement are true and correct in all material respects as if made on the date hereof; (ii) the Purchase Agreement does not contain any untrue statements 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 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 therein not misleading; and (iv) the Issuer is in compliance with the Purchase Agreement.

13. SPECIMEN BONDS: Attached hereto as Exhibit A are specimens of the Series 2017 Bonds that, except as to execution and authentication, are identical in all respects with the Series 2017 Bonds this day delivered to the Authority and being substantially in the forms prescribed in the Ordinance.

14. PROCEEDS: On the date hereof, the Issuer received $141,204.00 from the DEP, being a portion of the principal amounts of the Series 2017 A Bond and Series 2017 B Bond. The balance of the principal amounts of the Series 2017 Bonds will be advanced to the Issuer from time to time as acquisition, construction and equipping of the Project progresses.

15. CONFLICTS OF INTEREST: No member of City Council, official, officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or the sale of any land, materials, supplies or services to the Issuer, or to any contractor supplying the Issuer, relating to the Series 2017 Bonds, the Ordinance and/or the Project, including, without limitation, with respect to the Depository Bank. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

16. VERIFICATION OF SCHEDULE: The final amended Schedule A attached to the Certificate of Consulting Engineer, with the signature of the Mayor and the Consulting Engineer, accurately represents the estimated costs of the acquisition, construction and equipping of the Project, the sources of funds available to pay the costs of the Project and the costs of financing of the Series 2017 Bonds.

17. PROCUREMENT OF ENGINEERING SERVICES: The Issuer has complied with all the requirements of Chapter 5G, Article 1 of the Code of West Virginia, 1931, as amended, in the procurement of the engineering services of the Consulting Engineer.

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

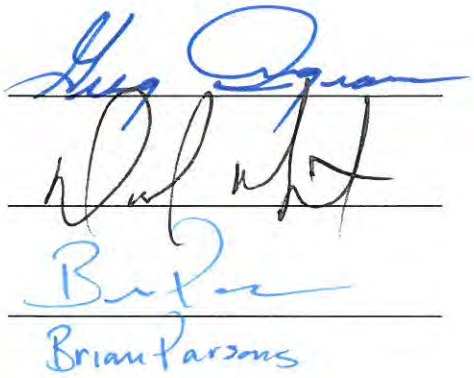
19. COUNTERPARTS: This Certificate may be executed in counterparts and all counterparts shall be deemed to be the Certificate.

EXHIBIT A

See Specimen Bonds (Tab No. 7)

WITNESS our signatures and the official corporate seal of City of Montgomery as of the 7th day of September, 2017.

[SEAL]

Signature	Official Title
	Mayor
	Recorder
Brian Parsons	Attorney

CITY OF MONTGOMERY
SEWER REVENUE BONDS
SERIES 2017 A (WV CWSRF PROGRAM) AND
SERIES 2017 B (WV CWSRF PROGRAM)

ENGINEER'S CERTIFICATE

I, James A. Nagy, P.E., of Terradon Corporation, Nitro, West Virginia, a Registered Professional Engineer, West Virginia License No. 8887, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of certain improvements and extensions (the "Project") to the existing public wastewater facilities (the "System") of City of Montgomery (the "City"), to be constructed in Fayette County, West Virginia, which project is being financed in part by the above-captioned revenue bonds (the "Bonds") of the City. Capitalized terms used and not otherwise defined herein shall have the meaning assigned to such terms in the Bond Ordinance enacted by the City Council of the City (the "Council") on August 21, 2017, and the Supplemental Resolution adopted by the Council on August 21, 2017 (collectively, the "Ordinance"), and the Bond Purchase Agreement by and among the City, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Department of Environmental Protection ("DEP") dated September 7, 2017 (the "Bond Purchase Agreement").

2. The Bonds are being issued for the purposes of (i) paying a portion of the costs of acquiring and constructing the Project and (ii) paying 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 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 will have a useful life of at least 40 years, if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B attached hereto as Exhibit A, and my firm has ascertained 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 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) in reliance upon the certificate of Smith, Cochran Hicks PLLC of even date herewith, as of the effective date thereof, the rates and charges for the System as approved by the Public Service Commission of West Virginia and 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

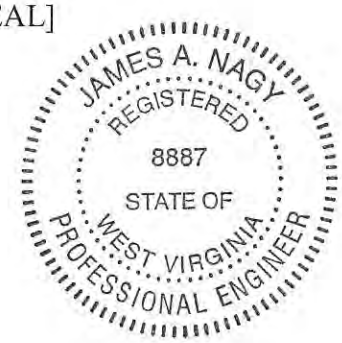
or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the DEP; (xi) the successful bidders have provided the Drug-Free Workplace Affidavit as evidence of the Vendor's compliance with the provisions of Article 1D, Chapter 21 of the west Virginia Code; and (xii) attached hereto as Exhibit A is the final amended "Schedule B-Total Cost of Project; Sources of Funds and Cost of Financing" for the Project.

4. The Project will serve 0 new customers but will replace and relocate the Sixth Avenue sewage pump station as approved by the Infrastructure Council without substitution.

WITNESS my signature and seal as of the 7th day of September, 2017.

TERRADON CORPORATION

[SEAL]



By: James A. Nagy
West Virginia License No. 8887

POST BID SCHEDULE B

City of Montgomery / Montgomery Sanitary Board

C-544297

COST OF PROJECT, SOURCES OF FUNDS

8/8/2017

A. Cost of Project	City of Montgomery	SRF Loan	SRF PF	TOTAL
1. Construction				
Contract 1 (Pipe Plus, Inc)	$ -	$ 449,865.00	$ 233,345.00	$ 683,210.00
Construction Contingency	$ -	$ 33,660.00	$ -	$ 33,660.00
2. Technical Services				
Study & Report	$ -	$ 25,000.00	$ -	$ 25,000.00
Design Phase	$ -	$ 39,052.00	$ 2,448.00	$ 41,500.00
Bidding & Negotiation	$ -	$ 4,500.00	$ -	$ 4,500.00
RPR	$ -	$ 26,500.00	$ -	$ 26,500.00
Engineering During Construction	$ -	$ 20,000.00	$ -	$ 20,000.00
Special Services	$ -	$ 57,200.00	$ -	$ 57,200.00
3. Legal & Fiscal				
Legal - Local & PSC	$ -	$ 7,500.00	$ -	$ 7,500.00
Accounting	$ -	$ 7,500.00	$ -	$ 7,500.00
Administration	$ -	$ 56,460.00	$ 3,540.00	$ 60,000.00
4. Sites & Lands				
Lands / ROWs	$ 13,372.00	$ -	$ -	$ 13,372.00
5. Miscellaneous				
Legal Ads & Permits	$ -	$ 4,500.00	$ -	$ 4,500.00
6. Cost of Financing				
Bond Counsel	$ -	$ 20,000.00	$ -	$ 20,000.00
Registrar's Fees	$ -	$ 500.00	$ -	$ 500.00
7. Sub-Total (lines 1 thru 6)	$ 13,372.00	$ 752,237.00	$ 239,333.00	$ 1,004,942.00
B. Sources of Funds				
8. City of Montgomery	$ 13,372.00			
9. SRF Loan	$ 752,237.00			
10. SRF PF	$ 239,333.00			
11. Total of Sources	$ 1,004,942.00			

Mayor, City of Montgomery

Terradon Corp.

smithcochranhicksPLLC
CERTIFIED PUBLIC ACCOUNTANTS

September 7, 2017

CITY OF MONTGOMERY
SEWER REVENUE BONDS
SERIES 2017 A (WEST VIRGINIA CWSRF PROGRAM) AND
SERIES 2017 B (WEST VIRGINIA CWSRF PROGRAM)

CERTIFIED PUBLIC ACCOUNTANT'S CERTIFICATE

City of Montgomery
Montgomery, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

We have reviewed the sewer rates of City of Montgomery (the "Issuer"), enacted by the Issuer on December 8, 2015, and the projected operating expenses and the anticipated customer usage provided by Terradon Corporation, the consulting engineer of the Issuer. It is our opinion that such rates are sufficient (i) to provide for all operating expenses of the sewer facilities of the Issuer (the "System") and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year (120% of the maximum amount required in any year for the Series 2009 Bond described below) for payment of principal of and interest on the Issuer's (a) Sewer Revenue Bond, Series 1987 A, dated October 27, 1987, issued in the original principal amount of $1,164,146, currently outstanding in the amount of $675,255, (b) Sewer Revenue Bond, Series 1987 B, dated October 27, 1987, issued in the original principal amount of $285,539, currently outstanding in the amount of $75,141, (c) Sewer Revenue Bond, Series 1993 A, dated January 19, 1993, issued in the original principal amount of $648,387, currently outstanding in the amount of $461,892, (d) Sewer Revenue Bond, Series 1993 B, dated January 19, 1993, issued in the original principal amount of $21,613, currently outstanding in the amount of $8,312, and (e) Sewer Revenue Bond, Series 2009, dated May 12, 2009, issued in the original principal amount of $309,000, currently outstanding in the amount of $287,769 (collectively, the "Existing Debt"), and its $752,237 Sewer Revenue Bond, Series 2017 A (WV CWSRF Program) and $239,000 Sewer Revenue Bond, Series 2017 B (WV CWSRF Program) (collectively, the "Series 2017 Bonds").

It is further our opinion that the Net Revenues for the fiscal year following the year in which the Series 2017 Bonds are to be issued will be at least 115% of the average annual debt service requirements on the Existing Debt (120% of the average annual debt service requirements on the Series 2009 Bond) and the Series 2017 Bonds.

It is further our opinion that the Net Revenues actually derived from the System during any 12 consecutive months within the 18 months immediately preceding the date of the actual issuance of the Series 2017 Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by the Series 2017 Bonds, will not be less than 115% of the maximum annual amount which will mature and become due in any succeeding year for principal of and interest on the Existing Debt (120% of the maximum annual amount which will mature and become due in any succeeding year for principal of and interest on the Series 2009 Bond) and the Series 2017 Bonds.

Very truly yours,

SMITH COCHRAN HICKS PLLC

Smith Cochran & Hicks

CITY OF MONTGOMERY
SEWER REVENUE BONDS
SERIES 2017 A (WEST VIRGINIA CWSRF PROGRAM) AND
SERIES 2017 B (WEST VIRGINIA CWSRF PROGRAM)

CERTIFICATE OF RECORDER AS TO TRUTH
AND ACCURACY OF DOCUMENTS DELIVERED

I, David White, the duly elected Recorder of the City of Montgomery (the "City"), hereby certify that the copies of the following documents being delivered in connection with the closing of the sale of the City of Montgomery, Sewer Revenue Bonds, Series 2017 A (West Virginia CWSRF Program) and Series 2017 B (West Virginia CWSRF Program), are, as of the date hereof, true and accurate copies of the originals of those documents maintained on file with the City and delivered in the transcript of proceedings, and that said documents are still in full force and effect as of the date hereof and have not been repealed, rescinded, superseded, amended or modified in any way unless the document effecting such repeal, rescission, supersedence, amendment or modification is also listed below:

1. Bond Ordinance enacted on August 21, 2017.

2. Supplemental Resolution adopted on August 21, 2017.

3. Bond Purchase Agreement dated September 7, 2017.

4. Infrastructure and Jobs Development Council Approval.

5. Charter of the City of Montgomery.

6. Oaths of Office of Mayor, Clerk and Council Members.

7. Minutes on Enactment of Bond Ordinance and Adoption of Supplemental Resolution.

8. Affidavit of Publication and Abstract of Bond Ordinance.

9. 1987 Bond Ordinance.

10. 1993 Bond Ordinance.

11. 2009 Bond Ordinance.

12. Consents to Issuance of Parity Bonds:

13. Evidence of Insurance.

14. NPDES Permit.

WITNESS my signature and the official seal of the City of Montgomery as of the 7th day of September, 2017.

(SEAL)

Recorder

CITY OF MONTGOMERY
SEWER REVENUE BONDS
SERIES 2017 A (WEST VIRGINIA CWSRF PROGRAM)
AND
SERIES 2017 B (WEST VIRGINIA CWSRF PROGRAM)

CERTIFICATE AS TO USE OF PROCEEDS

The undersigned Mayor of the City of Montgomery in Fayette County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of the Sewer Revenue Bonds, Series 2017 A (West Virginia CWSRF Program) and Series 2017 B (West Virginia CWSRF Program), of the Issuer, dated September 7, 2017 (collectively, the "Bonds"), hereby certifies as follows:

1. I am one of the officers of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and am duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Ordinance duly enacted by the Issuer on August 21, 2017, and supplemented by a Supplemental Resolution adopted by the Issuer on August 21, 2017 (collectively, the "Bond Ordinance"), 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 September 7, 2017, the date on which the Bonds are being physically delivered in exchange for a portion of the principal amounts of the Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

4. In the Bond Ordinance 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 that 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"), to lose their status as tax-exempt bonds. The Issuer hereby covenants to take all actions necessary to comply with such covenant.

5. The Bonds were sold on September 7, 2017, to the Authority, pursuant to a Bond Purchase Agreement dated September 7, 2017, by and among the Issuer, the Authority and West Virginia Department of Environmental Protection ("DEP"), for the aggregate purchase prices of $752,237 and $239,333 (100% of par), at which time, the Issuer received $141,204.00 from the Authority and DEP, being a portion of the principal amounts advanced on the Series 2017 A Bond and the Series 2017 B Bond. No accrued interest has been or will be paid on the Bonds. The balance of the principal amounts of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of acquiring,

constructing and equipping certain improvements and extensions to the existing public sewer facilities of the Issuer (the "Project"); and (ii) paying certain costs of issuance of the Bonds and related costs.

7. The Issuer shall, on the date hereof or immediately hereafter, enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Bonds for the acquisition, construction and equipping of the Project, constituting a substantial binding commitment, or has already done so. The acquisition, construction and equipping 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 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 January 31, 2018. The acquisition, construction and equipping of the Project is expected to be completed by January 31, 2018.

8. The total cost of the Project is estimated at $1,004,942. Sources and uses of funds for the Project are as follows:

SOURCES	
Series 2017 A Bond Proceeds	$752,237.00
Series 2017 B Bond Proceeds	239,333.00
Issuer's Equity Contribution	13,372.00
Total Sources	$1,004,942.00
USES	
Project Costs	$984,442.00
Cost of Issuance	20,500.00
Total Uses	$1,004,942.00

9. Pursuant to Article V of the Bond Ordinance, the following special funds have been created or continued with respect to the Bond:

(1) Revenue Fund;
(2) Renewal and Replacement Fund;
(3) Series 2017 A Bonds Sinking Fund;
(4) Series 2017 A Bonds Reserve Account; and
(5) Series 2017 Construction Trust Fund.

10. Pursuant to Article VI of the Bond Ordinance, all of the proceeds of the Bonds will be deposited in the Series 2017 Construction Trust Fund and applied solely to payment of costs of the Project, including costs of issuance of the Bonds and related costs, and for no other purpose.

The principal amounts advanced under the Series 2017 B Bond will be deemed forgiven on the 30th day of June in the fiscal year in which advanced. The Series 2017 B Bond shall be deemed no longer outstanding after the last advance is forgiven. The Series 2017 B Bond shall bear no interest.

11. Moneys held in the Series 2017 A Bond Sinking Fund will be used solely to pay principal of and interest, if any, on the Series 2017 A Bond and will not be available to meet costs of acquisition, construction and equipping of the Project.

12. The acquisition, construction and equipping of the Project will proceed with due diligence to completion. The acquisition, construction and equipping of the Project is expected to be completed within 5 months of the date hereof. All proceeds of the Bonds will be expended on the Project within 9 months from 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. 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.

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

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

17. 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.

18. The original proceeds of the Bonds will not exceed the amount necessary for the purposes of the issue. The Issuer covenants that it shall maintain thorough and accurate accounting records, in conformance with generally accepted accounting principles, relative to the proceeds of the Bonds so that use of proceeds from the Bonds can be accounted for.

19. The Issuer shall use the Bonds 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.

20. The Bonds are not federally guaranteed.

21. The Issuer has retained the right to amend the Bond Ordinance authorizing the issuance of the Bonds if such amendment is necessary to assure that the Bonds remain a governmental or public purpose bond.

22. The Issuer has either (a) funded the Series 2017 A Bond Reserve Account at the maximum amount of principal which will mature and become due on the Series 2017 A Bond in the then current or any succeeding year with the proceeds of the Series 2017 A Bond, or (b) created the Series 2017 A Bond Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until the Series 2017 A Bond Reserve Account holds an amount equal to the maximum amount of principal which will mature and become due on the Series 2017 A Bond in the then

current or any succeeding year. Moneys in the Series 2017A Bond Reserve Account and the Series 2017A Bond Sinking Fund will be used solely to pay principal of the Bonds and will not be available to pay costs of the Project.

23. 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 of funds or will have substantially the same claim to be paid out of substantially the same sources of funds as the Bonds.

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

25. 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.

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

WITNESS my signature as of this 7th day of September, 2017.

CITY OF MONTGOMERY

By: _____
Mayor

WV MUNICIPAL BOND COMMISSION
900 Pennsylvania Avenue, Suite 1117
Charleston, WV 25302
(304) 558-3971

NEW ISSUE REPORT FORM
Date of Report: September 7, 2017

ISSUE: City of Montgomery, Sewer Revenue Bond, Series 2017 A
(West Virginia CWSRF Program)
ADDRESS: 706 Third Avenue
Montgomery, WV 25136 COUNTY: Fayette
PURPOSE OF ISSUE: New Money X
ISSUE DATE: September 7, 2017 CLOSING DATE: September 7, 2017
ISSUE AMOUNT: $752,237
RATE: 0.25% interest rate and 0.25% administrative fee on Series 2017 A Bond
1ST DEBT SERVICE DUE: September 1, 2018 1ST PRINCIPAL DUE: September 1, 2018
1ST TOTAL DEBT SERVICE AMT.:$5,302.55 PAYING AGENT: Municipal Bond Comm.

BOND COUNSEL: Goodwin & Goodwin, LLP
Contact Person: W.K. Bragg, Jr.
Phone 346-7000

LENDER: West Virginia Department of Environmental Protection
Contact Person: Katheryn Emery
Phone: (304) 926-0499 Ext. 1596

KNOWLEDGEABLE ISSUER CONTACT:
Contact Person: Greg Ingram
Position: Mayor
Phone: (304) 442-5181

----------DEPOSITS TO MBC AT CLOSE----------

By ___ Wire
___ Check

___ Accrued Interest: $ 0
___ Capitalized Interest: $ 0
___ Reserve Account: $ 0
___ Other: $ 0

----------REFUNDS & TRANSFERS BY MBC AT CLOSE----------

By ___ Wire
___ Check
___ IGT

___ To Escrow Trustee: $ N/A
___ To Issuer: $ N/A
___ To Cons. Invest. Fund: $ N/A
___ Other: _____ $_____

Notes:

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

WV MUNICIPAL BOND COMMISSION
900 Pennsylvania Avenue, Suite 1117
Charleston, WV 25302
(304) 558-3971

NEW ISSUE REPORT FORM
Date of Report: September 7, 2017

ISSUE: City of Montgomery, Sewer Revenue Bond, Series 2017 B
(West Virginia CWSRF Program)
ADDRESS: 706 Third Avenue
Montgomery, WV 25136
COUNTY: Fayette
PURPOSE OF ISSUE: New Money X
ISSUE DATE: September 7, 2017
CLOSING DATE: September 7, 2017
ISSUE AMOUNT: $239,333
RATE: 0% interest rate on Series 2017 B Bond
1ST DEBT SERVICE DUE: N/A
1ST PRINCIPAL DUE: N/A
1ST TOTAL DEBT SERVICE AMT.:N/A
PAYING AGENT: Municipal Bond Comm.

BOND COUNSEL: Goodwin & Goodwin, LLP
Contact Person: W.K. Bragg, Jr.
Phone 346-7000

LENDER: West Virginia Department of Environmental Protection
Contact Person: Katheryn Emery
Phone: (304) 926-0499 Ext. 1596

KNOWLEDGEABLE ISSUER CONTACT:
Contact Person: Greg Ingram
Position: Mayor
Phone: (304) 442-5181

----------DEPOSITS TO MBC AT CLOSE----------

By ___ Wire
___ Check

___ Accrued Interest: $ 0
___ Capitalized Interest: $ 0
___ Reserve Account: $ 0
___ Other: $ 0

----------REFUNDS & TRANSFERS BY MBC AT CLOSE----------

By ___ Wire
___ Check
___ IGT

___ To Escrow Trustee: $ N/A
___ To Issuer: $ N/A
___ To Cons. Invest. Fund: $ N/A
___ Other: _____ $_____

Notes: Series 2017 B Bond: Principal amounts advanced are forgiven on June 30 of each fiscal year.

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS
REQUIRED:_____

TRANSFERS
REQUIRED:_____

CITY OF MONTGOMERY
SEWER REVENUE BONDS
SERIES 2017 A (WEST VIRGINIA CWSRF PROGRAM)
AND
SERIES 2017 B (WEST VIRGINIA CWSRF PROGRAM)

ACCEPTANCE OF APPOINTMENT OF DEPOSITORY BANK

City National Bank, at its office located in Montgomery, Fayette County, West Virginia, hereby accepts appointment as Depository Bank in connection with an Ordinance of City of Montgomery (the "Town") duly enacted by the Town Council of the Town (the "Council") on August 21, 2017, and supplemented by a Supplemental Resolution adopted by the Council of the Town on August 21, 2017 (collectively, the "Ordinance"), authorizing issuance of City of Montgomery, Sewer Revenue Bonds, Series 2017 A (West Virginia CWSRF Program) and Series 2017 B (West Virginia CWSRF Program), dated September 7, 2017, in the principal amounts of $752,237 and $239,333, respectively, and agrees to perform all duties of Depository Bank as set forth in the Ordinance.

Witness my signature as of the 7th day of September, 2017.

CITY NATIONAL BANK

By: Michelle Fox, AVP
Branch Manager

CITY OF MONTGOMERY
SEWER REVENUE BONDS
SERIES 2017 A (WEST VIRGINIA CWSRF PROGRAM)
AND
SERIES 2017 B (WEST VIRGINIA CWSRF PROGRAM)

ACCEPTANCE OF APPOINTMENT OF REGISTRAR

City National Bank, at its office located in Beckley, Raleigh County, West Virginia, hereby accepts appointment as Registrar in connection with an Ordinance of City of Montgomery (the "City") duly enacted by the City Council of the City (the "Council") on August 21, 2017, and supplemented by a Supplemental Resolution adopted by the Issuer on August 21, 2017 (collectively, the "Ordinance"), authorizing the issuance of City of Montgomery, Sewer Revenue Bonds, Series 2017 A (West Virginia CWSRF Program) and Series 2017 B (West Virginia CWSRF Program), dated September 7, 2017, in the principal amount of $752,237 and $239,333, respectively, and agrees to perform all duties of Registrar as set forth in the Ordinance.

Witness my signature as of the 7th day of September, 2017.

CITY NATIONAL BANK

By: _____
Vice President and Trust Officer

CITY OF MONTGOMERY
SEWER REVENUE BONDS
SERIES 2017 A (WEST VIRGINIA CWSRF PROGRAM)
AND
SERIES 2017 B (WEST VIRGINIA CWSRF PROGRAM)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 7th day of September, 2017, by and between CITY OF MONTGOMERY, a municipality, public corporation and political subdivision duly created under the laws of the State of West Virginia (the "Issuer"), and CITY NATIONAL BANK, at its office located in Beckley, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $752,237 and $239,333 aggregate principal amounts of Sewer Revenue Bonds, Series 2017 A (West Virginia CWSRF Program) and Series 2017 B (West Virginia CWSRF Program) in fully registered forms (collectively, the "Bonds") pursuant to a Bond Ordinance enacted by the Issuer on August 21, 2017, as amended by a Supplemental Resolution adopted by the Issuer on August 21, 2017 (collectively, the "Ordinance");

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

WHEREAS, the Ordinance provides for the appointment by the Issuer of a Registrar for the Bond; and

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

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

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of the Registrar, all as set forth in the Ordinance, such duties including, among other things, the duties to authenticate, register and deliver the 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 Bond 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 heretofore agreed by the parties and set forth in the attached invoice.

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

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

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

ISSUER: City of Montgomery
Attention: Recorder
706 Third Avenue
Montgomery, WV 25136

REGISTRAR: City National Bank
Attention: Glenn A Murray
One Park Avenue
Beckley, WV 25801

8. The Registrar is hereby requested and authorized to register, authenticate and deliver the Bonds in accordance with the Ordinance and instructions provided by the Issuer.

IN WITNESS WHEREOF, CITY OF MONTGOMERY and CITY NATIONAL BANK have caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day, month and year first above-written.

CITY OF MONTGOMERY

By: _____
Mayor

CITY NATIONAL BANK

By: _____
Vice President and Trust Officer

IN WITNESS WHEREOF, CITY OF MONTGOMERY and CITY NATIONAL BANK have caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day, month and year first above-written.

CITY OF MONTGOMERY

By: _____
Mayor

CITY NATIONAL BANK

By: _____
Vice President and Trust Officer

CITY OF MONTGOMERY
SEWER REVENUE BONDS
SERIES 2017 A (WEST VIRGINIA CWSRF PROGRAM)
AND
SERIES 2017 B (WEST VIRGINIA CWSRF PROGRAM)

CERTIFICATE OF REGISTRATION

I, Glenn A. Murray, as Vice President and Trust Officer, of City National Bank, as Registrar (the "Registrar"), under a Registrar's Agreement between the Registrar and the City of Montgomery (the "Town") dated as of the date hereof, hereby certify that on the 7th day of September, 2017, the Bonds of the Town in the principal amount of $752,237, designated "City of Montgomery, Sewer Revenue Bond, Series 2017 A (West Virginia CWSRF Program)", numbered AR-1, and dated as of the date hereof, and in the principal amount of $239,333, designated "City of Montgomery, Sewer Revenue Bond, Series 2017 B (West Virginia CWSRF Program)", numbered BR-1, and dated as of the date hereof, were registered as to principal only in the name of the "West Virginia Water Development Authority", on the books of the Registrar kept for that purpose at our office, by a duly authorized officer on behalf of the Registrar.

WITNESS my signature as of the 7th day of September, 2017.

CITY NATIONAL BANK, as Registrar

By: _____
Vice President and Trust Officer

CITY OF MONTGOMERY, WEST VIRGINIA
SEWER REVENUE BONDS, SERIES 1987 A AND SERIES 1987 B
and
SEWERAGE SYSTEM
INTERIM CONSTRUCTION FINANCING

BOND AND NOTES ORDINANCE

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CITY OF MONTGOMERY, WEST VIRGINIA

ORDINANCE

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF CITY OF MONTGOMERY AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $1,760,000.00 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1987 A, NOT MORE THAN $440,000.00 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1987 B, AND NOT MORE THAN $3,500,000.00 INTERIM CONSTRUCTION FINANCING, CONSISTING OF GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES OR BOTH; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF MONTGOMERY

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Ordinance. This Ordinance (together with any resolutions supplemental hereto, the "Bond Legislation") is enacted 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. City of Montgomery (the "Issuer") is a municipal corporation organized and existing under the laws of the State of West Virginia.

B. The Issuer now owns facilities for the collection, treatment, purification and disposal of sewage. The custody, operation and maintenance of the sewer system, both within and without the corporate limits of the City, is under the supervision and control of the Sanitary Board, which was

created and given such supervision and control by ordinance. The constructon and acquisition of certain extensions, improvements and betterments to the then existing sewer system and the refunding of certain then outstanding sewer revenues bonds were financed by the proceeds delivered from $465,000.00 in aggregate principal amount of Sewer Revenue Bonds dated April 1, 1963, issued pursuant to an Ordinance passed by the Council of Montgomery on the 4th day of February, 1963 (the "Prior Ordinance"). The Prior Bonds are outstanding on the date of enactment of this Ordinance in the aggregate principal amount of $256,000.00.

C. The Sanitary Board pursuant to the provisions of Chapter 16, Article 13, Section 5, of the Code of West Virginia of 1931, as amended, has petitioned the City Council and has requested that an Ordinance be passed to amend and renact the Montgomery City Code to reflect new sewer rates and charges and to enact this Ordinance and authorize the project and financing provided for hereby. Attached hereto as Exhibit "A" is a copy of the said petition.

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

E. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds in the total aggregate principal amount of not more than $2,200,000.00 in two series, being the Series 1987 A Bonds in the aggregate principal amount of not more than $1,760,000.00, and the Series 1987 B Bonds in the aggregate principal amount of not more than $440,000.00 (collectively, the "Bonds"), and (at the option of the Issuer) to issue contemporaneously therewith, or as soon as practicable thereafter, its sewerage system grant anticipation notes, or a note or notes evidencing a line of credit, or both (collectively, the "Notes") in the aggregate principal amount of not more than $3,500,000.00 to temporarily finance costs of construction and acquisition of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Notes during the term thereof and upon the Bonds prior to and during construction or acquisition and for 6 months after completion of construction of the Project; engineering, and legal expenses; expenses for estimates of cost and revenues, expenses for plans, specifications and surveys; any administrative fees and expenses of the Authority; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, discount, initial fees for the services of

registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Bonds and Notes and such other expenses as may be necessary or incident to the financing herein authorized, the construction or acquisition of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, including, with respect to the Notes, any fees to the Credit Bank, as hereinafter defined, and any costs of obtaining insurance thereon; provided that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Bonds or Notes or the repayment of indebtedness incurred by the Issuer for such purposes, shall be deemed Costs the Project, as hereinafter defined.

F. The period of usefulnesss of the System after completion of the Project is not less than 40 years.

G. It is in the best interests of the Issuer that its Original Bonds (as hereinafter defined) be sold to the Authority (as hereinafter defined) pursuant to the terms and provisions of a loan agreement and a supplemental loan agreement (collectively, the "Loan Agreement") to be entered into between the Issuer and the Authority, upon receipt of bids, in form satisfactory to the Issuer and the Authority.

H. There are not outstanding any obligations of the Issuer which will rank prior to or on a parity with the Bonds as to lien and source of and security for payment other than the Prior Bonds. The Series 1987 B Bonds shall be junior and subordinate to the Series 1987 A Bonds as set forth herein. The Design Notes issued to pay the Consulting Engineers and the Step I loan from the Autority shall be paid in full upon issuance of the Bonds. The Notes, if issued, will not be payable from the Net Revenues, but shall be payable from Grant Receipts, Surplus Revenues and proceeds of a letter of credit, and certain other specified sources, all as shall be set set forth in the Indenture or the Supplemental Resolution authorizing the Notes.

I. The Issuer has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bonds and the Notes, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a Certificate of Convenience and Necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will have expired (without any successful rehearing or appeal) prior to the issuance of any Bonds or Notes hereunder.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Bonds and the Notes by

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

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

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

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

"Authorized Officer" shall mean the Mayor of the Issuer or any temporary Mayor or other officer authorized as such duly appointed by the Governing Body.

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

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

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

"Bonds Registrar" shall mean the bank or other entity to be designated as such in the Supplemental Resolution andits successors and assigns.

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

"Clerk" shall mean the recording officer of the Governing Body of the Issuer.

"Commission" shall mean the West Virginia Municipal Bond Commission or any other agency of the State of West Virginia which succeeds to the functions of the Commission.

"Consulting Engineers" shall mean Kelley, Gidley, Blair & Wolfe, Inc., Consulting Engineers, Charleston, West Virginia, or any engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System.

"Costs" or "Costs of the Project" shall mean those costs described in Section 1.02(E) hereof to be a part of the cost of the acquisition and construction of the Project.

"Council" shall mean 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.

"Credit Bank" shall mean the isuance of any letter of credit obtained by the Issuer for the benefit of the Trustee as security for the Notes, all as shall be set forth in the Supplmental Resolution.

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

"Design Notes" shall mean the not more than $95,000 in aggregate principal amount of notes issued by or on behalf of the Sanitary Board to finance temporarily the costs of, among other things, design of the project.

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

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

"EPA Grant" shall mean the grant from the EPA pursuant to the commitment therefor.

"FDIC" shall mean the Federal Deposit Insurance Corporation or any successor to the functions of the FDIC.

"Fiscal Year" shall mean each twelve month period beginning on July 1 and ending on the succeeding June 30.

"Government Obligations" shall mean direct obligations of, or obligations the timely payment of the principal of and

interest on which is guaranteed by, the United States of America.

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

"Grant Receipts" shall mean all moneys received by the Issuer on account of any Grant after the date of issuance of the Notes; provided that "EPA Grant Receipts" shall mean only Grant Receipts on account of the EPA Grant, and"Other Grant Receipts" shall mean only Grant Receipts on account of any or all of the Other Grants.

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

"Gross Revenues" shall mean 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 Section 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" shall mean any certified public accountant or firm of certified public accountants which shall 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.

"Indenture" or "Trust Indenture" shall mean the Trust Indenture which may be entered into between the Issuer and the Trustee relating to the Notes in substantially the form attached hereto as Exhibit "B" and all supplements or amendments thereto.

"Issuer" or "City" shall mean the City of Montgomery, West Virginia in Fayette County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreement" shall mean, collectively, the Loan Agreement and the Supplemental Loan Agreement, to be entered into between the Authority and the Issuer providing for the purchase of the Original Bonds from the Issuer by the Authority, the forms of which are attached as Exhibit "C" & "D" and the execution and delivery by the Issuer authorized by this Ordinance.

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

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

"Notes" or "GAN" shall mean collectively, the not more than $3,500,000.00 in aggregate principal amount of Sewerage System Grant Anticipation Notes, originally authorized hereby, or the not more than $3,500,000.00 in aggregate principal amount of a note or notes evidencing a line of credit originally authorized hereby, and unless the context clearly indicates otherwise, the terms "Notes or "GAN" includes any refunding Notes or GAN of the Issuer.

"Notes Construction Trust Fund" shall mean the Notes Construction Trust Fund which may be established by Section 4.02 of the Indenture.

"Notes Debt Service Fund" shall mean the Notes Debt Service Fund which may be established by Section 4.01 of the Indenture.

"Notes Registrar" shall mean the bank to be designated as such in the Indenture or the Supplemental Resolution and its successors and assigns.

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

of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Original Bonds" or "Bonds originally authorized hereby" or similar phrases shall mean, collectively, the not more than $1,760,000.00 in aggregate principal amount of Series 1987 A Bonds and the not more than $440,000.00 in aggregate principal amount of Series 1987 B Bonds, issued for the purpose of paying a portion of the Costs of the Project and for such other purposes permitted and authorized by this Bond Legislation.

"Original Notes Purchaser" shall mean in the event grant anticipation notes are issued, Young Moore & Company of Charleston, West Virginia, or if said Original Notes Purchaser and the Issuer are unable to agree upon such sale within terms and limits allowed by the Act, such other original purchaser of the Notes as shall be named in a resolution supplemental hereto, and, in the event a note or notes evidencing a line of credit are issued, such bank or banks as shall be named in a resolution supplemental hereto.

"Other Grants" shall mean collectively, any other grant hereafter received by the Issuer to aid in financing any Costs.

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

"Parity Bonds" shall mean additonal Bonds issued under the provisions and within the limitations prescribed by Section 7.07 hereof.

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

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

"Project" shall mean the acquisition and construction of a new sewage treatment plant, gravity and pressure collector sewers, lift stations, force mains and all necessary appurtenances.

"Qualified Investments" shall mean and include any of the following:

(a) Government Obligations;

(b) (i) 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; (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.

(c) Pre-refunded municipal obligations meeting the following conditions:

(A) The bonds are (i) not to be redeemed prior to maturity or the trustee has been given irrevocable instructions concerning their calling and redemption and (ii) the issuer has covenanted not to redeem such bonds other than as set forth in such instructions;

(B) The bonds are secured by ash or Government Obligations which may be applied only to interest, principal, and premium payments of such bonds;

(C) The principal of and interest on the Government Obligations (plus any cash in the escrow fund) are sufficient to met the liabilities of the bonds;

(D) The Government Obligations serving as security for the bonds are held by an escrow agent or trutee; and

(E) The Government Obligations are not available to satisfy any other claims, including those against the trustee or escrow agent.

(d) 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;

(e) 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;

(f) 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;

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

(h) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (f), 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 owner 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;

(i) With respect to the Notes, the Investment Agreement which may be entered into by and between the Trustee and the bank designated as "Investment Bank" in the Supplemental Resolution;

(j) 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

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

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

"Registrar" shall mean as appropriate either the Bond Registrar or the Notes Registrar or both.

"Renewal and Replacement Fund" shall mean the Renewal and Replacement Fund created by Section 5.01.

"Revenue Fund" shall mean the Revenue Fund established by Section 5.01 hereof.

"Sanitary Board" or "Board" shall mean the Sanitary Board of the City established by an ordinance duly enacted by the Council of the City and any successors to the functions thereof.

"Series 1987 A Bonds" or "Series A Bonds" shall mean the not more than $1,760,000.00 in aggregate principal amount of Sewer Revenue Bonds, Series 1987 A of the Issuer.

"Series 1987 A Bonds Reserve Account" shall mean the Series 1987 A Bonds Reserve Account established in the Series 1987 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1987 A Bonds Reserve Requirement" shall mean, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1987 A Bonds inany year.

"Series 1987 A Bonds Sinking Fund" shall mean the Series

Words importing singular number shall 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.

ARTICLE II

AUTHORIZATION OF CONSTRUCTION AND ACQUISITION OF THE PROJECT

Section 201. Authorization of Construction and Acquisition of the Project. There is hereby authorized the construction and acquisition of the Project, at an estimated cost of $3,272,750.00 in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Notes and the Bonds hereby authorized shall be applied as provided in the Indenture, if any, and Article VI hereof, respectively.

ARTICLE III

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

Section 3.01. Authorization of Original Bonds. For the purposes of capitalizing interest on the Original Bonds, funding a reserve account for each series of Original Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, or any of such purposes, there shall be issued negotiable Original Bonds of the Issuer, in an aggregate principal amount of not more than $2,200,000.00. Said Bonds shall be issued in two series, to be designated respectively, "Sewer Revenue Bonds, Series 1987 A," and "Sewer Revenue Bonds, Series 1987 B," in the aggregate principal amount of not more than $1,760,000.00 and $440,000.00, respectfully, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. Such Bonds shall be issued contemporaneously with or prior to issuance of the Notes, if any. The proceeds of the Bonds remaining after funding of the Reserve Accounts and capitalization of interest, if any, shall be deposited in the Bond Construction Trust Fund established by Section 5.01 hereof.

Section 3.02. Terms of Bonds. The Bonds shall bear interest at such rate or rates, not exceeding the then legal maximum, payable seminnually 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

1987 A Sinking Fund established by Section 5.02 hereof.

"Series 1987 B Bonds" or "Series B Bonds" shall mean the not more than $440,000.00 in aggregate principal amount of Sewer Revenue Bonds, Series 1987 B, of the Issuer.

"Series 1987 B Bonds Reserve Account" shall mean the Series 1987 B Bonds Reserve Account established in the Series 1987 B Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1987 B Bonds Reserve Requirement" shall mean, as of the date of calculation, the maximum amount of principal which will become due on the Series 1987 B Bonds in any year.

"Series 1987 B Bonds Sinking Fund" shall mean the Series 1987 B Bonds Sinking Fund established by Section 5.02 hereof.

"State" shall mean the State of West Virginia.

"Supplemental Resolution" shall mean any ordinance, resolution 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 Notes or Original Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Notes or the Original Bonds, as the case may be, and not so included may be included in another Supplemental Resolution.

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

"System" shall mean the works for the collection and/or treatment, purification and disposal of sewage, in its entirety or any integral part thereof, owned by theCity 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.

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

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

Resolution. The Bonds shall be payable as to principal at the office of the Paying Agent in any currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Bonds shall be paid by check or draft of the Paying Agent mailed to the registered owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

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

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

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

Section 3.04. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the forms set forth in Section 3.09 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such

Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all the Bonds issued hereunder.

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

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

The Bonds shall be transferable only upon the books of the Bond Registrar, by the registered 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 registered owner or his duly authorized attorney.

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

Section 3.06. Bond Mutilated, Destroyed, Stolen or Lost.

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

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

Section 3.08. Bonds Secured by Pledge of Net Revenues; Series 1987 B Bonds to be Junior and Subordinate to Series 1987 A Bonds. The payment of the debt service of all the Series 1987 A Bonds shall be secured forthwith equally and ratably with each other, on a basis junior and subordinate to the Prior Bonds, by a lien on the Net Revenues derived from the System. The payment of the debt service of all the Series 1987 B 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 and subordinate to the lien on such Net Revenues in favor of the Holders of the Series 1987 A Bonds and the Prior Bonds. Such Net Revenues in an amount sufficient, after all payments on account of the Prior Bonds, to pay the principal of and interest on and other payments for the Bonds and to make the payments into the Sinking Funds, the Reserve Accounts therein and the Renewal and Replacement Fund hereinafter established, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

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

[Form of Series 1987 A Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF MONTGOMERY SEWER REVENUE
BOND, SERIES 1987 A

No. AR-1 $1,164,146.00

KNOW ALL MEN BY THESE PRESENTS: That the City of Montgomery, a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to West Virginia Water Development Authority (the "Authority") or registered assigns the sum of One Million One Hundred Sixty Four Thousand One Hundred Forty Six and No/100 Dollars ($1,164,146), in annual installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated hereby by reference with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest rate on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year, beginning April 1, 1988. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

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

15, 1987.

This Bond is issued (i) to pay costs of acquisition and construction of certain additions, improvements and betterments to the existing sewage treatment system, collection and transportation facilities of the Issuer (the "Project"); (ii) to pay interest on the Bonds of this series (the "Bonds") during the construction of the Project and for approximately 18 months thereafter; (iii) to fund the reserve account for the Bonds; and (iv) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance duly enacted by the Issuer on August 24, 1987, effective September 15, 1987, as supplemented by a resolution duly adopted by the Issuer on the 26th day of October, 1987, (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is issued contemporaneously with the Sewer Revenue Bonds, Series 1987 B, of the Issuer (the "Series 1987 B Bonds"), issued in the aggregate principal amount of $285,539, which Series 1987 B Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Bonds.

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 April 1, 1963, outstanding as of the date hereof in the aggregate principal amount of $256,000 (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, moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1987 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 thereon except from said special fund provided from the Net Revenues, the moneys in the Series 1987 A Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the

Bond Legislation the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient together with other revenues of the System to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount required to pay in any year the maximum amount due of principal of and interest on the Bonds, the Series 1987 B Bonds, and the Prior Bonds and on all other obligations secured by or payable from such revenues prior to or on a parity with the Bonds, or the Series 1987 B Bonds, provided however, that so long as there exists in the Series 1987 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in any year, and in the reserve account established for the Series 1987 B Bonds and any other obligations outstanding prior to or on a parity with the Bonds or the Series 1987 B Bonds, including the Prior Bonds, in an amount at least equal to the respective requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar by the registered owner, or by its attorney or legal representative duly in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or its attorney or legal representative 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 moneys received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation or to the appurtenant sinking fund, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together

with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the City for the prompt payment of the principal of and interest on this Bond.

All provisions of the Bond Legislation, 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 MONTGOMERY has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated October 27, 1987.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1987 A Bonds 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.

_____
as Registrar

By: _____
Its Authorized Officer

Dated: October 27, 1987

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[FORM OF ASSIGNMENT]

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

_____

_____

_____

_____

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

Dated: _____, _____.

_____

In the presence of:

_____

[Form of Series 1987 B Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF MONTGOMERY, WEST VIRGINIA
SEWER REVENUE BOND, SERIES 1987 B

No. BR-1 $285,539.00

KNOW ALL MEN BY THESE PRESENTS: That the City of Montgomery, a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to West Virginia Water Development Authority (the "Authority") or registered assigns the sum of Two Hundred Eighty Five Thousand Five Hundred Thirty Nine and No/100 Dollars ($285,539), in annual installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated hereby by reference, without interest.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, at any time, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with the Loan Agreement between the Issuer and the Authority, dated October 15, 1987.

This Bond is issued (i) to pay costs of acquisition and construction of certain new additions, improvements and betterments to the existing sewage treatment system, collection and transportation facilities of the Issuer (the "Project"); (ii) to fund the reserve account for the Bonds of this series (the "Bonds"); and (iii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance duly enacted by the Issuer on August 24, 1987, effective September 15, 1987, as supplemented by resolution duly adopted by the Issuer on the

26th day of October, 1987, (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is 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, moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1987 B Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same except from said special fund provided from the Net Revenues, the moneys in the Series 1987 B Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient together with other revenues of the System to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance year equal to at least 115% of the maximum amount required to pay in any year the maximum amount due of principal of and interest on the Bonds, the Series 1987 A Bonds, the Prior Bonds and on all other obligations secured by or payable from such revenues prior to or on a parity with the Bonds, or the Series 1987 A Bonds, provided however, that so long as there exists in the Series 1987 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in any year, and in the reserve accounts established for the Series 1987 A Bonds and the Prior Bonds and any other obligations outstanding prior to or on a parity with the Bonds or the Series 1987 A Bonds, in an amount at least equal to the respective requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or its attorney duly authorized in writing.

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

All moneys received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation or to the appurtenant sinking fund, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the owner of this Bond; provided that said lien upon moneys in the Bond Construction Trust Fund is subordinate to the lien of the Series 1987 A Bonds.

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 April 1, 1963, outstanding as of the date hereof in the aggregate principal amount of $256,000 (the "Prior Bonds") and 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, Series 1987 A, issued simultaneously herewith in the aggregate principal amount of $1,164,146 (the "Series 1987 A Bonds").

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

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

IN WITNESS WHEREOF, the CITY OF MONTGOMERY has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated October 27, 1987.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1987 B Bonds 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.

_____
as Registrar

By: _____
Its Authorized Officer

Dated: October 27, 1987

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[FORM OF ASSIGNMENT]

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

_____

_____

_____

_____

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.10. Sale of Original Bonds; Execution of Loan Agreement with Authority. The Original Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Mayor is specifically authorized and directed to execute the Loan Agreement in substantially the formsattached hereto as Exhibits "B" & "C" and made a part hereof, and the Clerk is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority and such execution and delivery is ratified and confirmed.ARTICLE IV

INTERIM CONSTRUCTION FINANCING

Section 4.01. Authorization and General Terms. In order to pay certain Costs of the Project pending receipt of the Grant Receipts, the Issuer may issue and sell its Notes in the aggregate principal amount of not to exceed $3,500,000.00. The Notes may be in the form of grant anticipation notes or as evidence of a line of credit from a commercial bank or other lender, at the discretion of the Issuer, and as shall be set forth in a resolution supplemental hereto. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the Indenture or Supplemental Resolution, as applicable.

Section 4.02. Terms of and Security for Notes; Trust Indenture. The Notes shall be issued in fully registered form, in the denomination of $5000 or any integral multiple thereof, with such terms and secured in the manner set forth in the Indenture, if applicable, or supplemental resolution, if no Indenture is used.

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

Section 4.04. Letters of Credit. As additional security for the Notes, the Issuer may obtain a letter or letters of credit from a bank or banks, pursuant to which such bank or banks would agree to pay to the Trustee, upon presentation by the Trustee of certain certificates, the sum or sums set forth therein but not to exceed $200,000.00 in the aggregate. In the event of a draw under any such letter of credit, the Issuer shall issue its refunding notes to the Credit Bank. Any such letter of credit shall be authorized and shall have such terms as shall be set forth in a resolution supplemental hereto.

ARTICLE V

SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created with and shall be held by the Depository Bank:

(1) Revenue Fund;

(2) Renewal and Replacement Fund;

(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) Series 1987 A Bonds Sinking Fund;

(a) Within the Series 1987 A Bonds Sinking Fund, the Series 1987 A Bonds Reserve Account.

(2) Series 1987 B Bonds Sinking Fund;

(a) Within the Series 1987 B Bonds Sinking Fund, the Series 1987 B Bonds 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 5 of the Prior Ordinance (the "Prior Revenue Fund"). Moneys in the Prior Revenue Fund shall first be disposed of as provided by Section 5(1)(2) and (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. Thereafter, from the moneys remaining in the Prior Revenue Fund or, after payment or defeasance of the Prior Bonds from the moneys in the Reveue Fund the Issuer shall next, on the first day of each month, commencing 7 months prior to the first date of payment of interest on the Series 1987 A Bonds for which interest has not been capitalized, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1987 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 1987 A Bonds on the next ensuing semi-annual interest payment date; provided, that, in the event the period to elapse between the date of such initial deposit in the Series 1987 A Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next semiannual interest payment date, the required amount of interest coming due on such date.

D. The Issuer shall also, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1987 A Bonds, apportion and set apart out of the Prior Revenue Fund or the Revenue Fund, as the case may be, and remit to the Commission for deposit in the Series 1987 A Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1987 A Bonds on the next ensuing principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1987 A Bonds Sinking Fund and the next annual principal payment date is less than 13 months then such monthly payments shall be increased proportionately to provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date.

E. 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 day of payment Series 1987 A Bonds, remit to the Commission for deposit in the Series 1987 A Reserve Account, an amount equal to 1/120 of the Series 1987 A Reserve Account Requirement; provided, that no further payments shall be made into the Series 1987 A 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 1987 A Reserve Account Requirement. Once the Series 1987 A Reserve Account has been funded at the Series 1987 A Reserve Account Requirement, whether from Series 1987 A Bond proceeds or such monthly payments or otherwise, the City shall next remit to the

Commission for deposit in the Series 1987 A Reserve Account an amount equal to any deficiency in the Series 1987 A Reserve Account Requirement. Any withdrawals from the Series 1987 A Reserve Account which result in a reduction in the balance of the Series 1987 A Reserve Account to below the Series 1987 A Reserve Account Requirement shall be subsequently restored from the first Net Revenues available after all required payments prescribed above have been made in full.

F. The Issuer shall next from the Prior Revenue Fund or, after payment or defeasance of the Prior Bonds from the moneys remaining in the Revenue Fund on the first day of each month, commencing with the month succeeeding the first full calendar month after commencement of operation of the Project; (i) transfer to the Renewal and Replacement Fund a sum equal to 2-1/2% of the Gross Revenues each month, exclusive of any payments for account of the Series 1987 A Bonds Bonds Reserve Account; (ii) 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 from each other 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 extensions or improvements to the System or for making emergency repairs or replacements to the System; provided that any deficiencies in the Series 1987 A Bonds Reserve Account shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

G. The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1987 B Bonds, apportion and set apart out of the Prior Revenue Fund after payment or defeasance of the Prior Bonds from the Revenue Fund and remit to the Commission for deposit in the Series 1987 B Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1987 B Bonds on the next ensuing principal payment date.

H. 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 Series 1987 B Bonds, remit to the Commission for deposit in the Series 1987 B Reserve Account an amount equal to 1/120 of the Series 1987 B Reserve Account Requirement; provided, that no further payments shall be made into the Series 1987 B 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 1987 B Reserve Account Requirement. Once the Series 1987 B Reserve Account has been funded at the Series 1987 B Reserve Account

Requirement, the City shall next remit to the Commission for deposit in the Series 1987 B Reserve Account an amount equal to any deficiency in the Series 1987 B Reserve Account Requirement. Any withdrawals from the Series 1987 B Reserve Account which result in a reduction in the balance of the Series 1987 B Reserve Account to below the Series 1987 B Reserve Account Requirement shall be subsequently restored from the first Net Revenues available after all required payments prescribed above have been made in full.

Moneys in the Series 1987 A Bonds Sinking Fund and the Series 1987 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the respective series of Bonds as the same shall become due. Moneys in the Series 1987 A Bonds Reserve Account and the Series 1987 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the respective series of Bonds, as the same shall come due, when other moneys in the attendant Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the several Sinking Funds and Reserve Accounts shall be returned not less than once each year, by the Commission to the Issuer, for deposit in the Revenue Fund, and such amounts shall be applied in full, first to the next ensuing interest payments, if any, due on the respective Series of Bonds, and then to the next ensuing principal payments due thereon.

As and when additional Bonds ranking on a parity with the Series 1987 B Bonds are issued, provision shall be made for additional payments into the Series 1987 B Sinking Fund sufficient to pay the interest, if any, on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the Series 1987 B Reserve Account in an amount equal to the maximum principal and interest, if any, on the the Series 1987 B Bonds, including such additional Series 1987 B Bonds which by their terms are payable from such Sinking Fund, coming due in any year.

As and when additional Bonds ranking on a parity with the Series 1987 A Bonds are issued, provision shall be made for additional payments into the Series 1987 A 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 Series 1987 A Reserve Account in an amount equal to the maximum principal and interest on the the Series 1987 A Bonds, including such additional Series 1987 A Bonds which by their terms are payable from such Sinking Fund, coming due in year year.

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

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

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

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

I. Whenever all of the required and provided transfers and payments from Prior Revenue Fund or the the Revenue Fund, as the case may be, into the several funds, as hereinbefore provided, are current and there remains in said Fund a balance in excess of the estimated amounts required to be so transferred and paid on account of the Prior Bonds and into the Sinking Funds, including the Reserve Account therein, and the Renewal and Replacement Fund during the following month or such other period as required by law, such excess shall be considered Surplus Revenues, Surplus Revenues may be used for any lawful purpose of the Issuer, including, but not limited to, payment to the Trustee for deposit in the Notes Debt Service Fund, as defined in the Indenture.

J. 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 fees and charges when due.

K. The moneys in excess of the sum insured by the maximum amounts insured by FDIC in any funds and accounts created by the Prior Ordinance other than with the Commission, and in the Revenue Fund and the Renewal and Replacement Fund

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

L. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinbefore 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.

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

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

O. All Tap Fees shall be deposited by the Issuer, as received, in the Bond Construction Trust Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System, provided that, in the event Notes are issued, Tap Fees may, with the written consent of the Authority be deposited otherwise.

ARTICLE VI

ORIGINAL BOND PROCEEDS; FUNDS AND ACCOUNTS

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

A. From the proceeds of the Series 1987 A Bonds, there shall be deposited with the Commission in the Series 1987 A Bonds Sinking Fund, the amount specified in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 1987 A Bonds for the period commencing on the date of issuance of the Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. There shall next be paid, from the proceeds of the Bonds, be credited to the Construction Trust Fund and then paid to the Depository Bank, the amount necessary to pay in full all prior borrowings of the Issuer in connection with the Project, including interest accrued thereon, and the Depository Bank shall, concurrently with such deposit, pay such borrowings as directed by the Issuer.

C. Next, from the proceeds of the Series 1987 A Bonds, there shall be first credited to the Construction Trust Fund and then deposited with the Commission in the Series 1987 A Reserve Account a sum equal to the Series 1987 A Reserve Requirement and from the proceeds of the Series 1987 B Bonds, there shall be first credited to the Construction Trust Fund and then deposited with the Commission in the Series 1987 B Reserve Account a sum equal to the Series 1987 B Reserve Requirement.

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

E. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Bond Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Bond Construction Trust Fund set forth in the Bond Legislation. Moneys in the Bond Construction Trust Fund shall be used solely to pay Costs of the Project, and until so expended, are hereby pledged as additional security for the Bonds with the lien on account of the Series

1987 B Bonds being junior and subordinate to that of the Series 1987 A Bonds. In the event that Notes are issued, the disposition of funds in the Bonds Construction Trust Fund may be modified from that set forth herein, with the written consent of the Authority.

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

Disbursements from the Bond Construction Trust Fund, except for the costs of issuance thereof which shall be made upon request of the Issuer, shall be made only after submission to the Depository Bank of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:

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

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

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

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

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

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

After completion of the Project, as certified by the Consulting Engineers, the Depository Bank shall transfer any

moneys remaining in the Bond Construction Trust Fund to the Series 1987 A Bonds Reserve Account, and when fully funded to the Series 1987 B Bonds Reserve Account, and when both Reserve Accounts are fully funded, shall return such remaining moneys to the Issuer for deposit in the Revenue Fund. The Issuer shall thereafter, apply such moneys in full, first to the next ensuing interest payments, if any, due on the respective series of Bonds and next to the next ensuing principal payments due thereon.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

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

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

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

Section 7.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of all the Series 1987 A Bonds shall be secured forthwith equally and ratably with each other, by a lien on the Net Revenues derived from the System, which lien shall be junior and subordinate to that of the Prior Bonds. The payment of the debt service of all the Series 1987 B 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 and subordinate to the lien on such Net Revenues in favor of the Holders of the Series 1987 A Bonds and the holders of the Prior Bonds. Such Net Revenues in an amount sufficient, after all payments on account of the Prior Bonds, to pay the principal of and interest on and other payments for the Bonds and to make the payments into the Sinking Funds, the Reserve

Accounts therein and the Renewal and Replacement Fund, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

Section 7.04. Initial Schedule of Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System has been passed and approved by the Council as of June 30, 1987. A copy of the Ordinance so passed is attached hereto as Exhibit "E".

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

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

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

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. The Issuer shall not issue any obligations whatsoever with a lien on or otherwise payable from any source of payment pledged originally to the Notes issued under the Indenture or supplemental resolution prior to or on a parity with the lien on behalf of such Notes until such Notes have been defeased in accordance with the provisions of the Indenture and the Bond Legislation; provided that Parity Bonds having a lien on the net revenues, which may dilute the amount of Surplus Revenues available for the Notes may be issued to complete the Project. So long as any of the Bonds are Outstanding, no obligations 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 may be issued; provided, however, that additional Parity Bonds may

be issued as provided for in Section 7.07 hereof. All obligations issued by the Issuer after the issuance of the Bonds and payable from the revenues of the System, except such additional Parity 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 1987 A Bonds and the Series 1987 B Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made on account of the Prior Bonds and into the Reserve Accounts, the Sinking Fund and the Renewal and Replacement Fund at the time of the issuance of such subordinate obligations have been made and are current.

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

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

No Parity Bonds shall be issued which shall be payable out of the revenues of the System prior to or on a parity with the Series 1987 A Bonds so long as the Series 1987 B Bonds are outstanding. All Parity Bonds issued hereunder so long as the Series 1987 B Bonds are outstanding shall be on a parity in all respects with the Series 1987 B Bonds only.

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

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Clerk a written statement by the Independent Certified Public Accountants, based upon the necessary investigation and certification by the Consulting Engineers, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds,

plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding year for principal of and interest on the following:

(A) Prior Bonds and any other obligations secured by and payable from the revenues of the System prior to the Bonds;

(B) The Bonds then Outstanding;

(C) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Resolution 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 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates enacted by the Issuer, the period for appeal of which has expired prior to the date of delivery of such Parity Bonds, or which are otherwise not subject to further appeal, 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 12-consecutive-month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Consulting Engineers and the said Independent Certified Public Accountants, as stated in a certificate jointly made and signed by the Consulting Engineers and said Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System enacted by the Issuer the period for appeal of which has expired prior to issuance of such Parity Bonds or which are otherwise not subject to further appeal.

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

All covenants and other provisions of this Bond Ordinance (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. All the 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 or payment from said revenues, wihout preference of any Bond of one series over any other Bonds of the same series. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Ordinance required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued puruant to this Bond Ordinance.

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 1987 A Bonds and the Series 1987 B Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or except in the manner and under the conditions provided in this section, equally, as to the lien on and source of and security for payment from such revenues, with the Series 1987 A Bonds or the Series 1987 B Bonds.

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

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

written consent of the Authority to the issuance of bonds on a parity with the Series 1987 A Bonds.

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

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

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

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants and shall mail upon request, and make available generally, the report of said

Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of Bonds or Notes, as the case may be, and shall file said report with the Trustee and the Authority, or any other original purchaser of the Bonds.

Section 7.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges as 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 said System sufficient to pay Operating Expenses and to make the payments into the funds created hereunder and under the Prior Ordinance. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient along with other revenues of the System (i) to pay for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Bonds, the Prior Bonds, and all other obligations secured by or payable from such revenues prior to or on a parity with the Bonds; provided that, in the event that an amount equal to or in excess of the Reserve Requirements are on deposit in the Reserve Accounts andreserve accounts for bonds prior to or on a parity with the 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 on the Bonds and all other obligations, including the Prior Bonds, secured by or payable from such revenues prior to or on a parity with the Bonds.

Section 7.10. Operating Budget and Audit. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated expenditures for operation and maintenance of the System during the succeeding Fiscal year. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendations by the Consulting Engineer, which finding and recommendations shall state in detail the purpose of and

necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Trustee and the Authority and to any Holder of any Bonds or Notes, as the case may be, who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Trustee and to any Holder of any Bonds or Notes, as the case may be, or anyone acting for and in behalf of such Holder of any Bonds or Notes, as the case may be.

In addition, the Issuer shall annually cause the records of the System to be audited by an independent certified public accountant, the report of which audit shall be submitted to the Authority and which audit report shall include a statement that the Issuer is in compliance with the terms and provisions of this Bond Legislation and the Loan Agreement.

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

Section 7.12. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the 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, all delinquent 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 and facilities of the System and any services 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 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 penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum edtent permitted by law.

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

Section 7.14. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as any of the Bonds or the Notes remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System, with such beneficence as shall be required by Section 2.8 of the Loan Agreement. Such insurance shall initially cover the following risks and be in the following amounts:

(A) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurance 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 received by the Issuer shall be deposited in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for other purposes of 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 interests may appear, during construction of the Project in the full insurable value thereof, all as required by the Loan Agreement. The City shall carry such other insurance as required by the Authority, including but not limited to flood isurance and business interruption isurance, to the extent available at reasonable cost to the City.

(B) PUBLIC LIABILITY INSURANCE, with limits of not less than $500,000 per occurrence to protect the Issuer from claims for bodily injury and/or death and not less than $100,000 per occurrence for 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.

(C) 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 compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

B. The Issuer shall also require all contractors engaged in the constructon 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.

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

ARTICLE VIII

INVESTMENT OF FUNDS; NON ARBITRAGE

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

Except as provided in the Indenture, if any, with respect to funds and accounts created thereby, any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be created or charged to the appropiate 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 accured interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission, the Trustee, if any, the Depository Bank, or such other bank or national banking association, as the case may be, shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Trustee, if any, the Depository Bank, or such other bank or national banking association, as the case may be, may make any and all investments permitted by this section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

Section 8.02. Restrictions as to Arbitrage Bonds. The Issuer hereby covenants, and hereby so instructs the Bond Commission and the Trustee that they shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly 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 Internal Revenue Code of 1986 (or any successor provision) and an Authorized Officer shall deliver his certificate, based upon this covenant, with regard thereto to the purchaser ofthe Original Bonds.

Secton 8.03. Rebates of Excess Arbitrage Earnings. In accordance with Section 148(f)(C) of the Code, the Issuer represents that it is a governmental unit with general taxing powers; that the Bonds are not private activity bonds as defined in Section 141 of the Code; that 95% or more of the Net Proceeds of the Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and that the aggregate face amount of the all tax-exempt obligations (other than private activity bonds as defined in Section 142 of the Code) issued by the Issuer, including all subordinate entities of the Issuer, during the calendar year 1987 will not exceed $5,000,000. Therefore, the Issuer believes that it is except from the rebate requirements of Section 148(f) of the Code. Notwithstanding the foregoing, if the Issuer is in fact subject to such rebate requirements the Issuer hereby covenants to rebate to the United States Government the amounts required by the Code and to take all steps necessary to make such rebates. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and obtain a waiver from the Internal Revenue Service in order to maintain the tax-exempt status of the interest on the Bonds.

Section 8.04. Covenant 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 Ordidnance 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 8.05. 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 8.06. 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 8.07. 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 8.07. 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 8.08. 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. A. 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 any Notes; or

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

(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.

B. 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; or

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

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

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

Note or Bond, as the case may be, may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her right and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Notes or Bonds, as the case may be, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Notes or Bonds, as the case may be, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Notes or Bonds, or the rights of such Registered Owners, provided however, that no remedy herein stated may be exercised by a Noteholder in a manner which adversely affects any remedy available to the Bondholders or the holders of the Prior Bonds and provided further, that all rights and remedies of the Holders of the Series 1987 B Bonds shall be subject to those of the Holders of the Series 1987 A Bonds and all rights and remedies of the Holders of the bonds shall be subject to those of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including the 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 reciver to administer the System 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 Sytem and shall hold, operate and maintain, manage and control such facilities, and each and every part thereof, and in the name of the Issuer exercise all the rights and powers of the Issuer with respect to

said facilities as the Issuer itself might do.

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

Such receiver, in the performance of the powers hereinabove conferred upon him or 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 to such receiver shall be limited to the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jursidiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

Any rights of the Registered Owners of the Series 1987 B Bonds with respect to the remedies provided by this Section shal be subject to the prior and senior rights of the Registered Owners of the Series 1987 A Bonds.

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance of Series 1987 A Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1987 A Bonds, the principal of and interest due or to become due thereon, at the time and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1987 A Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1987 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1987 A Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due the principal installments of and interest on such Series 1987 A Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1987 A Bonds shall, prior to the maturiy thereof, be deemed to have been paid within the meaning and with the effect expressed in the firs paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same or earlier time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1987 A Bonds on and prior to the maturity dates thereof or to a prior redempion date thereof (including in such instance, any premium to come due thereon). Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1987 A Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the maturity dates thereof, and interest

earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

Section 10.02. Defeasance of Series 1987 B Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1987 B Bonds, the principal of and interest due or to become due thereon, at the time and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1987 B Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1987 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1987 B Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due the principal installments of and interest on such Series 1987 B Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1987 B Bonds shall, prior to the maturiy thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same or earlier time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1987 B Bonds on and prior to the maturity dates thereof or to a prior redemption date thereof (including in such instance any premiums to come due thereon). Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1987 B Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the maturity dates thereof, and interest

earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. No material modification or amendment of this Bond Legislation, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the Notes or Bonds shall be made without the consent in writing of the Registered Owners of 66-23% or more in prinicipal amount of the Notes or Bonds so affected and then Outstanding; provided, that no charge shall be made in the maturity of any Bond or Bonds or any Note or Notes or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein respectively pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds or Notes respectively, required for consent to the above-permitted amendments or modifications.

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

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

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

Section 11.05. Amendments to Maintain Tax Exemption. The Issuer hereby covenants to make any amendment or supplements to this Ordinance and to the Indenture authorized hereby to enable the interest on the Notes or Bonds to be and remain exempt from federal income taxation, and to preserve such tax exemption until the maturity or redemption thereof without further consent of the Holders of the Bonds or the Notes.

Section 11.06. Conflicting Provisions Repealed. All 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 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 unreconcilable conflict between the Prior Ordinance and this Ordiance, the Prior Ordiance shall govern; provided, that a conflict shall be deemed reconcilable if satisfaction of one ofthe provisionsat least complies with the other.

Section 11.07. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the enactment of this Ordinance do exist, have happened, have been performed and have been taken in compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, 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 qualifed for such office.

Section 11.08. Publication of Ordinance; Public Hearing. The Clerk hereby is authorized and directed to publish an abstract of this Ordinance and a notice of public hearing in substantially the form appended hereto as Exhibit "F" as a Class II legal advertisement in compliance with the provisions of Chapter 59, Article III, of the Code of West Virginia, 1931, as amended, in The Charleston Daily Mail, The Charleston Gazette and The Montgomery Herald, the latter being the only newspaper published in the City and the prior two being of general circulation in the City. Said abstract and notice shall be published twice, the first such publication being not less than 10 days prior to the date of public hearing, and the second such publication being not less than seven days or nor more than 13 days following said first publication but prior to the date of public hearing.

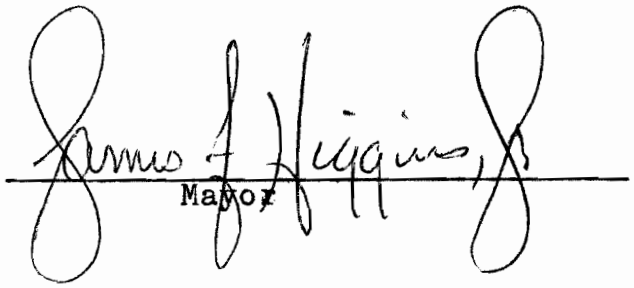
It is hereby determined that said abstract in such form contains sufficient information of the contents of this Ordinance.

The Council of the City shall conduct a public hearing on the date stated in said abstract and notice and shall permit any person interested in the Ordinance and the proposed issuance of the Series 1987 A Bonds and Series 1987 B Bonds to present protests, objections and suggestions relevant thereto.

CERTIFICATION

Certified a true copy of the Bond and Notes Ordinance duly enacted by the Council of the City of Montgomery on this 27th day of October, 1987.

[SEAL]



Mayor

CITY OF MONTGOMERY

Sewer Revenue Bonds
Series 1987 A and Series 1987 B

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1987 A AND SERIES 1987 B OF THE CITY OF MONTGOMERY; AUTHORIZING, APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the city council ("Governing Body") of the City of Montgomery (the "Issuer"), has duly and officially enacted a bond and notes ordinance, effective September 15, 1987 (the "Bond Ordinance"), entitled:

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF CITY OF MONTGOMERY AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $1,760,000.00 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1987 A, NOT MORE THAN $440,000.00 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1987 B, AND NOT MORE THAN $3,500,000.00 INTERIM CONSTRUCTION FINANCING, CONSISTING OF GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES OR BOTH; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the Bond Ordinance provides for the issuance of Sewer Revenue Bonds of the Issuer (the "Bonds"), in an aggregate principal amount of not to exceed $2,200,000 to be issued in two series, the Series 1987 A Bonds to be in an aggregate principal amount of not more than $1,760,000 (the "Series 1987 A Bonds") and the Series 1987 B Bonds to be in an aggregate principal amount of not more than $440,000 (the Series 1987 B Bonds"), and has authorized the execution and delivery of a loan agreement

relating to the Series 1987 A Bonds dated October 15, 1987, and a supplemental loan agreement relating to the Series 1987 B Bonds, also dated October 15, 1987 (sometimes collectively referred to herein as the "Loan Agreement"), by and between the Issuer and West Virginia Water Development Authority (the "Authority"), all in accordance with West Virginia Code 1931, as amended, Chapter 16, Article 13 (the "Act"); and in the Bond Ordinance it is provided that the exact principal amounts, maturity dates, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted and that the Loan Agreement be entered into and ratified by the Issuer, that the exact principal amounts, the prices, the maturity dates, the redemption provisions, the interest rates and the interest and principal payment dates of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

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

Section 1. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued:

(A) The Sewer Revenue Bonds, Series 1987 A, of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $1,164,146. The Series 1987 A Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2026, shall bear interest at the rate of 8.38% per annum, payable semiannually on April 1 and October 1 of each year, first interest payable April 1, 1988, shall be subject to redemption only upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1987 A Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached thereto and to the Loan Agreement and incorporated therein by reference and hereby specifically approved.

(B) The Sewer Revenue Bonds, Series 1987 B, of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $285,539. The Series 1987 B Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2026, shall be interest free, shall be subject to redemption only upon the written consent of the Authority, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1987 B Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached thereto and to the Supplemental Loan Agreement and incorporated therein by reference and hereby specifically approved.

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

Section 3. The Issuer does hereby approve, accept and ratify the Loan Agreement, copies of which are incorporated herein by reference, and the execution and delivery by the Mayor of the Loan Agreement, and the performance of the obligations contained therein, on behalf of the Issuer are hereby ratified and approved. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon.

Section 4. The Issuer does hereby appoint and designate One Valley Bank, National Association, Charleston, West Virginia, as Registrar for the Bonds and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and One Valley Bank, National Association, in substantially the form attached hereto, and the execution and delivery by the Mayor of the Registrar's Agreement, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, approved and directed.

Section 5. The Issuer does hereby appoint and direct the West Virginia Municipal Bond Commission, Charleston, West Virginia, as Paying Agent for the Bonds.

Section 6. The Issuer does hereby appoint The Merchants National Bank, Montgomery, West Virginia, as Depository Bank under the Bond Ordinance.

Section 7. Series 1987 A Bond proceeds in the amount of $152,216 shall be deposited in the Series 1987 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 1987 A Bond proceeds in the amount of

$102,365.44 and Series 1987 B Bond proceeds in the amount of $7,514.34 shall be deposited in the Series 1987 A Bonds Reserve Account and the Series 1987 B Bonds Reserve Account, respectively.

Section 9. The Mayor and Recorder 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 October 27, 1987, to the Authority pursuant to the Loan Agreement.

Section 10. The financing of the Project which is projected to cost $3,100,000 in part with proceeds of the Bonds is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer. The issuance of the 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 Kanawha River. The Authority is agreeable to accepting the subordinate lien, as the principal amount of the Prior Bonds will constitute less than 20% of the bonds outstanding after the issuance of the Bonds.

Section 11. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Bond Ordinance in the West Virginia "Consolidated Fund," and therefore the Issuer hereby directs the Depository Bank and the Paying Agent to take such actions as may be necessary to cause such moneys to be invested in the Consolidated Fund until advised by the Issuer to the contrary.

Section 12. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Secton 103(a) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. They will take all actions necessary to comply with the Code and Treasury Regulations to be promulgated thereunder.

Section 13. In accordance with Section 148(f)(4)(C) of the Internal Revenue Code of 1986, as amended (the "Code"), the Issuer covenants that it is a governmental unit with general taxing powers; that the Bonds are not private activity bonds as defined in Section 141 of the Code; that 95% or more of the net proceeds of the Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer), and that the aggregate face amount of the all

tax-exempt obligations (other than private activity bonds as defined in Section 141 of the Code) issued by the Issuer, including all subordinate entities of the Issuer, during the calendar year 1987 will not exceed $5,000,000, excluding, however, tax-exempt obligations which are not outstanding as of the date of delivery of the Bonds.

Section 14. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 26th day of October, 1987.

CITY OF MONTGOMERY

By _____
Mayor

ANALYSIS OF 7.00% BORROWING COST FOR LOCAL ISSUER

---------- 1986 SERIES A BONDS ----------

PERIOD ENDING 10/1	COUPON	PRIN.	INTEREST	SERVICE
1988	8.38		90,509.76	90,509.76
1989	8.38	4,809	97,555.43	102,364.43
1990	8.38	5,213	97,152.44	102,365.44
1991	8.38	5,649	96,715.59	102,364.59
1992	8.38	6,123	96,242.21	102,365.21
1993	8.38	6,636	95,729.10	102,365.10
1994	8.38	7,192	95,173.00	102,365.00
1995	8.38	7,795	94,570.31	102,365.31
1996	8.38	8,447	93,917.09	102,364.09
1997	8.38	9,156	93,209.23	102,365.23
1998	8.38	9,922	92,441.96	102,363.96
1999	8.38	10,754	91,610.50	102,364.50
2000	8.38	11,656	90,709.31	102,365.31
2001	8.38	12,632	89,732.54	102,364.54
2002	8.38	13,690	88,673.98	102,363.98
2003	8.38	14,838	87,526.75	102,364.75
2004	8.38	16,081	86,283.33	102,364.33
2005	8.38	17,429	84,935.74	102,364.74
2006	8.38	18,890	83,475.19	102,365.19
2007	8.38	20,472	81,892.21	102,364.21
2008	8.38	22,188	80,176.66	102,364.66
2009	8.38	24,047	78,317.30	102,364.30
2010	8.38	26,063	76,302.16	102,365.16
2011	8.38	28,246	74,118.08	102,364.08
2012	8.38	30,613	71,751.07	102,364.07
2013	8.38	33,179	69,185.70	102,364.70
2014	8.38	35,960	66,405.30	102,365.30
2015	8.38	38,973	63,391.85	102,364.85
2016	8.38	42,238	60,125.91	102,363.91
2017	8.38	45,778	56,586.37	102,364.37
2018	8.38	49,615	52,750.17	102,365.17
2019	8.38	53,772	48,592.44	102,364.44
2020	8.38	58,278	44,086.34	102,364.34
2021	8.38	63,162	39,202.65	102,364.65
2022	8.38	68,455	33,909.67	102,364.67
2023	8.38	74,191	28,173.14	102,364.14
2024	8.38	80,409	21,955.94	102,364.94
2025	8.38	87,147	15,217.66	102,364.66
2026	8.38	94,448	7,914.74	102,362.74
		1,164,146	2,816,218.82	3,980,364.82

ANALYSIS OF TRUE BORROWING COST FOR ESCAL [illegible]

---------- 1986 SERIES A BONDS ----------

PERIOD ENDING 10/1	ZERO COUPON BONDS
	.00
1988	.00
1989	7,514.34
1990	7,514.18
1991	7,514.18
1992	7,514.18
1993	7,514.18
1994	7,514.18
1995	7,514.18
1996	7,514.18
1997	7,514.18
1998	7,514.18
1999	7,514.18
2000	7,514.18
2001	7,514.18
2002	7,514.18
2003	7,514.18
2004	7,514.18
2005	7,514.18
2006	7,514.18
2007	7,514.18
2008	7,514.18
2009	7,514.18
2010	7,514.18
2011	7,514.18
2012	7,514.18
2013	7,514.18
2014	7,514.18
2015	7,514.18
2016	7,514.18
2017	7,514.18
2018	7,514.18
2019	7,514.18
2020	7,514.18
2021	7,514.18
2022	7,514.18
2023	7,514.18
2024	7,514.18
2025	7,514.18
2026	7,514.18
	285,539.00

CITY OF MONTGOMERY, WEST VIRGINIA
SEWER REVENUE BONDS, SERIES 1992 A AND SERIES 1992 B
and
SEWERAGE SYSTEM
INTERIM CONSTRUCTION FINANCING

BOND AND NOTES ORDINANCE

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SIGNATURES
CERTIFICATION
EXHIBIT A - Copy of Petition
EXHIBIT B - Trust Indenture
EXHIBIT C - Loan Agreement
EXHIBIT D - Supplemental Loan Agreement
EXHIBIT E - Ordinance - Rages & Charges
EXHIBIT F - Public Hearing Notice

CITY OF MONTGOMERY, WEST VIRGINIA

ORDINANCE

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF CITY OF MONTGOMERY AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $850,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1992 A, NOT MORE THAN $200,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1992 B, AND NOT MORE THAN $1,000,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES OR BOTH; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF MONTGOMERY

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Ordinance. This Ordinance (together with any resolutions supplemental hereto, the "Bond Legislation") is enacted 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. City of Montgomery (the "Issuer") is a municipal corporation organized and existing under the laws of the State of West Virginia.

B. The Issuer now owns facilities for the collection, treatment, purification and disposal of sewage. The custody, operation and maintenance of the sewer system, both within and without the corporate limits of the City, is under the supervision and control of the Sanitary Board, which was created and given such supervision and control by ordinance.

The construction and acquisition of certain extensions, improvements and betterments to the then existing sewer service systems were financed by the proceeds of City of Montgomery Sewer Revenue Bonds Series 1963 in the aggregate principal amount of $465,000 and City of Montgomery Sewer Revenue Bonds Series 1987 A and Series 1987 B in the aggregate principal amount of $1,449,685. (the "Prior Bonds").

C. The Sanitary Board pursuant to the provisions of Chapter 16, Article 13, Section 5, of the Code of West Virginia 1931, as amended, has petitioned the City Council and has requested that an Ordinance be passed to amend and re-enact the Montgomery City Code to reflect new sewer rates and charges and to enact this Ordinance and authorize the project and financing provided for hereby. Attached hereto as Exhibit "A" is a copy of the said petition.

D. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of said System, the principal of and interest on the Prior Bonds and the Bonds (as hereinafter defined) and all Sinking Fund, Reserve Account and other payments provided for in the 1963 Bond Ordinance and the 1987 Bond and Notes Ordinance (the "Prior Bond Ordinances") and herein.

E. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds in the total aggregate principal amount of not more than $850,000 in two series, being the Series 1992 A Bonds in the aggregate principal amount of not more than $850,000, and the Series 1992 B Bonds in the aggregate principal amount of not more than $200,000 (collectively, the "Bonds"), and (at the option of the Issuer) to issue comtemporaneously therewith, or as soon as practicable thereafter, its sewerage system grant anticipation notes, or a note or notes evidencing a line of credit, or both (collectively, the "Notes") in the aggregate principal amount of not more than $1,000,000 to temporarily finance costs of construction and acquisition of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Notes during the term thereof and upon the Bonds prior to and during construction or acquisition and for 6 months after completion of construction of the Project; engineering, and legal expenses; expenses for estimates of cost and revenues, expenses for plans, specifications and surveys; any administrative fees and expenses of the Authority; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Bonds and Notes and such other expenses as may be necessary or incident to the financing herein authorized, the construction or acquisition of the Project and the placing of same in operation, and the performance of the things herein required or permitted,

in connection with any thereof, including, with respect to the Notes, any fees to the Credit Bank, as hereinafter defined, and any costs of obtaining insurance thereon; provided that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Bonds or Notes or the repayment of indebtedness incurred by the Issuer for such purposes, shall be deemed Costs the Project, as hereinafter defined.

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

G. It is in the best interests of the Issuer that its Original Bonds (as hereinafter defined) be sold to the Authority (as hereinafter defined) pursuant to the terms and provisions of a loan agreement and a supplemental loan agreement (collectively, the "Loan Agreement") to be entered into between the Issuer and the Authority, upon receipt of bids, in form satisfactory to the Issuer and the Authority.

H. There are outstanding obligations of the Issuer which will rank either senior and prior to, on parity with, or junior and subordinate to the Original Bonds as to liens, pledge, source of and security for payment, which obligations are designated and have the respective lien positions, together with the Original Bonds as follows:

Designation	Lien Position
City of Montgomery Sewer Revenue Bonds Series 1963 issued in the original aggregate principal amount of $465,000 (the "Series 1963 Bonds")	First Lien
City of Montgomery Sewer Revenue Bonds Series 1987 A (the "Series 1987 A Bonds") issued in the original aggregate principal amount of $1,164,146	Second Lien
City of Montgomery Sewer Revenue Bonds Series 1987 B (the "Series 1987 B Bonds") issued in the original aggregate principal amount of $285,539	Third Lien
City of Montgomery Sewer Revenue Bonds Series 1992 A (the "Series 1992 A Bonds")	Second Lien

City of Montgomery Sewer Revenue Bonds Series 1992 B (the "Series 1992 B Bonds") Third Lien

The Series 1963 Bonds are hereinafter called it's "First Lien Bonds" and the Series 1987 A Bonds and the Series 1992 A Bonds are hereinafter called the "Second Lien Bonds". The Series 1987 B Bonds and the Series 1992 B Bonds are hereinafter called the "Third Lien Bonds".

The Prior Bonds shall rank senior and superior to the lien on the Net Revenues to the liens of the Series 1992 A and Series 1992 B Bonds.

The Series 1992 A Bonds shall be issued on a parity with the Series 1987 A Bonds, and senior and prior to the Series 1987 B Bonds and the 1992 B Bonds with respect to liens, pledge and source of and security for payment and in all other respects. The Series 1992 B Bonds Shall be issued on a parity with the Series 1987 B Bonds and junior and subordinate to the Series 1987 A Bonds and the Series 1992 A Bonds with respect to liens, pledge and source of and security for payment and in all other respects. The Grant Anticipation Notes, if issued, will not be payable from Gross Revenues, but shall be payable from Grant Receipts, Surplus Revenues and proceeds of a letter of credit, if any, all as shall be set forth in the Indenture or the Supplemental Resolution authorizing the Notes.

I. The Issuer has received (or will receive prior to issuance of the Original Bonds) the written consent of the Authority to issuance of the Original Bonds with lien positions with respect to the Prior Bonds as set forth in paragraph H of this Section 1.02.

J. The Issuer is a governmental unit which has general taxing powers to finance operations of or facilities of the nature of the Project and the System; 95% or more of the net proceeds of the issues of the Original Bonds and the Notes are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and the Issuer, all subordinate entities, all entities which issue obligations on behalf of the Issuer, and all entities formed or, to the extent provided under Section 148 of the Code, herein defined, availed of, to avoid the purposes of Section 148(f)(4)(D) of the Code and all other entities benefiting thereby reasonably expect to issue less than $5,000,000 aggregate principal amount of tax-exempt obligations (other than private activity bonds) during the calendar year in which the Notes and/or the Bonds are to be issued.

K. The Issuer has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bonds and the Notes, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a

Certificate of Convenience and Necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will have expired (without any successful rehearing or appeal) prior to the issuance of any Bonds or Notes hereunder.

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

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

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

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

"Authorized Officer" shall mean the Mayor of the Issuer or any temporary Mayor or other officer authorized as such duly appointed by the Governing Body.

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

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

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

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

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

"Clerk" shall mean the recording officer of the Governing Body of the Issuer.

"Commission" shall mean the West Virginia Municipal Bond Commission or any other agency of the State of West Virginia which succeeds to the functions of the Commission.

"Consulting Engineers" shall mean Kelley, Gidley, Blair & Wolfe, Inc., Consulting Engineers, Charleston, West Virginia, or any engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System.

"Costs" or "Costs of the Project" shall mean those costs described in Section 1.02(E) hereof to be a part of the cost of the acquisition and construction of the Project.

"Council" shall mean the Council of the City or any other governing bond 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.

"Credit Bank" shall mean the issuance of any letter of credit obtained by the Issuer for the benefit of the Trustee as security for the Notes, all as shall be set forth in the Supplemental Resolution.

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

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

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

"EPA Grant" shall mean the grant from the EPA pursuant to the commitment therefor.

"FDIC" shall mean the Federal Deposit Insurance Corporation or any successor to the functions of the FDIC.

"Fiscal Year" shall mean each twelve month period beginning on July 1 and ending on the succeeding June 30.

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

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

"Grant Receipts" shall mean all moneys received by the Issuer on account of any Grant after the date of issuance of the Notes; provided that "EPA Grant Receipts" shall mean only Grant Receipts on account of the EPA Grant, and "Other Grant Receipts" shall mean only Grant Receipts on account of any or all of the Other Grants.

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

"Gross Revenues" shall mean 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 Section 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" shall mean Smith, Cochran and Hicks, or any certified public accountant or firm of certified public accountants which shall 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.

"Indenture" or "Trust Indenture" shall mean the Trust Indenture which may be entered into between the Issuer and the Trustee relating to the Notes in substantially the form attached hereto as Exhibit "B" and all supplements or amendments thereto.

"Investment Property" shall mean any security (as said term is defined in Section 165(G)(2)(a) or (B) of the Code), obligation, annuity contract, investment-type property or any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan, excluding, however, obligations the interest on which is

excluded from gross income, under Section 103 of the Code, for federal income tax purposes other than specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

"Issuer" or "City" shall mean the City of Montgomery, West Virginia in Fayette County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreement" shall mean, collectively, the Loan Agreement and the Supplemental Loan Agreement, to be entered into between the Authority and the Issuer providing for the purchase of the Original Bonds from the Issuer by the Authority, the forms of which are attached as Exhibit "C" & "D" and the execution and delivery by the Issuer authorized by this Ordinance.

"Net Proceeds" shall mean the face amount of the Original Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the respective Reserve Accounts. 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 Original Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

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

"Notes" or "GAN" shall mean collectively, the not more than $1,000,000 in aggregate principal amount of Sewerage System Grant Anticipation Notes, originally authorized hereby, or the not more than $1,000,000 in aggregate principal amount of a note or notes evidencing a line of credit originally authorized hereby, and unless the context clearly indicates otherwise, the terms "Notes" or "GAN" includes any refunding Notes or GAN of the Issuer.

"Notes Construction Trust Fund" shall mean the Notes Construction Trust Fund which may be established by Section 4.02 of the Indenture.

"Notes Debt Service Fund" shall mean the Notes Debt Service Fund which may be established by Section 4.01 of the Indenture.

"Notes Registrar" shall mean the bank to be designated as such in the Indenture or the Supplemental Resolution and its successors and assigns.

"Operating Expenses" shall mean the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the

foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs, fees and expenses of the Authority, fiscal agents, the Depository Bank, Registrar, Paying Agent and the Trustee (all as herein defined), other than those capitalized as part of the Costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds or Notes, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Original Bonds" or "Bonds originally authorized hereby" or similar phrases shall mean, collectively, the not more than $850,000 in aggregate principal amount of Series 1992 A Bonds and the not more than $200,000 in aggregate principal amount of Series 1992 B Bonds, issued for the purpose of paying a portion of the Costs of the Project and for such other purposes permitted and authorized by this Bond Legislation.

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

"Other Grants" shall mean collectively, any other grant hereafter received by the Issuer to aid in financing any Costs.

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

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

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

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

"Prior Bonds" shall mean City of Montgomery Sewer Revenue Bonds Series 1963 in the aggregate principal amount of $465,000.

"Prior Ordinances" shall mean The City of Montgomery Sewer Revenue Bonds Series 1963 Ordinance and The City of Montgomery Sewer Revenue Bonds Series 1987 A and 1987 B Ordinance.

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

"Project" shall mean the acquisition, construction and repairing of existing sanitary sewer lines and additional storm drainage lines.

"Qualified Investments" shall mean and include any of the following:

(a) Government Obligations;

(b) (i) 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; (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.

(c) Pre-refunded municipal obligations meeting the following conditions:

(1) The bonds are (i) not to be redeemed prior to maturity or the trustee has been given irrevocable instructions concerning their calling and redemption and (ii) the issuer has covenanted not to redeem such bonds other than as set forth in such instructions;

(2) The bonds are secured by ash or Government Obligations which may be applied only to interest, principal, and premium payments of such bonds;

(3) The principal of and interest on the Government Obligations (plus any cash in the escrow fund) are sufficient to meet the liabilities of the bonds;

(4) The Government Obligations serving as security for the bonds are held by an escrow agent or trustee; and

(5) The Government Obligations are not available to satisfy and other claims, including those against the trustee or escrow agent.

(d) 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;

(e) 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;

(f) 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;

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

(h) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (f), 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 owner 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;

(i) With respect to the Notes, the Investment Agreement which may be entered into by and between the Trustee and the bank designated as "Investment Bank" in the Supplemental Resolution;

(j) 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

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

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

"Registrar" shall mean as appropriate either the Bond Registrar or the Notes Registrar or both.

"Renewal and Replacement Fund" shall mean the Renewal and Replacement Fund created by Section 5.01.

"Revenue Fund" shall mean the Revenue Fund established by Section 5.01 hereof.

"Sanitary Board" or "Board" shall mean the Sanitary Board of the City established by an ordinance duly enacted by the Council of the City and any successors to the functions thereof.

"Series 1987 A Bonds" shall mean City of Montgomery Sewer Revenue Bonds Series 1987 A issued in the aggregate principal amount of $1,164,146.

"Series 1987 B Bonds" shall mean City of Montgomery Sewer Revenue Bonds Series 1987 B issued in the aggregate principal amount of $285,539.

"Series 1992 A Bonds" or "Series A Bonds" shall mean the not more than $750,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1992 A of the Issuer.

"Series 1992 A Bonds Reserve Account" shall mean the Series 1992 A Bonds Reserve Account established in the Series 1992 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1992 A Bonds Reserve Requirement" shall mean, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1992 A Bonds in any year.

"Series 1992 A Bonds Sinking Fund" shall mean the Series 1992 A Sinking Fund established by Section 5.02 hereof.

"Series 1992 B Bonds" or "Series B Bonds" shall mean the not more than $100,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1992 B, of the Issuer.

"Series 1992 B Bonds Reserve Account" shall mean the Series 1992 B Bonds Reserve Account established in the Series 1992 B Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1992 B Bonds Reserve Requirement" shall mean, as of the date of calculation, the maximum amount of principal which will become due on the Series 1992 B Bonds in any year.

"Series 1992 B Bonds Sinking Fund" shall mean the Series 1992 B Bonds Sinking Fund established by Section 5.02 hereof.

"State" shall mean the State of West Virginia.

"Supplemental Resolution" shall mean any ordinance, resolution 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 Notes or Original Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Notes or the Original Bonds, as the case may be, and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" shall mean the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Series 1963 Bonds and the Series 1987 A Bonds and Series 1987 B Bonds, the Bonds or any other obligations of the Issuer, including the reserve account for the Prior Bonds, the Renewal and Replacement Fund and the Reserve Accounts, the proceeds of which Bonds or other obligations are to be used to pay Costs of the Project.

"System" shall mean 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.

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

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

Words importing singular number shall 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.

ARTICLE II

AUTHORIZATION OF CONSTRUCTION AND ACQUISITION OF THE PROJECT

Section 2.01. Authorization of Construction and Acquisition of the Project. There is hereby authorized the construction and acquisition of the Project, at an estimated cost of $778,091.91 in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the Office of the Governing Body. The proceeds of the Notes and the Bonds hereby authorized shall be applied as provided in the Indenture, if any, and Article VI hereof, respectively.

ARTICLE III

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

Section 3.01. Authorization of Original Bonds. For the purposes of capitalizing interest on the Original Bonds, funding a reserve account for each series of Original Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, or any of such purposes, there shall be issued negotiable Original Bonds of the Issuer, in an aggregate principal amount of not more than $850,000. Said Bonds shall be issued in two series, to be designated respectively, "Sewer Revenue Bonds, Series 1992 A," and "Sewer Revenue Bonds, Series 1992 B," in the aggregate principal amount of not more than $850,000 and $200,000, respectfully, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. Such Bonds shall be issued contemporaneously with or prior to issuance of the Notes, if any. The proceeds of the

Bonds remaining after funding of the Reserve Accounts and capitalization of interest, if any, shall be deposited in the Bond Construction Trust Fund established by Section 5.01 hereof.

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

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

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

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

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

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

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

The Bonds shall be transferable only upon the books of the Bond Registrar, by the registered 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 registered owner or his duly authorized attorney.

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

proposed redemption of Bonds, next preceding the date of such redemption and ending on such interest payment date or redemption date.

Section 3.06. Bond Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation for 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 Registration may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

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

Section 3.08. Bonds Secured by Pledge of Net Revenues; Series 1992 B Bonds to be Junior and Subordinate to Series 1992 A Bonds. The payment of the debt service of all the Series 1992 A Bonds shall be secured forthwith equally and ratably with the Series 1987 A Bonds, on a basis junior and subordinate to the Series 1963 Bonds, by a lien on the Net Revenues derived from the System. The payment of the debt service of all the Series 1992 B Bonds shall also be secured forthwith equally and ratably with the Series 1987 B Bonds by a lien on the Net Revenues derived from the System, but junior and subordinate to the lien on such Net Revenues in favor of the Holders of the Series 1963 Bonds and the Series 1992 A Bonds. Such Net Revenues in an amount sufficient, after all payments on account of the Series 1963 Bonds, the Prior Bonds, to pay the principal of and interest on and other payments for the Bonds and to make the payments into the Sinking Funds, the Reserve Accounts therein and the Renewal and Replacement Fund hereunder established, are hereby irrevocably pledged to the payment of the principal of and the interest on the Series 1987 A Bonds, the Series 1987 B Bonds, the Series 1992 A Bonds and the Series 1992 B 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 forms, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof.

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF MONTGOMERY SEWER REVENUE
BOND, SERIES 1993 A

No. AR-1 $648,387

KNOW ALL MEN BY THESE PRESENTS: That the City of Montgomery, a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to West Virginia Water Development Authority (the "Authority") or registered assigns the sum of Six Hundred Forty-Eight Thousand Three Hundred Eighty-Seven and NO/100 Dollars ($648,387.00), in annual installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated hereby by reference with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest rate on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year, beginning April 1, 1993. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of Charleston National Bank, Charleston, West Virginia, as registrar (the "Registrar"), on the 1st 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 upon the terms and conditions prescribed by, and otherwise in compliance with the Loan Agreement between the Issuer and the Authority, dated January 19, 1993.

This Bond is issued (i) to pay costs of acquisition and construction of certain additions, improvements and betterments to the existing sewage treatment system, collection and

transportation facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance duly enacted by the Issuer on May 27, 1992, effective May 27, 1992, as supplemented by a resolution duly adopted by the Issuer on the 12th day of January, 1993, (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is junior, 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 April 1, 1963, Outstanding as of the date hereof in the aggregate principal amount of $170,000. The City has previously issued The City of Montgomery Sewer Revenue Bonds Series 1987 A in the aggregate principal amount of $1,164,146 which are on a parity as to the lien and security with the Bonds.

This Bond is issued comtemporaneously with the Sewer Revenue Bonds, Series 1993 B, of the Issuer (the "Series 1993 B Bonds"), issued in the aggregate principal amount of $21,613.00 which Series 1993 B Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Bonds and are issued on a parity with the Series 1987 B 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, moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1993 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 thereon except from said special fund provided from the Net Revenues, the moneys in the Series 1993 A Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient together with other revenues of the System to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least

115% of the maximum amount required to pay in any year the maximum amount due of principal of and interest on the Bonds, the Series 1993 B Bonds, and the Prior Bonds, the Series 1987 A Bonds, the Series 1987 B Bonds and on all other obligations secured by or payable from such revenues prior to or on a parity with the Bonds, or the Series 1993 B Bonds, provided however, that so long as there exists in the Series 1993 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in any year, and in the reserve account established for the Series 1993 B Bonds and any other obligations Outstanding prior to or on a parity with the Bonds or the Series 1993 B Bonds, including the Prior Bonds, the Series 1987 A Bonds and the Series 1987 B Bonds, in an amount at least equal to the respective 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 transferrable, as provided in the Bond Legislation, only upon the books of the Registrar by the registered owner, or by its attorney or legal representative duly in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or its attorney or legal representative 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 moneys received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation or to the appurtenant sinking fund, and there shall be and hereby is created and granted a line upon such moneys, until so applied, in favor of the owner of this Bond.

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

Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the City for the prompt payment of the principal of and interest on this Bond.

All provisions of the Bond Legislation, 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 MONTGOMERY has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorded, and has caused this Bond to be dated _____ ____, 1992.

[SEAL]

_____
MAYOR

ATTEST:

_____
Recorder

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[FORM OF ASSIGNMENT]

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

_____

_____

_____

_____

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

Dated: _____, _____.

_____

In the presence of:

_____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF MONTGOMERY, WEST VIRGINIA
SEWER REVENUE BOND, SERIES 1993 B

No. BR-1 $21,613

KNOW ALL MEN BY THESE PRESENTS: That the City of Montgomery, a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to West Virginia Water Development Authority (the "Authority") or registered assigns the sum of Twenty-One Thousand Six Hundred Thirteen and NO/100 Dollars ($21,613.00), in annual installments on October 1, of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated hereby by reference, without interest.

Principal installments of this Bond are payable in any coin or currency which, on the respective dated 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, at any time, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with the Loan Agreement between the Issuer and the Authority, dated January 19, 1993.

This Bond is issued (i) to pay costs of acquisitions and construction of certain new additions, improvements and betterments to the existing sewage treatment system, collection and transportation facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance duly enacted by the Issuer on May 27, 1992, effective June 16, 1992, as supplemented by resolution duly adopted by the Issuer on the 12th day of January, 1993, (collectively called the "Bond Legislation"), and is subject to all the terms and conditions

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

This Bond is junior, 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 April 1, 1963, Outstanding as of the date hereof in the aggregate principal amount of $170,000 and City of Montgomery Sewer Revenue Bonds Series 1987 A and on a parity with City of Montgomery Sewer Revenue Bonds Series 1987 B and 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, Series 1993 A, issued simultaneously herewith in the aggregate principal amount of $648,387 (the "Series 1993 A 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, moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1993 B Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same except from said special fund provided from the Net Revenues, the moneys in the Series 1993 B Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient together with other revenues of the System to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance year equal to at least 115% of the maximum amount required to pay in any year the maximum amount due of principal of and interest on the Bonds, the Series 1993 A Bonds, the Prior Bonds, the Series 1987 A Bonds and the Series 1987 B Bonds and on all other obligations secured by or payable from such revenues prior to or on a parity with the Bonds, or the Series 1993 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in any year, and in the reserve accounts established for the Series 1993 A Bonds and the Prior Bonds, the Series 1987 A Bonds, the Series 1987 B Bonds and any other obligations Outstanding prior to or on a parity with the Bonds or

the Series 1993 A Bonds, in an amount at least equal to the respective 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 Charleston National Bank as Registrar by the registered owner, or by its attorney duly in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or its attorney duly authorized in writing.

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

All moneys received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation or to the appurtenant sinking fund, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the owner of this Bond; provided that said lien upon moneys in the Bond Construction Trust Fund is subordinate to the lien of the Series 1993 A Bonds.

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

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

IN WITNESS WHEREOF, the CITY OF MONTGOMERY has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorded, and has caused this Bond to be dated _____ ___, 1992.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[FORM OF ASSIGNMENT]

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

_____

_____

_____

_____

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

Dated: _____ ___, 1992.

_____

In the presence of:

_____

Section 3.10. Sale of Original Bonds; Execution of Loan Agreement with Authority. The Original Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Mayor is specifically authorized and directed to execute the Loan Agreement in substantially the forms attached hereto as Exhibits "B" & "C" and made a part hereof, and the Clerk is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority and such execution and delivery is ratified and confirmed.

Section 3.11. "Amended Schedule A" Filing; Tender of Series 1992 B Bonds. Upon completion of acquisition and construction of the Project, the Issuer will file with the Authority a schedule in substantially the form of the "Amended Schedule A" to the Loan Agreement, setting forth the actual costs of the Project and sources of funds therefor. In the event such schedule reflects an excess of funding for the Project, or if the Authority is otherwise advised of an excess, the Authority may tender the Series 1992 B Bonds to the Issuer for payment in an amount equal to such excess to the extent such excess is lawfully available therefor. Notwithstanding the foregoing, if the Issuer has Notes outstanding upon completion of acquisition and construction of the Project, it will advise the Authority of such fact and submit a second schedule to the Authority upon payment of such Notes, and the Authority will not tender its Series 1992 B Bonds for payment until the outstanding Notes have been paid.

ARTICLE IV

INTERIM CONSTRUCTION FINANCING

Section 4.01. Authorization and General Terms. In order to pay certain Costs of the Project pending receipt of the Grant Receipts, the Issuer may issue and sell its Notes in the aggregate principal amount of not to exceed $1,000,000. The Notes may be in the form of grant anticipation notes or as evidence of a line of credit from a commercial bank or other lender, at the discretion of the Issuer, and as shall be set forth in a resolution supplemental hereto. The Notes shall bear interest from the date or dated, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the Indenture or Supplemental Resolution, as applicable.

Section 4.02. Terms of and Security for Notes; Trust Indenture. The Notes shall be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof, on such terms and secured in the manner set forth in the Indenture, if applicable, or supplemental resolution, if no Indenture is used.

Section 4.03. Notes are Special Obligations. The Notes be special obligations of the Issuer payable as to cipal and interest solely from the Grant Receipts, the moneys the funds and accounts created under the Indenture, if any, net proceeds of any draw under the letter of credit issued by redit Bank or any refunding notes, the Surplus Revenues, if and any other sources described in the Indenture or lemental resolution. The Notes do not and shall not itute an indebtedness of the Issuer within the meaning of constitutional or statutory provisions. The general funds of Issuer are not liable, and neither the full faith and credit the taxing power of the Issuer is pledged for the payment of otes. The Holders of the Notes shall never have the right ompel the forfeiture of any property of the Issuer. The shall not be a debt of the Issuer, nor a legal or equitable ge, charge, lien or encumbrance upon any property of the er or upon any of its income, receipts or revenues except as rth in the Indenture.

Section 4.04. Letters of Credit. As additional security the Notes, the Issuer may obtain a letter or letters of t from a bank or banks, pursuant to which such bank or banks agree to pay to the Trustee, upon presentation by the ee of certain certificates, the sum or sums set forth in, but not to exceed $200,000.00 in the aggregate. In the of a draw under any such letter of credit, the Issuer shall its refunding notes to the Credit Bank. Any such letter of t shall be authorized and shall have such terms as shall be rth in a resolution supplemental hereto.

ARTICLE V

SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with itory Bank. The following special funds or accounts are ed with and shall be held by the Depository Bank:

(1) Revenue Fund;

(2) Renewal and Replacement Fund;

(3) Bond Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with ssion. The following special funds or accounts are hereby lished with the Commission:

(1) Series 1992 A Bonds Sinking Fund;

(a) Within the Series 1992 A Bonds Sinking Fund, the Series 1992 A Bonds Reserve Account.

(2) Series 1992 B Bonds Sinking Fund;

(a) Within the Series 1992 B Bonds Sinking Fund, the Series 1992 B Bonds 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 5 of the Prior Ordinance (the "Prior Revenue Fund"). Moneys in the Prior Revenue Fund shall first be disposed of as provided by Section 5(1)(2) and (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 there 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. Thereafter, from the moneys remaining in the Prior Revenue Fund or, after payment or defeasance of the Prior Bonds from the moneys in the Revenue Fund the Issuer shall next, on the first day of each month, commencing 7 months prior to the first date of payment of interest on the Series 1987 A Bonds for which interest has not been capitalized, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1987 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 1987 A Bonds on the next ensuing semiannual interest payment date; provided, that, in the event the period to elapse between the date of such initial deposit in the Series 1987 A Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next semiannual interest payment date, the required amount of interest coming due on such date, simultaneously therewith the Issuer shall, on the first day of each month, commencing 7 months prior to the first date of payment of interest on the Series 1992 A Bonds for which interest has not been capitalized, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1992 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 1992 A Bonds on the next ensuing semiannual interest payment date; provided, that, in the event the period to elapse between the date of such initial deposit in the Series 1992 A Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next semiannual interest payment date, the required amount of interest coming due on such date.

D. The Issuer shall also, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1987 A Bonds, apportion and set apart out of the Prior Revenue Fund or the Revenue Fund, as the case may be, and remit to the Commission for deposit in the Series 1987 A Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1987 A Bonds on the next ensuing principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1987 A Bonds Sinking Fund and the next annual principal payment date is less than 13 months then such monthly payments shall be increased proportionately to provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date, simultaneously therewith the Issuer shall, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1992 A Bonds, apportion and set apart out of the Prior Revenue Fund or the Revenue Fund, as the case may be, and remit to the Commission for deposit in the Series 1992 A Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1992 A Bonds on the next ensuing principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1992 A Bonds Sinking Fund and the next annual principal payment date is less than 13 months then such monthly payments shall be increased proportionately to provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date.

E. The Issuer 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 day of payment Series Bonds, remit to the Commission for deposit in the Series 1987 A Reserve Account, an amount equal to 1/120 of the Series 1987 A Reserve Account Requirement; provided, that no further payments shall be made into the Series 1987 A 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 1987 A Reserve Account Requirement. Once the Series 1987 A Reserve Account has been funded at the Series 1987 A Reserve Account Requirement, whether from Series 1987 A Bond proceeds or such monthly payments or otherwise, the City shall next remit to the Commission for deposit in the Series 1987 A Reserve Account an amount equal to any deficiency in the Series 1992 A Reserve Account Requirement. Any withdrawals from the Series 1987 A Reserve Account which result in a reduction in the balance of the Series 1987 A Reserve Account to below the Series 1987 A Reserve Account Requirement shall be subsequently restored from the first Net Revenues available after all required payments prescribed above have been made in full, the Issuer shall simultaneously therewith, on the first day of each month, commencing 13 months prior to the first day of payment Series Bonds, remit to the Commission for deposit in the Series 1992 A Reserve Account, an amount equal to 1/120 of the Series 1992 A Reserve Account Requirement; provided, that no

further payments shall be made into the Series 1992 A 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 1992 A Reserve Account Requirement. Once the Series 1992 A Reserve Account has been funded at the Series 1992 A Reserve Account Requirement, whether from Series 1992 A Bond proceeds or such monthly payments or otherwise, the City shall next remit to the Commission for deposit in the Series 1992 A Reserve Account an amount equal to any deficiency in the Series 1992 A Reserve Account Requirement. Any withdrawals from the Series 1992 A Reserve Account which result in a reduction in the balance of the Series 1992 A Reserve Account to below the Series 1992 A Reserve Account Requirement shall be subsequently restored from the first Net Revenues available after all required payments prescribed above have been made in full.

F. The Issuer shall next from the Prior Revenue Fund on, after payment or defeasance of the Prior Bonds from the moneys remaining in the Revenue Fund on the first day of each month, commencing with the month succeeding the first full calendar month after commencement of operation of the Project transfer to the Renewal and Replacement Fund a sum equal to 2-1/2% of the Gross Revenues each month, exclusive of any payments for account of the Series 1987 A and 1992 A Bonds Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and from each other 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 extensions or improvements to the System or for making emergency repairs or replacements to the System; provided that any deficiencies in the Series 1987 A Bonds Reserve Account and Series 1992 A Bonds Reserve Account shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

G. The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1987 B Bonds, apportion and set apart out of the Prior Revenue Fund after payment or defeasance of the Prior Bonds from the Revenue Fund and remit to the Commission for deposit in the Series 1987 B Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1987 B Bonds on the next ensuing principal payment date, and the Issuer shall simultaneously therewith, commencing 13 months prior to the first date of payment of principal on the Series 1992 B Bonds, apportion and set apart out of the Prior Revenue Fund after payment or defeasance of the Prior Bonds from the Revenue Fund and remit to the Commission for deposit in the Series 1992 B Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1992 B Bonds on the next ensuing principal payment date.

H. The Issuer 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 Series 1987 B Bonds, remit to the Commission for deposit in the Series 1987 B Reserve Account an amount equal to 1/120 of the Series 1987 B Reserve Account Requirement; provided, that no further payments shall be made into the Series 1987 B 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 1987 B Reserve Account Requirement. Once the Series 1987 B Reserve Account has been funded at the Series 1987 B Reserve Account Requirement, the City shall next remit to the Commission for deposit in the Series 1987 B Reserve Account an amount equal to any deficiency in the Series 1987 B Reserve Account Requirement. Any withdrawals from the Series 1987 B Reserve Account which result in a reduction in the balance of the Series 1987 B Reserve Account to below the Series 1987 B Reserve Account Requirement shall be subsequently restored from the first Net Revenues available after all required payments prescribed above have been made in full, the Issuer shall simultaneously therewith, on the first day of each month commencing 13 months prior to the first date of payment of the Series 1992 B Bonds, remit to the Commission for deposit in the Series 1992 B Reserve Account an amount equal to 1/120 of the Series 1992 B Reserve Account Requirement; provided, that no further payments shall be made into the Series 1992 B 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 1992 B Reserve Account Requirement. Once the Series 1992 B Reserve Account has been funded at the Series 1992 B Reserve Account Requirement, the City shall next remit to the Commission for deposit in the Series 1992 B Reserve Account an amount equal to any deficiency in the Series 1992 B Reserve Account Requirement. Any withdrawals from the Series 1992 B Reserve Account which result in a reduction in the balance of the Series 1992 B Reserve Account to below the Series 1992 B Reserve Account Requirement shall be subsequently restored from the first Net Revenues available after all required payments prescribed above have been made in full.

Moneys in the Series 1992 A Bonds Sinking Fund and the Series 1992 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the respective Series of Bonds as the same shall become due. Moneys in the Series 1992 A Bonds Reserve Account and the Series 1992 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the respective series of Bonds, as the same shall come due, when other moneys in the attendant Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the several Sinking Funds and Reserve Accounts shall be returned not less than once each year, by the Commission to the Issuer, for deposit in the Revenue Fund, and such amounts shall be applied in full, first to

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

As and when additional Bonds ranking on a parity with the Series 1992 A Bonds are issued, provision shall be made for additional payments into the Series 1992 A Sinking Fund sufficient to pay the interest, if any, on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the Series 1992 A Reserve Account in an amount equal to the maximum principal and interest, if any, on the Series 1992 A Bonds, including such additional Series 1992 A Bonds which by their terms are payable from such Sinking Fund, coming due in any year.

As and when additional Bonds ranking on a parity with the Series 1992 B Bonds are issued, provision shall be made for additional payments into the Series 1992 B Sinking Fund sufficient to pay the interest, if any, on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the Series 1992 B Reserve Account in an amount equal to the maximum principal and interest, if any, on the Series 1992 B Bonds, including such additional Series 1992 B Bonds which by their terms are payable from such Sinking Fund, coming due in any year.

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

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

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

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

I. Whenever all of the required and provided transfers and payments from Prior Revenue Fund or the Revenue Fund, as the case may be, into the several funds, as hereinbefore provided, are current and there remains in said Fund a balance in excess of the estimated amounts required to be so transferred and

paid on account of the Prior Bonds and into the Sinking Funds, including the Reserve Account therein, and the Renewal and Replacement Fund during the following month or such other period as required by law, such excess shall be considered Surplus Revenues, Surplus Revenues may be used for any lawful purpose of the Issuer, including, but not limited to, payment to the Trustee for deposit in the Notes Debt Service Fund, as defined in the Indenture.

J. 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 fees and charges when due.

K. The moneys in excess of the sum insured by the maximum amounts insured by FDIC in any funds and accounts created by the Prior Ordinance other than with the Commission, and in the Revenue Fund and the Renewal and Replacement Fund shall at all times be secured, to the full extent thereof in excess of such insured sum, by Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State.

L. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinbefore 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.

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

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

O. All Tap Fees shall be deposited by the Issuer, as received, in the Bond Construction Trust Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System, provided that, in the event Notes are issued, Tap Fees may, with the written consent of the Authority be deposited otherwise.

ARTICLE VI

ORIGINAL BOND PROCEEDS; FUNDS AND ACCOUNTS

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

A. From the proceeds of the Series 1992 A Bonds, there shall be deposited with the Commission in the Series 1992 A Bonds Sinking Fund, the amount specified in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 1992 A Bonds for the period commencing on the date of issuance of the Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. There shall next be paid, from the proceeds of the Bonds, be credited to the Construction Trust Fund and then paid to the Depository Bank, the amount necessary to pay in full all prior borrowings of the Issuer in connection with the Project, including interest accrued thereon, and the Depository Bank shall, concurrently with such deposit, pay such borrowings as directed by the Issuer.

C. Next, from the proceeds of the Series 1992 A Bonds, there shall be first credited to the Construction Trust Fund and then deposited with the Commission in the Series 1992 A Reserve Account a sum equal to the Series 1992 A Reserve Requirement and from the proceeds of the Series 1992 B Bonds, there shall be first credited to the Construction Trust Fund and then deposited with the Commission in the Series 1992 B Reserve Account a sum equal to the Series 1992 B Reserve Requirement.

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

E. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Bond Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Bond Construction Trust Fund set forth in the Bond Legislation. Moneys in the Bond Construction Trust Fund shall be used solely to pay Costs of the Project, and until so expended, are hereby pledged as additional security for the Bonds with the lien on account of the Series 1992 B Bonds being junior and subordinate to that of the Series 1992 A Bonds. In the event that Notes are issued, the disposition of funds in the Bonds Construction Trust Fund may be modified from that set forth herein, with the written consent of the Authority.

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

Disbursements from the Bond Construction Trust Fund, except for the costs of issuance thereof which shall be made upon request of the Issuer, shall be made only after submission to the Depository Bank of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:

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

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

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

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

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

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

After completion of the Project, as certified by the Consulting Engineers, the Depository Bank shall transfer any moneys remaining in the Bond Construction Trust Fund to the Series 1992 A Bonds Reserve Account, and when fully funded to the Series 1992 B Bonds Reserve Account, and when both Reserve Accounts are fully funded, shall return such remaining moneys to the Issuer for deposit in the Revenue Fund. The Issuer shall thereafter, apply such moneys in full, first to the next ensuing interest payments, if any, due on the respective series of Bonds and next to the next ensuing principal payments due thereon.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

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

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

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

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to Prior Bonds. The payment of the debt service of all the Series 1992 A Bonds issued hereunder shall be secured forthwith equally and ratably with each other, by a lien on the Net Revenues derived from the operation of the System, on a parity with the lien on said Net Revenues in favor of the Holders of the Series 1987 A Bonds but junior and subordinate to the lien held by the holders of the Prior Bonds and further, senior and prior to the lien on said Net Revenues in favor of the Holders of the Series 1987 B Bonds and the Series 1992 B Bonds. The payment of the debt service of the Series 1992 B Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on said Net Revenues, on a parity with the lien on said Net Revenues in favor of the Holders of the Series 1987 Supplemental Bonds, and junior and subordinate to the lien on said Net Revenues in favor of the Holders of the Series 1987 Bonds and the Series 1992 A Bonds. The Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the

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

Section 7.04. Initial Schedule of Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System has been passed and approved by the Council as of May 27, 1992. A copy of the Ordinance so passed is attached hereto as Exhibit "E".

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

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

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

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and in Section 7.07B, the Issuer shall not issue any obligations whatsoever with a lien on or otherwise payable from any source of payment pledged originally to the Notes issued under the Indenture or supplemental resolution prior to or on a parity with the lien on behalf of such Notes until such Notes have been defeased in accordance with the provisions of the Indenture and the Bond Legislation; and so long as any of the Bonds are Outstanding, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds; provided, however, that additional Bonds on a parity with the Series 1992 B Bonds only may be issued as provided for in Section 7.07 hereof. All obligations issued by the Issuer after the issuance of the Bonds and payable from the revenues of the System, except such additional parity Bonds shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 1992 A Bonds and the Series 1992 B Bonds; provided, that no such subordinate obligations shall be issued unless all payments

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

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

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

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1992 B Bond. No Parity Bonds shall be issued which shall be payable out of the revenues of the System on a parity with the Series 1992 A Bonds, unless the Series 1992 B Bonds are no longer outstanding.

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

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

(1) The Prior Bonds and any other obligations with a lien on the Gross 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 this Ordinance then Outstanding; and

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

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

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

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

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

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior

and superior liens of the Prior Bonds, the Series 1992 A Bonds and the Series 1992 B Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Prior Bonds, the Series 1992 A Bonds or the Series 1992 B Bonds.

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

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

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

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

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

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

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

C. The amount of any Prior Bonds, Bonds, Notes or other obligations Outstanding.

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

Section 7.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges as 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 said System sufficient to pay Operating Expenses and to make the payments into the funds created hereunder and under the Prior Ordinance. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient along with other revenues of the System (i) to pay for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Bonds, the Prior Bonds, and all other obligations secured by or payable from such revenues prior to or on a parity with the Bonds; provided that, in the event that an amount equal to or in excess of the Reserve

Requirements are on deposit in the Reserve Accounts and reserve accounts for bonds prior to or on a parity with the Bonds, including the Prior Bonds, the Series 1987 A Bonds and the Series 1987 B Bonds are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Bonds and all other obligations, including the Prior Bonds, the Series 1987 A Bonds and the Series 1987 B Bonds secured by or payable from such revenues prior to or on a parity with the 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.

Section 7.10. Operating Budget and Audit. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendations by the Consulting Engineer, which finding and recommendations shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Trustee and the Authority and to any Holder of any Bonds or Notes, as the case may be, who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Trustee and to any Holder of any Bonds or Notes, as the case may be, or anyone acting for and in behalf of such Holder of any Bonds or Notes, as the case may be.

In addition, the Issuer shall annually cause the records of the System to be audited by an independent certified public accountant, the report of which audit shall be submitted to the Authority and which audit report shall include a statement that the Issuer is in compliance with the terms and provisions of this Bond Legislation and the Loan Agreement.

Section 7.11. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person,

firm, corporation, body, agency or instrumentality, whatsoever for the providing of any services which would compete with services provided by the System.

Section 7.12. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the 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, all delinquent 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 and facilities of the System and any services 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 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 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. The City shall discontinue water service for nonpayment of sewer bills in compliance with the rules and regulations of the Public Service Commission.

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

Section 7.14. Insurance and Construction Bonds.

A. The Issuer hereby covenants and agrees that so long as any of the Bonds or the Notes remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System, with such beneficence as shall be required by Section 2.8 of the Loan Agreement. Such insurance shall initially cover the following risks and be in the following amounts:

(a) FIRE, LIGHTENING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurance 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 received by the Issuer shall be deposited in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for other purposes of 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 interests may appear; in accordance with the Loan 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 interest may appear. The City shall carry such other insurance as required by the Authority, including but not limited to flood insurance and business interruption insurance to the extent available at a reasonable cost to the City.

(b) PUBLIC LIABILITY INSURANCE, with limits of not less than $500,000 per occurrence to protect the Issuer from claims for bodily injury and/or death and not less than $100,000 per occurrence for 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.

(c) 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 compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

B. The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project. In the event the Loan 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 7.15. 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. Completion of Project. The Issuer will complete the Project and operate and maintain the System in good condition.

Section 7.17. Engineer's Certificate. The Governmental Agency shall have obtained a certificate of a professional engineer, licensed by the State, to the effect that the Water Development Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority, the Water Development 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 Water Development Project.

Section 7.18. Gross Proceeds. The Governmental Agency will 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.

Section 7.19. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

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

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

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

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

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

E. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Original Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions, or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.20. Budget. 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, (i) to the full extent permitted by applicable law and the rules and regulations of the West Virginia Public Service Commission, the Governmental Agency will 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, that the Governmental Agency will enter into a termination agreement with the water provider, and (ii) the Governmental Agency will 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.

ARTICLE VIII

INVESTMENT OF FUNDS; NON ARBITRAGE

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

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

The Trustee, if any, and 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 Bonds are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Section 8.02. Arbitrage. The Issuer 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 Original Bonds which would cause the Original 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 Original Bonds) so that the interest on the Original Bonds will be and remain excluded from gross income for Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. Small Issuer Exemption from Rebate of Excess Investment Earnings to the United States. In accordance with Section 148(f)(4)(D) of the Code, the Issuer covenants that it is a governmental unit with general taxing powers; that no part of the Original Bonds are private activity bonds; that 95% or more of the Net Proceeds of the Original Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and that the aggregate face amount of all the tax-exempt obligations (other than private activity bonds) issued by the Issuer during the calendar year in which the Original Bonds are issued does not and will not exceed $5,000,000, determined in accordance with Section 148(f)(4)(D) of the Code and the Regulations from time to time in effect and applicable to the Original Bonds. For purposes of this first paragraph of Section 8.03 and for purposes of applying Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this first paragraph of Section 8.03 and Section 148(f)(4)(D) of the Code be treated as not issued by such entity; all obligations issued by a subordinate entity shall, for purposes of applying this first paragraph of Section 8.03 and Section 148(f)(4)(D) of the Code to each entity to which such entity is subordinate, be treated as assigned by such other entity, and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(D) of the Code and all other entities benefiting thereby shall be treated as one issuer.

Notwithstanding the foregoing, if in fact the Issuer is subject to the rebate requirements of Section 148(f) of the Code, and not exempted from such requirements, the Issuer covenants to make, or cause to be made, all rebate calculations, computations and payments in the time, manner and as required in Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Original Bonds and otherwise covenants and agrees to comply with the provisions of such Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Original Bonds. In the event of a failure to pay any such amount or amounts, the Issuer will pay, from any lawful sources available therefor, to the United States an amount equal to the sum of 50% of the amount not paid, plus interest at the required rate on the portion of the amount which was not paid on the required date, beginning on such date, unless waived. In order to provide for the administration of this paragraph, the Issuer may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the Issuer may deem appropriate.

The Issuer shall furnish to the Authority, annually, and 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 relating thereto as may be requested by the Authority. In addition, the Issuer shall cooperate with the Authority in preparing any required 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 Issuer.

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation or, if the Issuer qualifies for the small governmental issue exception to rebate, the Issuer shall submit a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Original Bonds subject to rebate. The Issuer 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 such term "gross proceeds" is defined in the Code).

Section 8.04. Covenant 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 8.05. 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 8.06. 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 8.07. 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.

A. 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 any Notes; or

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

(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.

B. 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; or

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

(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.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Note or Bond, as the case may be, may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her right and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Notes or Bonds, as the case may be, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Notes or Bonds, as the case may be, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Notes or Bonds, or the rights of such Registered Owners, provided however, that no remedy herein stated may be exercised by a Noteholder in a manner which adversly affects any remedy available to the Bondholders or the holders of the Prior Bonds, Series 1987 A Bonds and Series 1987 B Bonds and provided further, that all rights and remedies of the Holders of the Series 1992 B Bonds shall be subject to those of the Holders of the Series 1992 A Bonds and all rights and remedies of the Holders of the Bonds shall be subject to those of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including the 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 on behalf of the Issuer with power to charge rates, rentals, fees and other charges sufficient to provide for the

payment of Operating Expenses of the System, the payment of the bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

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

Such receiver, in the performance of the powers hereinabove conferred upon him, 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 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 to such receiver shall be limited to the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to the 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.

Any rights of the Registered Owners of the Series 1992 B Bonds with respect to the remedies provided by this Section shall be subject to the prior and senior rights of the Registered Owners of the Series 1992 A Bonds.

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance of Series 1992 A Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1992 A Bonds, the principal of and interest due or to become due thereon, at the time and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1992 A Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1992 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1992 A Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due the principal installments of and interest on such Series 1992 A Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1992 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same or earlier time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1992 A Bonds on and prior to the maturity dates thereof or to a prior redemption date thereof (including in such instance, any premium to come due thereon). Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1992 A Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the maturity

dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge, for the purpose of this Section, securities shall mean and include only Government Obligations.

Section 10.02. Defeasance of Series 1992 B Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1992 B Bonds, the principal of and interest due or to become due thereon, at the time and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1992 B Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1992 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1992 B Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due the principal installments of and interest on such Series 1992 B Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1992 B Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same or earlier time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1992 B Bonds on and prior to the maturity dates thereof or to a prior redemption date thereof (including in such instance, any premium to come due thereon). Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1992 B Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge, for the purpose of this Section, securities shall mean and include only Government Obligations.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. No material modification or amendment of this Bond Legislation, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the Noes or Bonds shall be made without the consent in writing of the Registered Owners of 66-23% or more in principal amount of the Notes or Bonds so affected and then Outstanding; provided, that no charge shall be made in the maturity of any Bond or Bonds or any Note or Notes at the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein respectively pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds or Notes respectively, required for consent to the above-permitted amendments or modifications.

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

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

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

Section 11.05. Amendments to Maintain Tax Exemption. The Issuer hereby covenants to make any amendment or supplements to this Ordinance and to the Indenture authorized hereby to enable the interest on the Notes or Bonds to be and remain exempt from federal income taxation, and to preserve such tax exemption until the maturity or redemption thereof without further consent of the Holders of the Bonds or the Notes.

Section 11.06. Conflicting Provisions Repealed. All 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 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 are outstanding, in the event of an otherwise unreconcilable conflict between the Prior Ordinance and this Ordinance, the Prior Ordinance shall govern; provided, that a conflict shall be deemed reconcilable if satisfaction of one of the provisions at least complies with the other.

Section 11.07. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the enactment of this Ordinance do exist, have happened, have been performed and have been taken in compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, 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 11.08. Publication of Ordinance; Public Hearing. The Clerk hereby is authorized and directed to publish an abstract of this Ordinance and a notice of public hearing in substantially the form appended hereto as Exhibit "F" as a Class II legal advertisement in compliance with the provisions of Chapter 59, Article III, of the Code of West Virginia, 1931, as amended, in The Charleston Daily Mail, The Charleston Gazette and The Montgomery Herald, the latter being the only newspaper published in the City and the prior two being of general circulation in the City. Said abstract and notice shall be published twice, the first such publication being not less than 10 days prior to the date of public hearing, and the second such publication being not less than seven days or not more than 13 days following said first publication but prior to the date of public hearing.

It is hereby determined that said abstract in such form contains sufficient information of the contents of this Ordinance.

The Council of the City shall conduct a public hearing on the date stated in said abstract and notice and shall permit any person interested in the Ordinance and the proposed issuance of the Series 1992 A Bonds and Series 1992 B Bonds to present protests, objections and suggestions relevant thereto.

Section 11.09. Effective Date. This Ordinance shall take effect after the public hearing and otherwise in accordance with law.

First Reading: May 13, 1992

Second Reading: May 27, 1992

Public Hearing: June 16, 1992

CERTIFICATION

Certified a true copy of the Bond and Notes Ordinance duly enacted by the Council of the City of Montgomery on this 27th day of May, 1992.

[SEAL]

_____

MAYOR

CERTIFICATION

Certified a true copy of the Bond and Notes Ordinance duly enacted by the Council of the City of Montgomery on this 27th day of May, 1992.

[SEAL]

Ben Carson

MAYOR

CITY OF MONTGOMERY

Sewer Revenue Bonds
Series 1993 A and Series 1993 B

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1993 A AND SERIES 1993 B OF THE CITY OF MONTGOMERY; AUTHORIZING, APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the city council ("Governing Body") of the City of Montgomery (the "Issuer"), has duly and officially enacted a bond and notes ordinance, effective June 16, 1992 (the "Bond Ordinance"), entitled:

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF CITY OF MONTGOMERY AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $850,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1992 A, NOT MORE THAN $200,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1992 B, AND NOT MORE THAN $1,000,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES OR BOTH; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the Bond Ordinance provides for the issuance of Sewer Revenue Bonds of the Issuer (the "Bonds"), in an aggregate principal amount of not to exceed $1,050,000 to be issued in two series, the Series 1993 A Bonds to be in an aggregate principal amount of not more than $850,000 (the "Series 1993 A Bonds") and the Series 1993 B Bonds to be in an aggregate principal amount of not more than $200,000 (the "Series 1993 B Bonds"), and has authorized the execution and delivery of a loan agreement

relating to the Series 1993 A Bonds dated January 19, 1993, and a supplemental loan agreement relating to the Series 1993 B Bonds, also dated January 19, 1993 (sometimes collectively referred to herein as the "Loan Agreement"), by and between the Issuer and West Virginia Water Development Authority (the "Authority"), all in accordance with West Virginia Code 1931, as amended, Chapter 16, Article 13 (the "Act"); and in the Bond Ordinance it is provided that the exact principal amounts, maturity dates, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted and that the Loan Agreement be entered into and ratified by the Issuer, that the exact principal amounts, the prices, the maturity dates, the redemption provisions, the interest rates and the interest and principal payment dates of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

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

Section 1. Section 3.01 of the Bonds and Notes Ordinance is hereby amended to read as follows:

Section 3.01. Authorization of Original Bonds. For the purposes of capitalizing interest on the Original Bonds, funding a reserve account for each series of Original Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, or any of such purposes, there shall be issued negotiable Original Bonds of the Issuer, in an aggregate principal amount of not more than $850,000. Said Bonds shall be issued in two series, to be designated respectively, "Sewer Revenue Bonds, Series 1993 A," and "Sewer Revenue Bonds, Series 1993 B," in the aggregate principal amount of not more than $850,000 and 200,000, respectfully, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. Such Bonds shall be issued contemporaneously with or prior to issuance of the Notes, if any. The proceeds of the Bonds remaining after funding of the Reserve Accounts and capitalization of interest, if any, shall be deposited in the Bond Construction Trust Fund established by Section 5.01 hereof.

Section 2. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued:

(A) The Sewer Revenue Bonds, Series 1993 A, of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $648,387. The Series 1993 A Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2031, shall bear interest at the rate of 7.75% per annum, payable semiannually on April 1 and October 1 of each year, first interest payable April 1, 1993, shall be subject to redemption only upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1993 A Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached thereto and to the Loan Agreement and incorporated therein by reference and hereby specifically approved.

(B) The Sewer Revenue Bonds, Series 1993 B, of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $21,613. The Series 1993 B Bonds shall be dated the date of delivery thereof, shall finally mature October 31, 2031, shall be interest free, shall be subject to redemption only upon the written consent of the Authority, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1993 B Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached thereto and to the Supplemental Loan Agreement and incorporated therein by reference and hereby specifically approved.

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

Section 4. The Issuer does hereby approve, accept and ratify the Loan Agreement, copies of which are incorporated herein by reference, and the execution and delivery by the Mayor of the Loan Agreement, and the performance of the obligations contained therein, on behalf of the Issuer are hereby ratified and approved. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon.

Section 5. The Issuer does hereby appoint and designate Charleston National Bank, Charleston, West Virginia, as Registrar for the Bonds and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and Charleston National Bank, in substantially the form attached hereto, and the execution and delivery by the

Mayor of the Registrar's Agreement, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, approved and directed.

Section 6. The Issuer does hereby appoint and direct the West Virginia Municipal Bond Commission, Charleston, West Virginia, as Paying Agent for the Bonds.

Section 7. The Issuer does hereby appoint The Merchants National Bank, Montgomery, West Virginia, as Depository Bank under the Bond Ordinance.

Section 8. Series 1993 A Bond proceeds in the amount of $0 and Series 1993 B Bond proceeds in the amount of $0 shall be deposited in the Series 1993 A Bonds Reserve Account and the Series 1993 B Bonds Reserve Account, respectively.

Section 9. The Mayor and Recorder 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 January 19, 1993, to the Authority pursuant to the Loan Agreement.

Section 10. The financing of the Project which is projected to cost $809,623 in part with proceeds of the Bonds is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer. The issuance of the Bonds on a basis subordinate to the City of Montgomery Sanitary Sewer Revenue Bonds Series 1963 and the issuance of the 1993 A Bonds on a parity with the City of Montgomery Sanitary Sewer Revenue Bonds Series 1987 A and the issuance of the 1993 B Bonds on a parity with the City of Montgomery Sanitary Sewer Revenue Bonds Series 1987 B 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 Kanawha River. The Authority is agreeable to accepting the subordinate lien.

Section 11. The Issuer hereby determines that it is in the best interest of the Issuer to invest all monies in qualified investments as established by the Bond Ordinance, and therefore the Issuer hereby directs the Depository Bank and the Paying Agent to take such actions as may be necessary to cause such monies to be invested in the said qualified investments until advised by the Issuer to the contrary.

Section 12. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder (the "Code"),

by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. They will take all actions necessary to comply with the Code and Treasury Regulations to be promulgated thereunder.

Section 13. In accordance with Section 148(f) (4) (C) of the Internal Revenue Code of 1986, as amended (the "Code"), the Issuer covenants that it is a governmental unit with general taxing powers; that the Bonds are not private activity bonds as defined in Section 141 of the Code; that 95% or more of the net proceeds of the Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer), and that the aggregate face amount of the all tax-exempt obligations (other than private activity bonds as defined in Section 141 of the Code) issued by the Issuer, including all subordinate entities of the Issuer, during the calendar year 1993 will not exceed $5,000,000.

Section 14. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 12th day of January, 1993.

CITY OF MONTGOMERY

By: Ben Carson
Mayor

SCHEDULE "X"

West Virginia Water Development Authority
Total Local Loan from Series 1991 A Pool
Debt Service Schedule - City of Montgomery

NIC=7.57%
WAM=27.77 yrs

Closing: 1/19/93
Total Amount Borrowed: $670,000.00

Date	Coupon	Principal	Interest	Debt Service	Interest Free Loan	Total Debt Service
10/1/93	7.75%	$2,892.00	$35,174.99	$38,066.99	$554.18	$38,621.17
10/1/94	7.75%	3,116.00	50,025.86	53,141.86	554.18	53,696.04
10/1/95	7.75%	3,357.00	49,784.37	53,141.37	554.18	53,695.55
10/1/96	7.75%	3,618.00	49,524.21	53,142.21	554.18	53,696.39
10/1/97	7.75%	3,898.00	49,243.81	53,141.81	554.18	53,695.99
10/1/98	7.75%	4,200.00	48,941.72	53,141.72	554.18	53,695.90
10/1/99	7.75%	4,526.00	48,616.22	53,142.22	554.18	53,696.40
10/1/00	7.75%	4,876.00	48,265.45	53,141.45	554.18	53,695.63
10/1/01	7.75%	5,254.00	47,887.56	53,141.56	554.18	53,695.74
10/1/02	7.75%	5,661.00	47,480.38	53,141.38	554.18	53,695.56
10/1/03	7.75%	6,100.00	47,041.65	53,141.65	554.18	53,695.83
10/1/04	7.75%	6,573.00	46,568.90	53,141.90	554.18	53,696.08
10/1/05	7.75%	7,082.00	46,059.49	53,141.49	554.18	53,695.67
10/1/06	7.75%	7,631.00	45,510.64	53,141.64	554.18	53,695.82
10/1/07	7.75%	8,223.00	44,919.23	53,142.23	554.18	53,696.41
10/1/08	7.75%	8,860.00	44,281.95	53,141.95	554.18	53,696.13
10/1/09	7.75%	9,546.00	43,595.30	53,141.30	554.18	53,695.48
10/1/10	7.75%	10,286.00	42,855.49	53,141.49	554.18	53,695.67
10/1/11	7.75%	11,083.00	42,058.32	53,141.32	554.18	53,695.50
10/1/12	7.75%	11,942.00	41,199.39	53,141.39	554.18	53,695.57
10/1/13	7.75%	12,868.00	40,273.88	53,141.88	554.18	53,696.06
10/1/14	7.75%	13,865.00	39,276.61	53,141.61	554.18	53,695.79
10/1/15	7.75%	14,940.00	38,202.08	53,142.08	554.18	53,696.26
10/1/16	7.75%	16,098.00	37,044.23	53,142.23	554.18	53,696.41
10/1/17	7.75%	17,345.00	35,796.63	53,141.63	554.18	53,695.81
10/1/18	7.75%	18,689.00	34,452.39	53,141.39	554.18	53,695.57
10/1/19	7.75%	20,138.00	33,004.00	53,142.00	554.18	53,696.18
10/1/20	7.75%	21,699.00	31,443.30	53,142.30	554.18	53,696.48
10/1/21	7.75%	23,380.00	29,761.63	53,141.63	554.18	53,695.81
10/1/22	7.75%	25,192.00	27,949.68	53,141.68	554.18	53,695.86
10/1/23	7.75%	27,144.00	25,997.30	53,141.30	554.18	53,695.48
10/1/24	7.75%	29,248.00	23,893.64	53,141.64	554.18	53,695.82
10/1/25	7.75%	31,515.00	21,626.92	53,141.92	554.18	53,696.10
10/1/26	7.75%	33,957.00	19,184.51	53,141.51	554.18	53,695.69
10/1/27	7.75%	36,589.00	16,552.84	53,141.84	554.18	53,696.02
10/1/28	7.75%	39,425.00	13,717.19	53,142.19	554.18	53,696.37
10/1/29	7.75%	42,480.00	10,661.75	53,141.75	554.18	53,695.93
10/1/30	7.75%	45,772.00	7,369.55	53,141.55	554.18	53,695.73
10/1/31	7.75%	49,319.00	3,822.22	53,141.22	554.16	53,695.38
		$648,387.00	$1,409,065.28	$2,057,452.28	$21,613.00	$2,079,065.28

Prepared 1/11/93

CITY OF MONTGOMERY

SEWER REVENUE BOND
SERIES 2009

BOND ORDINANCE

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CERTIFICATION 44

CITY OF MONTGOMERY

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWER SYSTEM OF THE CITY OF MONTGOMERY AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $309,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BOND, SERIES 2009; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNER OF SUCH BOND; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BOND; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BOND AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

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 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 Montgomery (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Fayette County of said State.

B. The Issuer presently owns or operates a public sewerage system. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed improvements to the public sewerage system of the Issuer. The improvements will be made to the Issuer's wastewater treatment plant's operations and will consist of the installation of a belt filter press for sludge dewatering, improvements to the aeration in the sludge holding tank, replacement of the influent screening device and other minor improvements to increase the efficiency of the wastewater treatment plant. In addition, improvements will be made to the collection system in order to reduce the impact of combined sewer overflows on the environment. Finally, certain sewer lines will be replaced and some lift stations will be rehabilitated. The sum of all improvements to be undertaken shall be known as the "Project", which Project constitutes properties for the collection and/or transportation, purification and disposal of liquid or solid wastes, sewage or

industrial wastes (the existing and proposed sewer facilities of the Issuer, the Project and any further additions thereto or extensions thereof is herein called the "System"), in accordance with the plans and specifications to be prepared by the Consulting Engineers, which plans and specifications will be filed with the Issuer.

C. In accordance with Section 18 of Chapter 16, Article 13 of the West Virginia Code of 1931, as amended, the System will be under the supervision and control of the Sanitary Board of the Issuer (the "Board"). The Board has approved and delivered a Petition to the Issuer requesting the enactment of this Ordinance and the issuance of the Series 2009 Bond, as hereinafter defined.

D. The Issuer is the beneficiary of United States Department of Agriculture, Rural Utilities Service ("RUS") grants in the amounts of $1,000,300 and $_____ and a Small Cities Block Grant in the amount of $1,500,000, the proceeds of which, together with the Bond proceeds, will be used to acquire, construct and equip the Project.

E. The Issuer currently has outstanding (i) Sewer Revenue Bond, Series 1987 A, dated October 27, 1987, issued in the original principal amount of $1,164,146 (the "Series 1987 A Bonds"), (ii) Sewer Revenue Bond, Series 1993 A, dated January 19, 1993, issued in the original principal amount of $648,387 (the "Series 1993 A Bonds"), and (iii) Sewer Revenue Bond, Series 1996 A, dated May 2, 1996, issued in the original principal amount of $175,000 (the "Series 1996 A Bonds") (collectively, the "Senior Bonds"). In addition, the Issuer currently has outstanding (i) Sewer Revenue Bond, Series 1987 B, dated October 27, 1987, issued in the original principal amount of $285,539 (the "Series 1987 B Bonds"), and (ii) Sewer Revenue Bond, Series 1993 B, dated January 19, 1993, issued in the original principal amount of $21,613 (the "Series 1993 B Bonds") (collectively, the "Junior Bonds")

F. 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 Series 2009 Bond (as hereinafter defined), the Senior Bonds, the Junior Bonds and payments into all funds and accounts and other payments provided for herein.

G. It is deemed necessary for the Issuer to issue its Sewer Revenue Bond in the total aggregate principal amount of not more than $309,000, being the Sewer Revenue Bond, Series 2009 (the "Series 2009 Bond"), to permanently finance a portion of the costs of acquisition and construction of the Project. The remaining costs of the Project shall be funded from the sources set forth in Section 1.02 D. above. Such costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Series 2009 Bond prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in any 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, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2009 Bond 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 2009 Bond 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 2009 A Bond be sold to the Purchaser (as hereinafter defined) pursuant to the terms and provisions of the Letter of Conditions (as hereinafter defined), in form satisfactory to the Issuer, approved hereby if not previously approved by resolution of the Issuer.

J. Upon the issuance of the Series 2009 Bond, there will be no other outstanding bonds or obligations of the Issuer that are secured by revenues or assets of the System on parity with the Series 2009 Bond except for the Senior Bonds. The Series 2009 Bond shall be issued on parity with the Senior Bonds, with respect to liens, pledge and source of and security for payment, and shall be senior and prior to the Junior Bonds as to liens, pledge and source of and security for payment. Prior to the issuance of the Series 2009 Bond, the Issuer will obtain the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Senior Bonds are met and the written consent of the Holder of the Senior Bonds to the issuance of the Series 2009 Bond on a parity with the Senior Bonds.

K. The Issuer has complied with all requirements of West Virginia law and the Letter of Conditions relating to authorization of the acquisition, construction and operation of the Project and the System, including, without limitation, the imposition of rates and charges, and the issuance of the Series 2009 Bond, or will have so complied prior to issuance of any thereof, including, the approval of the Project and the financing thereof by the Council and the obtaining of a certificate of convenience and necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2009 Bond or such final order will not be subject to appeal.

L. The Issuer has met the coverage requirements for issuance of parity bonds of the Senior Bonds and Prior Bond Ordinances.

M. Pursuant to the Act, the West Virginia Infrastructure and Jobs Development Council has approved the Project.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2009 Bond by the Registered Owner 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 Bondholder, 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 Bondholder of such Bond.

Section 1.04. Definitions. The following terms shall have the following meanings herein 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 hereof.

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

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

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

"Bond" or "Bonds" means the Series 2009 Bond, and, where appropriate, any bonds on a parity therewith previously or 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.

"Closing Date" means the date upon which there is an exchange of the Series 2009 Bond for all or a portion of the proceeds of the Series 2009 Bond from the Purchaser.

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

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

"Consulting Engineers" means Terradon Corporation, Nitro, 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 1.02 G hereof to be a part of the cost of acquisition and construction of the Project.

"Council" means the West Virginia Infrastructure and Jobs Development Council or any other agency of the State of West Virginia that succeeds to the functions of the Council.

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

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

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

"Governing Body" means the City Council of the Issuer or any other governing body of the Issuer that succeeds to the functions of the Council as presently 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.

"Grant" means, collectively, all grant moneys received by the Issuer for the Project.

"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.

"Investment Property" means

(A) any security (within the meaning of Section 165(g)(2)(A) or (B) of the Code),

(B) any obligation,

(C) any annuity contract,

(D) any investment-type property, or

(E) in the case of a bond other than a private activity bond, any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan.

Except as provided in the following sentence, the term "Investment Property" does not include any tax-exempt bond. With respect to an issue other than an issue a part of which is a specified private activity bond (as defined in section 57(a)(5)(C) of the Code), the term "Investment Property" includes a specified private activity bond (as so defined).

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

"Letter of Conditions" means, collectively, the Letter of Conditions of the Purchaser dated February 9, 2006, Amendment No. 1 to the Letter of Conditions of the Purchaser dated August 6, 2009, and all other amendments thereto, providing for the purchase of the Series 2009 Bond from the Issuer by the Purchaser.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2009 Bond, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2009 Bond, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property as defined in Section 148(b) of the Code, that is not a purpose investment.

"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, fiscal agents, the Depository Bank 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 Expresses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

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

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

"Private Business Use" means use (directly or indirectly) in a trade or business carried on by any person other than a governmental unit; provided that, use as a member of the general public shall not be taken into account.

"Prior Bond Ordinances" means, individually or collectively, the ordinance of the Issuer enacted September 15, 1987, and supplemented on October 26, 1987, authorizing the Series 1987 A and Series 1987 B Bonds, the ordinance of the Issuer enacted May 27, 1992, and supplemented on January 12, 1993, authorizing the Series 1993 A and Series 1993 B Bonds, and the ordinance of the Issuer enacted April 9, 1996, and supplemented on April 9, 1996, authorizing the Series 1996 A Bond.

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

"Purchaser" or "Government" means the United States Department of Agriculture and any successor thereof acting for and on behalf of the United States of America, which is expected to be the original purchaser and Registered Owner of the Series 2009 Bond.

"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, 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 Investment Management Board 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 exempt from federal income taxation, and which are rated at least "A" by Moody's Investors Service, Inc. or Standard & Poor's Corporation.

"Recorder" means the Recorder of the Issuer.

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

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

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

"Reserve Account" means the reserve account established for the Series 2009 Bond.

"Reserve Requirement" means the amount required to be on deposit in the Reserve Account.

"Revenue Fund" means the Revenue Fund established by Section 5.01 hereof.

"Sanitary Board" means the Sanitary Board of the Issuer.

"Series 2009 Bond" means the Sewer Revenue Bond, Series 2009 of the Issuer, authorized by this Ordinance.

"Series 2009 Bond Construction Trust Fund" means the Series 2009 Bond Construction Trust Fund established by Section 5.01 hereof.

"Series 2009 Bond Reserve Account" means the Series 2009 Bond Reserve Account established by Section 5.02 hereof.

"Series 2009 Bond Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2009 Bond in the then current or any succeeding year.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 2009 Bond; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2009 Bond, 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 Series 2009 Bond, including, without limitation, the Reserve Account, the Depreciation Account and the Renewal and Replacement Fund.

"System" means the complete sewerage system of the Issuer, including all sewerage facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the sewerage system; and shall include the Project and any and all extensions, additions, betterments and improvements thereto hereafter

acquired or constructed for the sewerage 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

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 $2,809,300, 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 Bond hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, in an amount and otherwise compatible with the financing plan submitted to the Purchaser.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION AND SALE OF BOND

Section 3.01. Authorization of Bond. For the purposes of capitalizing interest on the Series 2009 Bond, funding a reserve account for the Series 2009 Bond, 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 2009 Bond of the Issuer. The Series 2009 Bond shall be issued as a single bond, designated "Sewer Revenue Bond, Series 2009", in the principal amount of not more than $309,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2009 Bond remaining after funding of the Reserve Account (if funded from Bond proceeds) and capitalizing interest on the Series 2009 Bond, if any, shall be deposited in or credited to the respective Bond Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bond. A. The Series 2009 Bond shall be issued in such principal amount, shall bear interest at such rate or rates, not exceeding the then legal maximum rate, payable monthly on such dates, shall mature on such dates and in such amount, and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in the Supplemental Resolution or as specifically provided in the Series 2009 Bond.

B. Unless otherwise provided by the Supplemental Resolution, the Series 2009 Bond shall initially be issued in the form of a single bond, fully registered to the Purchaser, with a record of advances attached representing the aggregate principal amount of the Series 2009 Bond. The Series 2009 Bond shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Purchaser shall not be obligated to pay any expenses of such exchange.

Subsequent series of bonds, if any, shall be issued in fully registered form, in such denominations, dated such dates and bear interest at such rates as determined by a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2009 Bond shall be executed in the name of the Issuer by the Mayor, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Recorder. In case any one or more of the officers who shall have signed or sealed the Series 2009 Bond shall cease to be such officer of the Issuer before the Series 2009 Bond so signed and sealed have been actually sold and delivered, such Bond may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bond had not ceased to hold such office. Any Bond may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bond shall hold the proper office in the Issuer, although at the date of such Bond such person may not have held such office or may not have been so authorized.

Section 3.04. Bond Registrar. The Issuer shall be the Bond Registrar with respect to the Series 2009 Bond and will keep or cause to be kept at its office by its agent, sufficient books for the registration and transfer of the Series 2009 Bond, and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Series 2009 Bond initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Series 2009 Bond as hereinbefore provided.

The Bond Registrar shall accept the Series 2009 Bond for registration or transfer only if ownership thereof is to be registered in the name of the Purchaser, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust, and/or such other identifying number and information as may be required by law. The Series 2009 Bond shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Series 2009 Bond shall be registered in the name of the United States of America, the address of the United States of America for registration purposes shall be National Finance Office, St. Louis, Missouri 63103, or such other address as shall be stated in writing to the Issuer by the United States of America.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2009 Bond 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 2009 Bond shall be conclusively deemed to have agreed that such Bond 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 Bond shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2009 Bond remains outstanding, the Bond Registrar for the Series 2009 Bond shall keep and maintain books for the registration and transfer of such Bond.

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

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2009 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 Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing 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. Bond not to be Indebtedness of the Issuer. The Series 2009 Bond 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 of the Series 2009 Bond shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2009 Bond or the interest thereon.

Section 3.08. Bond Secured by Pledge of Net Revenues. The payment of the debt service of the Series 2009 Bond shall be secured forthwith equally and ratably with the Senior Bonds by a first lien on the Net Revenues derived from the System, and shall be senior and prior to the Junior Bonds as to liens, pledge and source of and security for payment. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 2009 Bond and the Senior Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due and shall be senior and prior to the Junior Bonds as to liens, pledge and source of and security for payment.

Section 3.09. Delivery of Bond. With respect to the Series 2009 Bond, the Mayor is hereby authorized and directed to cause such Bond, hereby awarded to the Purchaser pursuant to the Letter of Conditions, to be delivered to the Purchaser on the date of delivery of the Series 2009 Bond.

Section 3.10. Form of Bond. The text of the Series 2009 Bond 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 SERIES 2009 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF MONTGOMERY
SEWER REVENUE BOND, SERIES 2009

No. R-1 Date: September 10, 2009

FOR VALUE RECEIVED, the CITY OF MONTGOMERY (the "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of THREE HUNDRED NINE THOUSAND DOLLARS ($309,000.00), plus interest on the unpaid principal balance at the rate of 4.375% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of this Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and $1,394.00, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Government according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on

either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of acquisition and construction of a new public sewerage system (the "System") of the Borrower, is payable solely from the net revenues to be derived from the operation of the System in the manner provided in the hereinafter defined Ordinance. This Bond does not in any manner constitute a corporate indebtedness of Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the Ordinance and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

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, but may only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13 of the West Virginia Code, as amended (the "Act"), and an Ordinance of the Borrower duly enacted on June 9, 2009, authorizing issuance of this Bond (the "Ordinance").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

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 (I) ISSUER'S SEWER REVENUE BOND, SERIES 1987 A, DATED OCTOBER 27, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,164,146, (II) ISSUER'S SEWER REVENUE BOND, SERIES 1993 A, DATED JANUARY 19, 1993, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $648,387, AND (III) ISSUER'S SEWER REVENUE BOND, SERIES 1996 A, DATED MAY 2, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $175,000, AND SENIOR AND PRIOR TO THE (I) ISSUER'S SEWER REVENUE BOND, SERIES 1987 B, DATED OCTOBER 27, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $285,539, AND (II) ISSUER'S SEWER REVENUE BOND, SERIES 1993 B, DATED JANUARY 19, 1993, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $21,613.

IN WITNESS WHEREOF, the CITY OF MONTGOMERY has caused this Bond to be executed by its Mayor and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Recorder, all as of the date hereinabove written.

CITY OF MONTGOMERY

[SEAL]

By: _____
Mayor

ATTEST:

_____
Recorder

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $, .	9/10/09	(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 $

(Form of Assignment)

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers to _____ 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 Borrower with full power of substitution in the premises.

Dated: _____, 20__.

_____

In presence of:

_____

Section 3.11. Sale of Bond. The Series 2009 Bond shall be sold to the Purchaser pursuant to the terms and conditions of the Letter of Conditions. The Letter of Conditions, including all attachments, are hereby approved and incorporated into this Bond Legislation.

Section 3.12. "Amended Schedule B" Filing. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Purchaser, a schedule, the form of which will be provided by the Purchaser, 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 and shall be held by the Depository Bank, separate and apart from all other funds or accounts of the Depository Bank and the Issuer and from each other:

(1) Revenue Fund;

(2) Renewal and Replacement Fund; and

(3) Series 2009 Bond 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 2009 Bond Reserve Account.

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

(2) The Issuer shall next, on the first day of each month, (i) transfer from the Revenue Fund and remit to the National Finance Office the amount required to pay interest on the Series 2009 Bond; and (ii) remit to the Commission for deposit in the Senior Bonds Sinking Fund, the amount required to pay interest on the Senior Bonds on the next ensuing quarterly interest payment date.

(3) The Issuer shall next, on the first day of each month, (i) transfer from the Revenue Fund and simultaneously remit to the National Finance Office, commencing 24 months following the date of delivery of the Series 2009 Bond, the amount required to amortize the principal of the Series 2009 Bond over the life of the bond issue; and (ii) remit to the Commission for deposit in the Senior Bonds Sinking Fund, an amount equal to the amount of principal that will mature and become due on the Senior Bonds on the next ensuing quarterly principal payment date.

(4) The Issuer shall next, on the first day of each month, commencing 3 months after the completion of construction of the Project, as certified by the Consulting Engineer, if not fully funded upon the issuance of the Series 2009 Bond, (i) transfer from the Revenue Fund and simultaneously remit to the Commission for deposit in the Series 2009 Bond Reserve Account, an amount equal to $1/120^{th}$ of the Series 2009 Bond Reserve Requirement, until the amount in the Series 2009 Bond Reserve Account equals the Series 2009 Bond Reserve Requirement; provided that no further payments shall be made into the Series 2009 Bond 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 2009 Bond Reserve Requirement; and (ii) for deposit in the Senior Bonds Reserve Account, an amount equal to 1/120th of the Senior Bonds Reserve Requirement, until the amount in the Senior Bonds Reserve Account equals the Senior Bonds Reserve Requirement; provided that, no further payments shall be made into the Senior 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 Senior Bonds Reserve Requirement.

(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 Junior Bonds Sinking Fund, the amount required to pay interest on the Junior Bonds on the next ensuing quarterly interest payment date.

(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 Junior Bonds Sinking Fund, an amount equal to the amount of principal that will mature and become due on the Junior Bonds on the next ensuing quarterly principal payment date.

(7) The Issuer shall next, on the first day of each month, for deposit in the Junior Bonds Reserve Account, an amount equal to 1/120th of the Junior Bonds Reserve Requirement, until the amount in the Junior Bonds Reserve Account equals

the Junior Bonds Reserve Requirement; provided that, no further payments shall be made into the Junior 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 Junior Bonds Reserve Requirement.

(8) The Issuer shall next, on the first day of each month, commencing 3 months after the completion of construction of the Project, as certified by the Consulting Engineers, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund, 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 account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

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

Moneys in the Series 2009 Bond Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2009 Bond as the same shall come due, when other moneys are insufficient therefor, and for no other purpose. Whenever the moneys in the Series 2009 Bond Reserve Account shall be sufficient to prepay the Series 2009 Bond in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay, at the earliest practical date and in accordance with applicable provisions hereof, the Series 2009 Bond accrued interest thereon to such prepayment date.

All investment earnings on moneys in the Series 2009 Bond Reserve Account (if fully funded) and the Senior Bonds Reserve Account (if fully funded) shall be returned, not less than once each year, by the Commission to the Issuer, and all investment earnings on moneys in the Series 2009 Bond Reserve Account shall, during construction of the Project, be deposited in the Series 2009 Bond Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Series 2009 Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 2009 Bond, and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2009 Bond Reserve Account which result in a reduction in the balance of such accounts to below the Series 2009 Bond Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

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

The Issuer shall not be required to make any further payments into the Series 2009 Bond Reserve Account when the amount of funds therein is at least equal to the principal amount of the Series 2009 Bond issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

The Issuer may designate another bank or trust company insured by FDIC as Depository Bank if the Depository Bank should cease for any reason to serve or if the Governing Body determines by resolution that the Depository Bank or its successor should no longer serve as Depository Bank. Upon any such change, the Governing Body will cause notice of the change to be sent by registered or certified mail to the Purchaser.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2009 Bond Reserve Account created hereunder, and all amounts required for such fund shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Purchaser at any time, the Issuer shall make the necessary arrangements whereby required payments into the said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Moneys in the Series 2009 Bond Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2009 Bond Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2009 Bond 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) remit to the Purchaser and the Commission, as applicable, the required principal, interest and reserve account payments with respect to the Series 2009 Bond and all such payments shall be remitted to the Purchaser and the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

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

D. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the 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, fees and expenses then due.

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

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

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

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

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

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of the Series 2009 Bond, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2009 Bond, there shall be deposited with the Commission in the Series 2009 Bond Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2009 Bond Reserve Account.

B. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2009 Bond, such moneys shall be deposited with the Depository Bank in the Series 2009 Bond 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 so expended, are hereby pledged as additional security for the Series 2009 Bond.

C. 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 2009 Bond shall be expended as directed by the Purchaser.

Section 6.02. Disbursements From the Bond Construction Trust Fund. Moneys in the Series 2009 Bond Construction Trust Fund shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by the Purchaser.

Until completion of acquisition and construction of the Project, the Issuer will transfer from the Series 2009 Bond Construction Trust Fund and pay to the Purchaser on or before the due date, such sums as shall be from time to time required to make the monthly installment payments on the Series 2009 Bond if there are not sufficient Net Revenues to make such monthly payment.

When construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance remaining in the Series 2009 Bond Construction Trust Fund shall be disposed of in accordance with the regulations of the Purchaser.

Pending such application, moneys in the respective Series 2009 Bond Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder of the Series 2009 Bond. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holder of the Series 2009 Bond as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any principal of the Series 2009 Bond or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2009 Bond shall not be nor constitute a corporate indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder of any Bond shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2009 Bond or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of all the Series 2009 Bond shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System on parity with the Senior Bonds and senior and prior to the Junior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on the Series 2009 Bond and the Senior Bonds, and senior and prior to the Junior 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. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the sewer rate ordinance of the Issuer enacted on August 12, 2008, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2009 Bond is 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. In the event the schedule of rates and charges initially established for the System in connection with the Series 2009 Bond shall prove to be insufficient to produce the required sums set forth in this Bond Legislation, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation.

Section 7.05. Sale of the System. So long as the Series 2009 Bond is outstanding and except as otherwise required by law or with the written consent of the Purchaser, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay the Series 2009 Bond and the Senior Bonds, and then the Junior Bonds, 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 2009 Bond, immediately be remitted to the National Finance Office, and, with the written consent of the Purchaser, the Issuer shall direct the National Finance Office and the Commission to apply such proceeds to the payment of principal of and interest on the Series 2009 Bond. Any balance remaining after the payment of all the Series 2009 Bond and interest thereon shall be remitted to the Issuer 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 a professional engineer 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 deposited in the Renewal and Replacement Fund. Payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into such fund by other provisions of this Bond Legislation.

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

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2009 Bond and the Senior Bonds. All obligations issued by the Issuer after the issuance of the Series 2009 Bond 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 2009 Bond and the Senior Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2009 Bond and the Senior Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2009 Bond and the Senior Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. No Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2009 Bond pursuant to this Bond Legislation, except under the conditions and in the manner herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2009 Bond and the Senior Bonds, and must have the prior written consent of the Purchaser.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the design, acquisition or construction of additions, betterments or improvements to the System or refunding the Series 2009 Bond and the Senior Bonds, or both such purposes.

So long as the Series 2009 Bond is Outstanding, no Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Recorder a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues for the Fiscal Year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

(1) The Series 2009 Bond and the Senior Bonds then Outstanding;

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

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

The following limitation may be waived or modified by the written consent of the Registered Owners of the Series 2009 Bond, representing 75% of the then-outstanding principal indebtedness. In the event the foregoing limitation is waived or when the Series 2009 Bond is no longer Outstanding, the following parity requirement shall be met:

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Recorder 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 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, if any, shall not be less than one hundred fifteen percent (115%) of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

(1) The Series 2009 Bond and the Senior Bonds then Outstanding;

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

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

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from any improvements to be

financed by such additional 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 date of 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 Recorder 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, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer, the time for appeal of which has 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 theretofore or subsequently issued from time to time within the limitations of and in compliance with this section. Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and security for payment from said revenues, without preference of any bond of one series over any other bond of the same series. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for the Series 2009 Bond heretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 2009 Bond and the Senior 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 2009 Bond and the Senior Bonds.

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

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

construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

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

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

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

The Issuer shall file with the Purchaser, and shall mail in each year to any Holder of the Series 2009 Bond 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 payable from the revenues of the System 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 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 of the Series 2009 Bond and shall submit said report to the Purchaser. Such audit report submitted to the Purchaser shall include a statement that the Issuer is in compliance with the terms and provisions of the Act 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 Act, the Issuer has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is doing or has done all things necessary to construct the Project in accordance with the plans, specifications and designs prepared by the Consulting Engineers. All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Issuer.

The Issuer shall permit the Purchaser, or its 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 also provide the Purchaser, or its agents and representatives, with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Purchaser with respect to the System pursuant to the Act.

Section 7.09. Rates. Prior to the issuance of the Series 2009 Bond, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Recorder, 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 on the Series 2009 Bond and the Senior Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2009 Bond and the Senior Bonds; provided that, in the event that an amount equal to or in excess of the reserve requirement is on deposit respectively in the Reserve Accounts and any reserve accounts for obligations on a parity with the Series 2009 Bond and the Senior Bonds are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Series 2009 Bond, the Senior Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2009 Bond and the Senior Bonds. In any event, subject to any requirements of law, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinances 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 Purchaser within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a 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 Purchaser, or 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 Purchaser, and any Holder of any Bonds or anyone acting for and in behalf of such Holder of any Bonds.

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

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

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 waterworks facilities are not owned by the Issuer, the Issuer will, to the extent allowed by law, use diligent efforts to enter into a similar termination agreement with the 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 shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

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

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the

damaged or destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the prime contractor and all subcontractors as their respective interests may appear, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Purchaser, the Issuer, the contractors and subcontractors, as their interests may appear.

(2) PUBLIC LIABILITY INSURANCE, with limits of not less than $500,000 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 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 Issuer shall verify such insurance prior to commencement of construction.

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 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 and the Council necessary for the acquisition and construction of the Project and the operation of the System and all approvals for issuance of the Bonds required by State law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. Compliance with Letter of Conditions and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Letter of Conditions, the Act and this Bond Legislation. The Issuer shall also comply with all applicable laws, rules and regulations issued by the Purchaser 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. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2009 Bond are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2009 Bond during the term thereof is, under the terms of the Series 2009 Bond or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2009 Bond are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2009 Bond during the term thereof is, under the terms of the Series 2009 Bond or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2009 Bond used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 2009 Bond are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of the portion of the Project to which such Private Business Use is related. All of the foregoing shall be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 2009 Bond or $5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2009 Bond to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. To the extent legally required, the Issuer will timely file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2009 Bond and the interest thereon including, without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it so that the interest on the Series 2009 Bond will be and remain excluded from gross income for federal income tax purposes, and will not take any actions or fail to take any actions, the result of which would adversely affect such exclusion.

Section 7.20. Securities Laws Compliance. The Issuer will provide the Purchaser, 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 Purchaser may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

Section 7.21. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2009 Bond and the Senior Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, and shall take effect immediately upon delivery of the Series 2009 Bond. The statutory mortgage lien of the Series 2009 Bond shall on a parity with that of the Senior Bonds and senior and prior to the statutory mortgage lien of the Junior Bonds.

Section 7.22. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2009 Bond 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 Purchaser for written approval. The Issuer shall obtain the written approval of the Purchaser before expending any proceeds of the Series 2009 Bond held in "contingency" as set forth in the schedule attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the Purchaser before expending any proceeds of the Series 2009 Bond made available due to bid or construction or project underruns.

C. The Issuer shall list the funding as being provided by the Purchaser in any press release, publication, program, bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any ground breaking or dedication of the Project.

ARTICLE VIII

INVESTMENT OF FUNDS; USE OF PROCEEDS

Section 8.01. Investments. Any moneys 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 moneys 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 moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the

value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission 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 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 Bonds are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of interest on the 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 2009 Bond as a condition to issuance of the Series 2009 Bond. 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 2009 Bond as may be necessary in order to maintain the status of the Series 2009 Bond 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 2009 Bond which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, 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 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 Resolution.

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 2009 Bond:

(1) If default occurs in the due and punctual payment of the principal of or interest on the Series 2009 Bond; 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 2009 Bond set forth in this Bond Legislation, any supplemental resolution or in the Series 2009 Bond, 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.

Notwithstanding anything herein to the contrary, if default occurs in the due and punctual payment of the principal of or interest on any series of the Series 2009 Bond, it shall constitute an "Event of Default" with respect to the other series of the Series 2009 Bond.

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, with all actions to be taken on parity with the Senior 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 the Senior Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

Whenever all that is due upon the Bonds and interest thereon and under any covenants of this Bond Legislation for reserve, sinking or other funds and upon any other obligations and

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

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

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

ARTICLE X

PAYMENT OF BOND

Section 10.01. Payment of Bond. If the Issuer shall pay or there shall otherwise be paid to the Holder of the Series 2009 Bond, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Series 2009 Bond, shall thereupon cease, terminate and become void and be discharged and satisfied; except as may otherwise be necessary to assure the exclusion of interest on the Series 2009 Bond 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 2009 Bond, this Ordinance may be amended or supplemented in any way by the

Supplemental Resolution. Following issuance of the Series 2009 Bond, 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 Owner of the Series 2009 Bond, shall be made without the consent in writing of the Registered Owner of the Series 2009 Bond so affected and then Outstanding; provided, that no change shall be made in the maturity of the Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the 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 excludability of interest on the Series 2009 Bond 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 2009 Bond, 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 2009 Bond.

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

Section 11.05. Conflicting Provisions Repealed. All ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed; provided that, this Section shall not be applicable to the Loan Resolution (Form FmHA 442-47) and all Prior Bond Ordinances.

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 Recorder and members of the Governing Body were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

Section 11.07. 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 Montgomery Herald* and *The Fayette Tribute*, newspapers of general circulation in the City of Montgomery, no newspaper being published therein, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2009 Bond, 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:	-	May 12, 2009
Passed on Second Reading:	-	June 9, 2009
Passed on Final Reading Following Public Hearing:	-	June 9, 2009

Mayor

Recorder

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the CITY OF MONTGOMERY on the 9th day of June, 2009.

Dated: 9 - 8, 2009.

[SEAL]

Recorder

CITY OF MONTGOMERY
SEWER REVENUE BOND, SERIES 2009

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, PAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE CITY OF MONTGOMERY SEWER REVENUE BOND, SERIES 2009; AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF THE SERIES 2009 BOND TO THE UNITED STATES DEPARTMENT OF AGRICULTURE; DESIGNATING A DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the City Council (the "Governing Body") of the City of Montgomery (the "Issuer") has duly and officially enacted a Bond Ordinance on June 9, 2009 (the "Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWER SYSTEM OF THE CITY OF MONTGOMERY AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $309,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BOND, SERIES 2009 ; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BOND; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BOND; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BOND AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Ordinance provides for the issuance of the Sewer Revenue Bond, Series 2009, of the Issuer, in an aggregate principal amount not to exceed $309,000 (the "Bond"), all in accordance with Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Act"); and in the Ordinance it is provided that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of the Bond should be established by a supplemental resolution, and that other matters relating to the Bond be therein provided for;

WHEREAS, the Bond is proposed to be purchased by the United States of America, United States Department of Agriculture, Rural Utilities Service (the "Government") pursuant to the Letter of Conditions;

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

WHEREAS, capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the Ordinance.

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

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 following bond of the Issuer:

Sewer Revenue Bond, Series 2009, of the Issuer, originally represented by a single bond, numbered R-1, in the original principal amount of $309,000. The Series 2009 Bond shall be dated the date of delivery, shall finally mature September 10, 2049, and shall bear interest at the rate of 4.375% per annum. Monthly installments of interest only on the amounts advanced under the Series 2009 Bond are payable 30 days following the date of delivery of the Series 2009 Bond and on the corresponding day of each month thereafter for the first 24 months after the date of delivery of the Series 2009 Bond, and thereafter, monthly installments of principal of and interest on the Series 2009 Bond, in the aggregate amount of $1,394.00, are payable on the corresponding day of each month, except that the final installment on the Series 2009 Bond shall be paid at the end of 40 years from the date of the Series 2009 Bond in the sum of the unpaid principal and interest due on the date thereof. The Series 2009 Bond is subject to prepayment as set forth in the Ordinance and the Series 2009 Bond. All principal and interest payments on the Series 2009 Bond will be paid by the Issuer directly to the order of the United States of America at its National Finance Office, 1520 Market Street, St. Louis, Missouri 63103.

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

Section 3. The Issuer hereby ratifies, approves and accepts the Letter of Conditions, and all amendments thereto, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed. The price of the Bond shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Bond shall be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer hereby appoints and designates The City National Bank, Montgomery, West Virginia, to serve as the Depository Bank.

Section 5. Series 2009 Bond proceeds in the amount of $-0- shall be deposited in the

Series 2009 Bond Sinking Fund as capitalized interest.

Section 6. Series 2009 Bond proceeds in the amount of $-0- shall be deposited in the Series 2009 Bond Reserve Account.

Section 7. The remaining proceeds of the Bond, as advanced from time to time, shall be deposited in or credited to the Series 2009 Bond Construction Trust Fund, as received by the Issuer for payment of costs of the Project, including costs of issuance of the Bonds.

Section 8. The Mayor and Recorder are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Ordinance approved and provided for, to the end that the Series 2009 Bond may be delivered to the Government pursuant to the Letter of Conditions dated February 9, 2006, as amended by Amendment No. 1 to Letter of Conditions dated August 6, 2009.

Section 9. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bond 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.

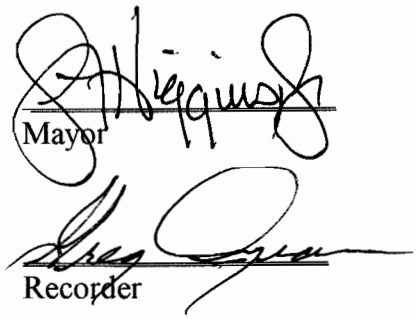
Section 10. The Issuer hereby determines to invest all moneys in the funds and accounts established by the Ordinance held by the Depository Bank until expended, in money market accounts secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to invest all moneys in such money market accounts until further directed in writing by the Issuer. Moneys in the Sinking Funds and the Reserve Accounts for the Series 2009 Bond shall be invested by the Commission in the West Virginia Consolidated Fund.

Section 11. The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project.

Section 12. The Issuer hereby approves the costs of issuance and authorizes the payment of the same.

Section 13. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 8th day of September, 2009.



Mayor

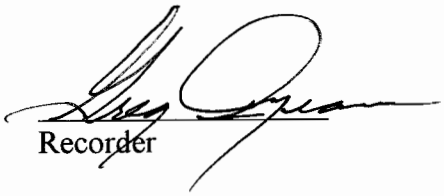
Recorder

CERTIFICATION

Certified as a true copy of a Supplemental Resolution duly adopted by the City Council of the City of Montgomery on the 8th day of September, 2009.

Dated this 8th day of September, 2009.

[SEAL]



Recorder

WEST VIRGINIA
Water Development Authority
Celebrating 43 Years of Service 1974 - 2017

CITY OF MONTGOMERY
SEWER REVENUE BONDS
SERIES 2017 A (WEST VIRGINIA CWSRF PROGRAM)
AND
SERIES 2017 B (WEST VIRGINIA CWSRF PROGRAM)

CONSENT TO ISSUANCE OF PARITY BOND

In reliance upon a certificate of Smith Cochran Hicks PLLC, the Issuer's certified public accountant, and the opinion of Goodwin & Goodwin, LLP, as Bond Counsel, stating that the coverage and parity requirements have been met, the undersigned duly authorized representative of the West Virginia Water Development Authority, the registered owner of the (a) $1,164,146 City of Montgomery, Sewer Revenue Bond, Series 1987 A, (b) $285,539 City of Montgomery, Sewer Revenue Bond, Series 1987 B, (c) $648,387 City of Montgomery, Sewer Revenue Bond, Series 1993 A, and (d) $21,613 City of Montgomery, Sewer Revenue Bond, Series 1993 B (collectively, the "Prior Bonds"), hereby consents to the issuance of the City of Montgomery, Sewer Revenue Bonds, Series 2017 A (West Virginia CWSRF Program) and Series 2017 B (West Virginia CWSRF Program) (collectively, the "Series 2017 Bonds"), issued in the original aggregate principal amounts of $752,237 and $239,333, respectively, under the terms of the Ordinance authorizing the Series 2017 Bonds, on a parity with respect to liens, pledge and source of and security for payment with the Prior Bonds.

WITNESS my signature as of the 7th day of September, 2017.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: Sheila A. Miller
Authorized Representative

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

USDA
United States Department of Agriculture

Rural Development

West Virginia State Office

1550 Earl Core Road,
Suite 101
Morgantown, WV
26505

Voice 304.284.4860
1.800.295.8228

CITY OF MONTGOMERY
SEWER REVENUE BONDS
SERIES 2017 A (WEST VIRGINIA CWSRF PROGRAM AND
SERIES 2017 B (WEST VIRGINIA CWSRF PROGRAM)

CONSENT TO ISSUANCE OF PARITY BONDS

The undersigned duly authorized representative of the United States of America, acting through the United States Department of Agriculture, Rural Development, the registered owner of the City of Montgomery, Sewer Revenue Bond, Series 2009 (the "Series 2009 Bond"), hereby consents to the issuance of the City of Montgomery's Sewer Revenue Bond, Series 2017 A (West Virginia CWSRF Program) and Sewer Revenue Bond, Series 2017 B (West Virginia CWSRF Program), in the original aggregate principal amounts of $752,237 and $239,333, respectively (collectively, the "Series 2017 Bonds"), by the City of Montgomery (the "Issuer"), under the terms of a Bond Ordinance authorizing the Series 2017 Bonds (the "Ordinance"), on a parity as to liens, pledge and source of and security for payment with the Issuer's Series 2009 Bond.

WITNESS my signature on this 30th day of August, 2017.

UNITED STATES OF AMERICA,
UNITED STATES DEPARTMENT OF
AGRICULTURE, RURAL DEVELOPMENT

By: Susan L Newsome
Assistant State Director

USDA is an equal opportunity provider, employer, and lender.