CITY OF ST. ALBANS

**Combined Waterworks and Sewerage System Revenue Bonds,
Series 2000 B (West Virginia SRF Program) and
Series 2000 C (West Virginia Water Development Authority)**

CITY OF ST. ALBANS

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWERAGE PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF ST. ALBANS AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $16,290,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA SRF PROGRAM), AND NOT MORE THAN $400,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 C (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE CITY OF ST. ALBANS:

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 8, Article 20, Chapter 22C, Article 2 and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

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

B. The Issuer presently owns and operates, through the St. Albans Municipal Utility Commission (the "Board"), a public combined waterworks and 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 certain extensions, additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer, consisting of upgrading the wastewater treatment facility from 2.2 million gallons per day (MGD) to 4 MGD, modifications to three pump stations, construction of four new pump stations, construction of new, and replacement of existing collection lines within the corporate boundaries of the Issuer, and construction of new collection lines to serve approximately 171 customers outside the corporate boundaries of the Issuer, together with all appurtenant facilities (collectively, the "Project")(the existing public combined waterworks and sewerage system of the Issuer, the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the City Clerk of the Issuer.

C. The Issuer intends to permanently finance the costs of acquisition and construction of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority"), in connection with the West Virginia Water Pollution Control Revolving Fund program (the "SRF Program") and the Authority's loan program, pursuant to the Act.

D. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Revenue Bonds, in the total aggregate principal amount of not more than $16,690,000 in two series, being the Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 B (West Virginia SRF Program), in the aggregate principal amount of not more than $16,290,000 (the "Series 2000 B Bonds"), and the Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 C (West Virginia Water Development Authority), in the aggregate principal amount of not more than $400,000 (the "Series 2000 C Bonds"), to permanently finance the costs of acquisition and construction of the Project. Such costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor and eligible under the SRF Program; interest upon the Series 2000 B Bonds and Series 2000 C Bonds prior to and during acquisition or construction 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 2000 B Bonds Reserve Account and the Series 2000 C Bonds Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and

revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense; commitment fees; fees and expenses of the Authority, including the SRF Administrative Fee (as hereinafter defined); discount; initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2000 B Bonds and the Series 2000 C Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; the acquisition or construction of the Project and the placing of same in operation; and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2000 B Bonds and the Series 2000 C 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 completion of the Project is not less than 40 years.

F. It is in the best interests of the Issuer that its Series 2000 B Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement (the "SRF Loan Agreement") by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment (the "DEP"), and its Series 2000 C Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement (the "WDA Loan Agreement") to be entered into between the Issuer and the Authority, both loan agreements in form satisfactory to the respective parties, to be approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2000 B Bonds and the Series 2000 C Bonds as to liens, pledge and source of and security for payment, being the Waterworks and Sewerage System Refunding Revenue Bonds, Series 1990, dated March 1, 1990, issued in the original aggregate principal amount of $3,100,000 (the "Series 1990 Bonds"). Prior to the issuance of the Series 2000 B Bonds and the Series 2000 C Bonds, the Issuer will obtain a certificate of an Independent Certified Public Accountant stating that the parity test of the Series 1990 Bonds is met.

There are also outstanding the Issuer's Taxable Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1998 A, dated November 1, 1998, issued in the original aggregate principal amount of $2,500,000 (the "Series 1998 A Bonds"), and the Taxable Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1998 B, dated November 1, 1998, issued in the original aggregate principal amount of $170,000 (the "Series 1998 B Bonds"). Prior to April 1, 2000, the Series 1998 A Bonds and the Series 1998 B Bonds are payable from an escrow fund (the "Escrow Fund") and are not secured by a pledge of the revenues to be derived from the operation of the System.

On April 1, 2000, moneys in the Escrow Fund will be used for the simultaneous special mandatory redemption of the Series 1998 A Bonds and the purchase of the Issuer's Tax-Exempt Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2000 A, anticipated to be issued on April 1, 2000, in the original aggregate principal amount of $2,500,000 (the "Series 2000 A Bonds"), and the proceeds of the Series 2000 A Bonds will be used to currently refund the Series 1990 Bonds and defease the lien of the 1990 Ordinance on such date.

If the Series 2000 A Bonds are issued, then on and after April 1, 2000, the Series 1998 B Bonds, the Series 2000 A Bonds, the Series 2000 B Bonds and the Series 2000 C Bonds will be on a parity with each other.

If the Series 2000 A Bonds are not issued, the Series 1998 A Bonds shall be subject to mandatory tender on April 1, 2000, and the Series 1990 Bonds will not be refunded. In such event, on and after April 1, 2000, the Series 1990 Bonds, the Series 1998 B Bonds, the Series 2000 B Bonds and the Series 2000 C Bonds will be on a parity with each other.

On the date of issuance of the Series 2000 B Bonds and the Series 2000 C Bonds, the Issuer shall use a portion of the proceeds to pay its Combined Waterworks and Sewerage System Bond Anticipation Notes, Series 1997, in the outstanding principal amount of $1,000,000 (the "Prior Obligation"), heretofore issued to temporarily finance a portion of costs of design, acquisition and construction of the Project.

H. 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 Issuer's Series 1998 B Bonds, the anticipated Series 2000 A Bonds upon their issuance, the Series 2000 B Bonds and the Series 2000 C Bonds and to make payments into all funds and accounts and other payments provided for herein.

I. The Issuer has complied with all requirements of West Virginia law, the SRF Loan Agreement, the WDA Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2000 B Bonds and the Series 2000 C Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the approval of the Project and the financing thereof by the West Virginia Infrastructure and Jobs Development Council and the obtaining of a Certificate of Public Convenience and Necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2000 B Bonds and the Series 2000 C Bonds or such final order will not be subject to appeal.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2000 B Bonds and the Series 2000 C Bonds by the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Bondholders of any and all of such Series 2000 B Bonds and the Series 2000 C Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means, collectively, Chapter 8, Article 20, Chapter 22C, Article 2 and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2000 B Bonds and the Series 2000 C Bonds, or any other agency, board or department of the State that succeeds to the functions of the Authority.

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

"Board" means the Municipal Utility Commission of the Issuer.

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

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

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

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

"Bonds" means, collectively, the Series 2000 B Bonds, the Series 2000 C Bonds, the Prior Bonds, the anticipated Series 2000 A Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

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

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

"Closing Date" means the date upon which there is an exchange of the Series 2000 B Bonds and the Series 2000 C Bonds for the proceeds representing the purchase price of the Series 2000 B Bonds and the Series 2000 C Bonds or at least a de minimis portion thereof 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 Dunn Engineers, Inc., Charleston, West Virginia, or any qualified engineer or firm of engineers, licensed by the State, that shall at any time hereafter be procured by the Issuer as Consulting Engineers for the System, or portion thereof, in accordance with Chapter 5G, Article I of the West Virginia Code of 1931, as amended; provided however, that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions, or political subdivisions.

"Costs" or "Costs of the Project" means those costs described in Section I.02D hereof to be a part of the cost of acquisition and construction of the Project.

"DEP" means the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment, 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.

"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, as it may now or hereafter be constituted.

"Government Obligations" means direct and general obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury), or obligations that are unconditionally guaranteed as to principal and interest by the United States of America, including (in the case of direct and general obligations of the United States of America) evidences of ownership of proportionate interests in future interest and principal payments of such obligations; provided that, investments in such proportionate interests shall be limited to circumstances wherein (a) a bank or trust company acts as custodian and holds the underlying United States obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; and (c) the underlying United States obligations are held in a special account separate from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated.

"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" include any gains from the sale or other disposition of capital assets, but does not include 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 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 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" means the City of St. Albans, a municipal corporation and political subdivision of the State of West Virginia, in Kanawha County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreements" means, collectively, the SRF Loan Agreement and the WDA Loan Agreement, as hereinafter defined.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2000 B Bonds and the Series 2000 C Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2000 B Bonds Reserve Account and the Series 2000 C Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2000 B Bonds and the Series 2000 C Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds or any other proceeds of the Series 2000 B Bonds and the Series 2000 C Bonds and is not acquired in order to carry out the governmental purpose of the Series 2000 B Bonds and the Series 2000 C Bonds.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, operation and maintenance 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, Registrar and Paying Agent or Paying Agents, 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 any decrease in the value of capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"1990 Ordinance" means, collectively, the ordinance of the Issuer enacted on February 20, 1990, as supplemented by the supplemental resolution of the Issuer adopted March 14, 1990, authorizing the Series 1990 Bonds.

"1998 Ordinance" means, collectively, the ordinance of the Issuer enacted on September 8, 1998, as supplemented by the supplemental resolution of the Issuer adopted November 16, 1998, authorizing the Series 1998 A Bonds, the Series 1998 B Bonds and the Series 2000 A Bonds.

"Outstanding" when used with reference to Bonds or Prior Bonds and as of any particular date, describes all Bonds or Prior Bonds theretofore and thereupon being authenticated and delivered except (i) any Bond or Prior Bond cancelled by the Bond Registrar or Registrar for Prior Bonds, at or prior to said date; (ii) any Bond or Prior Bonds, 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; (iv) any Prior Bond deemed to have been paid; and (v) for purposes of consents or other action by a specified percentage of Bondholders, or holders of Prior Bonds, any Bonds or Prior Bonds registered to the Issuer.

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

"Paying Agent" means the Commission or such other entity or authority as may be designated as a Paying Agent by the Issuer in the Supplemental Resolution with the written consent of the Authority and the DEP.

"Prior Bonds" means the Issuer's Series 1990 Bonds, the Series 1998 A Bonds and the Series 1998 B Bonds.

"Prior Obligation" means the Combined Waterworks and Sewerage System Bond Anticipations Notes, Series 1997, dated September 25, 1997, of the Issuer, in the original principal amount of $1,000,000.

"Prior Ordinances" means the ordinance of the Issuer enacted on February 20, 1990, as supplemented by the supplemental resolutions of the Issuer adopted March 14, 1990, authorizing the Series 1990 Bonds, and the ordinance of the Issuer enacted on September 8, 1998, as supplemented by the supplemental resolution of the Issuer adopted November 16,

1998, authorizing the Series 1998 A Bonds, the Series 1998 B Bonds and the Series 2000 A Bonds.

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

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

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

"Qualified Investments" means and includes 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 (e) 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 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 6 of the West Virginia Code of 1931, as amended, including, without limitation, authorized pools of investments operated by such State Board of Investments; 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.

"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.

"Registrar" means the Bond Registrar.

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

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

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Prior Bonds, the anticipated Series 2000 A Bonds, the Series 2000 B Bonds and the Series 2000 C Bonds.

"Reserve Account Requirement" means, collectively, the respective amounts required to be on deposit in any Reserve Account.

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

"Series 1990 Bonds" means the Waterworks and Sewerage System Refunding Revenue Bonds, Series 1990, dated March 1, 1990, of the Issuer, issued in the original aggregate principal amount of $3,100,000.

"Series 1997 Notes" means the Combined Waterworks and Sewerage System Bond Anticipation Notes, Series 1997, dated September 25, 1997, of the Issuer, issued in the original aggregate principal amount of $1,000,000.

"Series 1998 A Bonds" means the Taxable Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1998 A, dated November 1, 1998, of the Issuer, issued in the original aggregate principal amount of $2,500,000.

"Series 1998 A Bonds Sinking Fund" means the Series 1998 A Bonds Sinking Fund established by the 1998 Ordinance and continued hereby.

"Series 1998 B Bonds" means the Taxable Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1998 B, dated November 1, 1998, of the Issuer, issued in the original aggregate principal amount of $170,000.

"Series 1998 B Bonds Sinking Fund" means the Series 1998 B Bonds Sinking Fund established by the 1998 Ordinance and continued hereby.

"Series 2000 A Bonds" means the Tax-Exempt Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2000 A, of the Issuer, anticipated to be issued on April 1, 2000, in the original aggregate principal amount of $2,500,000.

"Series 2000 B Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 B (West Virginia SRF Program), of the Issuer, authorized by this Ordinance.

"Series 2000 B Bonds Construction Trust Fund" means the Series 2000 B Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2000 B Bonds Reserve Account" means the Series 2000 B Bonds Reserve Account established in the Series 2000 B Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 2000 B Bonds Reserve Account Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2000 B Bonds in the then current or any succeeding year.

"Series 2000 B Bonds Sinking Fund" means the Series 2000 B Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2000 C Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 C (West Virginia Water Development Authority), of the Issuer, authorized by this Ordinance.

"Series 2000 C Bonds Construction Trust Fund" means the Series 2000 C Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2000 C Bonds Reserve Account" means the Series 2000 C Bonds Reserve Account established in the Series 2000 C Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 2000 C Bonds Reserve Account Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2000 C Bonds in the then current or any succeeding year.

"Series 2000 C Bonds Sinking Fund" means the Series 2000 C Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective sinking funds established for the Prior Bonds, the anticipated Series 2000 A Bonds, the Series 2000 B Bonds and the Series 2000 C Bonds.

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

"SRF Loan Agreement" means the Loan 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 2000 B 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.

"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 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 2000 B Bonds and Series 2000 C Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2000 B Bonds and the Series 2000 C Bonds, and not so included may be included in another Supplemental Resolution.

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

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

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

"WDA Loan Agreement" means the Loan Agreement heretofore entered, or to be entered, into by and between the Authority and the Issuer, providing for the purchase of the Series 2000 C 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.

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

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of $16,690,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2000 B Bonds and the Series 2000 C Bonds 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, compatible with the financing plan submitted to the DEP and the Authority.

The cost of the Project is estimated not to exceed $16,690,000, of which approximately $16,290,000 will be obtained from proceeds of the Series 2000 B Bonds and approximately $400,000 will be obtained from the proceeds of the Series 2000 C Bonds.

Section 2.02. Authorization of Payment of Prior Obligation. There is hereby authorized and ordered the payment in full of the Prior Obligation from a portion of the proceeds of the Series 2000 B Bonds and the Series 2000 C Bonds.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2000 B Bonds and the Series 2000 C Bonds, funding reserve accounts for the Series 2000 B Bonds and the Series 2000 C Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2000 B Bonds and the Series 2000 C 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 the negotiable Series 2000 B Bonds and the Series 2000 C Bonds of the Issuer. The Series 2000 B Bonds and the Series 2000 C Bonds shall be issued in two series, each as a single bond, designated respectively as "Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 B (West Virginia SRF Program)", in the principal amount of not more than $16,290,000, and "Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 C (West Virginia Water Development Authority)", in the principal amount of not more than $400,000, and both shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2000 B Bonds and the Series 2000 C Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the respective Bond Construction Trust Funds established by Section 5.01 hereof.

Section 3.02. Terms of Bonds. The Series 2000 B Bonds and the Series 2000 C Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum, payable 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 SRF Loan Agreement and the WDA Loan Agreement. The Series 2000 B Bonds and the Series 2000 C Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest, if any, on the Series 2000 B Bonds and the Series 2000 C Bonds shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2000 B Bonds and the Series 2000 C Bonds shall initially be issued in the form of a single bond for each series, fully registered to the Authority, with a debt service schedule attached, representing the aggregate principal amount of the Series 2000 B Bonds and the Series 2000 C Bonds, and shall mature in principal installments, all as provided in the

Supplemental Resolution. The Series 2000 B Bonds and the Series 2000 C Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 2000 B Bonds and the Series 2000 C Bonds shall be executed in the name of the Issuer by the Mayor, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the City Clerk. In case any one or more of the officers who shall have signed or sealed the Series 2000 B Bonds and the Series 2000 C Bonds shall cease to be such officer of the Issuer before the Series 2000 B Bonds and the Series 2000 C Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2000 B Bonds and the Series 2000 C 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 Series 2000 B Bond or Series 2000 C Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2000 B Bond or Series 2000 C Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2000 B Bonds and the Series 2000 C 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 2000 B Bonds and the Series 2000 C 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 2000 B Bonds and the Series 2000 C Bonds remain outstanding, the Issuer, through the Bond Registrar or its agent, shall keep and maintain books for the registration and transfer of such Bonds.

The registered Series 2000 B Bonds and Series 2000 C 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 or transferring the registered Series 2000 B Bonds or Series 2000 C Bonds are exercised, all Series 2000 B Bonds and Series 2000 C Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2000 B Bonds or Series 2000 C Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Series 2000 B Bonds or Series 2000 C Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Series 2000 B Bonds or Series 2000 C Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2000 B Bonds or Series 2000 C Bonds or, in the case of any proposed redemption of such 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 2000 B Bond or Series 2000 C Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2000 B Bonds and the Series 2000 C 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 the Series 2000 B Bonds or the Series 2000 C Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2000 B Bonds or the Series 2000 C Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service on the Series 2000 B Bonds and the Series 2000 C Bonds shall be secured by a first lien on the Net Revenues derived from the System, on a parity with each other and with the lien on the Net Revenues in favor of the Holders of the Series 1990 Bonds. If the Series 2000 A Bonds are issued on April 1, 2000, the payment of the debt service on the Series 2000 B Bonds and the Series 2000 C Bonds shall continue to be secured by a first lien on the Net Revenues derived from the System, on a parity with each other and with the lien on the Net Revenues in favor of the Holders of the Series 2000 A Bonds and the Series 1998 B Bonds. If the Series 2000 A Bonds are not issued on April 1, 2000, the payment of the debt service on the Series 2000 B Bonds and the Series 2000 C Bonds shall continue to be secured by a first lien on the Net Revenues derived from the System, on a parity with each other and with the lien on the Net Revenues in favor of the Holders of the Series 1990 Bonds and the Series 1998 B Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds, and to make all other payments hereinafter set forth, 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 2000 B Bonds and the Series 2000 C Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2000 B Bonds and the Series 2000 C 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 2000 B Bonds and the Series 2000 C 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 2000 B Bonds and the Series 2000 C Bonds to the original purchasers;

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

D. An executed copy of the SRF Loan Agreement;

E. An executed copy of the WDA Loan Agreement; and

F. The unqualified approving opinion of bond counsel on the Series 2000 B Bonds and the Series 2000 C Bonds.

Section 3.10. Form of Bonds. The text of the Series 2000 B Bonds and the Series 2000 C 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 SERIES 2000 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF ST. ALBANS
COMBINED WATERWORKS AND SEWERAGE
SYSTEM REVENUE BONDS,
SERIES 2000 B
(WEST VIRGINIA SRF PROGRAM)

No. BR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF ST. ALBANS, a municipal corporation and political subdivision of the State of West Virginia in Kanawha County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, _____, as set forth on the "Schedule of Annual Debt Service" attached as EXHIBIT B hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit B. The interest and the SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, _____, as set forth on EXHIBIT B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Division of Environmental Protection (the "DEP), and upon the terms and conditions prescribed by, and otherwise in compliance with, the SRF Loan Agreement by and among the Issuer, the Authority and the DEP, dated _____, 2000.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); (ii) to fund a reserve account for the Bonds of this Series (the "Bonds"); (iii) to pay in full the Issuer's Combined Waterworks and Sewerage System Bond Anticipation Notes, Series 1997, dated September 25, 1997, in the original aggregate principal amount of $1,000,000, heretofore issued to pay a portion of the costs of design, acquisition and construction of the Project; and (iv) to pay certain costs of issuance hereof and related costs. The existing public combined waterworks and sewerage system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on _____, and a Supplemental Resolution duly adopted by the Issuer on _____, (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

PRIOR TO THE ISSUANCE OF THE ISSUER'S COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2000 A, ON APRIL 1, 2000, IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,500,000 (THE "SERIES 2000 A BONDS"), THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1990, DATED MARCH 1, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,100,000 (THE "SERIES 1990 BONDS"), AND THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 C (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED _____, 2000, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2000 C BONDS").

IF THE SERIES 2000 A BONDS ARE ISSUED ON APRIL 1, 2000, THIS BOND SHALL ON AND AFTER SUCH DATE BE ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL

RESPECTS, WITH THE ISSUER'S TAXABLE COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1998 B, DATED NOVEMBER 1, 1998, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $170,000 (THE "SERIES 1998 B BONDS"), THE SERIES 2000 A BONDS AND THE SERIES 2000 C BONDS.

IF THE SERIES 2000 A BONDS ARE NOT ISSUED ON APRIL 1, 2000, THIS BOND SHALL ON AND AFTER SUCH DATE BE ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S SERIES 1990 BONDS, SERIES 1998 B BONDS AND SERIES 2000 C 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 Series 1990 Bonds until the issuance of the Series 2000 A Bonds on April 1, 2000, at which time, if the Series 2000 A Bonds are issued on such date, then this Bond shall be on a parity with the Holders of the Series 1998 B Bonds, the Series 2000 A Bonds and the Series 2000 C Bonds, but if the Series 2000 A Bonds are not issued on such date, then this Bond shall be on a parity with the Holders of the Series 1990 Bonds, the Series 1998 B Bonds and the Series 2000 C Bonds, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2000 B Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay all operating expenses of the System and 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 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 2000 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 125% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, so long as the Series 1990 Bonds are outstanding, and thereafter, if the Series 2000 A Bonds are issued, 120% of such amount so long as the Series 2000 A Bonds are outstanding, and thereafter, 115%; provided however, that, so long as there exists in the Series 2000 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 the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding prior to or on a parity with the Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has

entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance 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 in the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

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

IN WITNESS WHEREOF, the CITY OF ST. ALBANS has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its City Clerk, and has caused this Bond to be dated _____, 2000.

[SEAL]

_____
Mayor

ATTEST:

_____
City Clerk

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2000 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2000.

ONE VALLEY BANK, NATIONAL ASSOCIATION, as Registrar

_____
Authorized Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $

(Form of)

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

_____

In the presence of:

_____

(FORM OF SERIES 2000 C BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF ST. ALBANS
COMBINED WATERWORKS AND SEWERAGE
SYSTEM REVENUE BONDS,
SERIES 2000 C
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. CR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF ST. ALBANS, a municipal corporation and political subdivision of the State of West Virginia in Kanawha County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), in annual installments on October 1 of each year, beginning October 1, 20___, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit A.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and upon the terms and conditions prescribed by, and otherwise in compliance with, the WDA Loan Agreement between the Issuer and the Authority, dated _____, 2000.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); (ii) to fund a reserve account for the Bonds of this Series (the "Bonds"); and (iii) to pay certain costs of issuance hereof and related costs. The existing public combined waterworks and sewerage system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on _____, and a Supplemental Resolution duly adopted by the Issuer on _____, (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

PRIOR TO THE ISSUANCE OF THE ISSUER'S COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2000 A, ON APRIL 1, 2000, IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,500,000 (THE "SERIES 2000 A BONDS"), THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1990, DATED MARCH 1, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,100,000 (THE "SERIES 1990 BONDS"), AND THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA SRF PROGRAM), DATED _____, 2000, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2000 B BONDS").

IF THE SERIES 2000 A BONDS ARE ISSUED ON APRIL 1, 2000, THIS BOND SHALL ON AND AFTER SUCH DATE BE ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S TAXABLE COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1998 B, DATED NOVEMBER 1, 1998, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $170,000 (THE "SERIES 1998 B BONDS"), THE SERIES 2000 A BONDS AND THE SERIES 2000 B BONDS.

IF THE SERIES 2000 A BONDS ARE NOT ISSUED ON APRIL 1, 2000, THIS BOND SHALL ON AND AFTER SUCH DATE BE ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN

ALL RESPECTS, WITH THE ISSUER'S SERIES 1990 BONDS, SERIES 1998 B BONDS AND SERIES 2000 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 Series 1990 Bonds until the issuance of the Series 2000 A Bonds on April 1, 2000, at which time, if the Series 2000 A Bonds are issued on such date, then this Bond shall be on a parity with the Holders of the Series 1998 B Bonds, the Series 2000 A Bonds and the Series 2000 B Bonds, but if the Series 2000 A Bonds are not issued on such date, then this Bond shall be on a parity with the Holders of the Series 1990 Bonds, the Series 1998 B Bonds and the Series 2000 B Bonds, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2000 C Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay all operating expenses of the System and 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 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 2000 C Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 125% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, so long as the Series 1990 Bonds are outstanding, and thereafter, if the Series 2000 A Bonds are issued, 120% of such amount so long as the Series 2000 A Bonds are outstanding, and thereafter, 115%; provided however, that, so long as there exists in the Series 2000 C Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding prior to or on a parity with the Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance 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 in the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

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

IN WITNESS WHEREOF, the CITY OF ST. ALBANS has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its City Clerk, and has caused this Bond to be dated _____, 2000.

[SEAL]

_____
Mayor

ATTEST:

_____
City Clerk

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2000 C Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2000.

ONE VALLEY BANK, NATIONAL ASSOCIATION, as Registrar

_____
Authorized Officer

(Form of)

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreements. The Series 2000 B Bonds shall be sold to the Authority, pursuant to the terms and conditions of the SRF Loan Agreement. The Series 2000 C Bonds shall be sold to the Authority pursuant to the terms and conditions of the WDA Loan Agreement. If not so authorized by previous ordinance or resolution, the Mayor is specifically authorized and directed to execute both Loan Agreements in the form attached hereto as "EXHIBIT A" and made a part hereof, and the City Clerk is directed to affix the seal of the Issuer, attest the same and deliver them to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

Section 3.12. "Amended Schedule A" Filing. Within 60 days following the Completion Date, the Issuer will file with the Authority a schedule in substantially the form of the "Amended Schedule A" to each Loan Agreement, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

(1) Revenue Fund (established by the Prior Ordinances);

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

(3) Series 2000 B Bonds Construction Trust Fund;

(4) Series 2000 C Bonds Construction Trust Fund; and

(5) Rebate Fund.

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

(1) Series 1990 Bonds Sinking Fund (established by the 1990 Ordinance);

(2) Within the Series 1990 Bonds Sinking Fund, the Series 1990 Bonds Reserve Account (established by the 1990 Ordinance);

(3) Series 1998 A Bonds Sinking Fund (established by the 1998 Ordinance);

(4) Series 1998 B Bonds Sinking Fund (established by the 1998 Ordinance);

(5) Series 2000 A Bonds Sinking Fund (established by the 1998 Ordinance);

(6) Within the Series 2000 A Bonds Sinking Fund, the Series 2000 A Bonds Reserve Account and the Series 2000 A Bonds Redemption Account (established by the 1998 Ordinance);

(7) Series 2000 B Bonds Sinking Fund;

(8) Within the Series 2000 B Bonds Sinking Fund, the Series 2000 B Bonds Reserve Account;

(9) Series 2000 C Bonds Sinking Fund; and

(10) Within the Series 2000 C Bonds Sinking Fund, the Series 2000 C Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in the Prior Ordinances and 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 the Prior Ordinances and in this Bond Legislation. All moneys 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 current Operating Expenses of the System.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the Series 1990 Bonds Sinking Fund, the amount required by the 1990 Ordinance to pay the interest on the Series 1990 Bonds; (ii) for deposit in the Series 1998 B Bonds Sinking Fund, the amount required by the 1998 Ordinance to pay the interest on the Series 1998 B Bonds; (iii) if the Series 2000 A Bonds are issued, for deposit in the Series 2000 A Bonds Sinking Fund, the amount required by the 1998 Ordinance to pay the interest on the Series 2000 A Bonds; (iv) commencing 3 months prior to the first date of payment of interest on the Series 2000 B Bonds for which interest has not been capitalized or as required in the SRF Loan Agreement, for deposit in the Series 2000 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will become due on the Series 2000 B Bonds on the next ensuing quarterly interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2000 B Bonds Sinking Fund and the next quarterly interest payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly

interest payment date, the required amount of interest coming due on such date; and (v) commencing 7 months prior to the first date of payment of interest on the Series 2000 C Bonds for which interest has not been capitalized or as required in the WDA Loan Agreement, for deposit in the Series 2000 C Bonds Sinking Fund, an amount equal to 1/6th of the amount of interest which will become due on the Series 2000 C 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 2000 C 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, 1 month prior to the next semiannual interest payment date, the required amount of interest coming due on such date.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the Series 1990 Bonds Sinking Fund, the amount required by the 1990 Ordinance to pay the principal of the Series 1990 Bonds; (ii) for deposit in the Series 1998 B Bonds Sinking Fund, the amount required by the 1998 Ordinance to pay the principal on the Series 1998 B Bonds; (iii) if the Series 2000 A Bonds are issued, for deposit in the Series 2000 A Bonds Sinking Fund, the amount required by the 1998 Ordinance to pay principal of the Series 2000 A Bonds; (iv) commencing 3 months prior to the first date of payment of principal of the Series 2000 B Bonds, for deposit in the Series 2000 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2000 B Bonds 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 2000 B 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; and (v) commencing 13 months prior to the first date of payment of principal of the Series 2000 C Bonds, for deposit in the Series 2000 C Bonds Sinking Fund, an amount equal to 1/12th of the amount of principal which will mature and become due on the Series 2000 C Bonds on the next ensuing annual principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2000 C 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, 1 month prior to the next annual 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 (i) for deposit

in the Series 1990 Bonds Reserve Account, the amount required by the 1990 Ordinance to be deposited therein; (ii) if the Series 2000 A Bonds are issued, for deposit in the Series 2000 A Bonds Reserve Account, the amount required by the 1998 Ordinance to be deposited therein; (iii) commencing 3 months prior to the first date of payment of principal of the Series 2000 B Bonds, if not fully funded upon issuance of the Series 2000 B Bonds, for deposit in the Series 2000 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2000 B Bonds Reserve Account Requirement; provided that, no further payments shall be made into the Series 2000 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2000 B Bonds Reserve Account Requirement; and (iv) commencing 13 months prior to the first date of payment of principal of the Series 2000 C Bonds or upon completion of construction of the Project, whichever is earlier, if not fully funded upon issuance of the Series 2000 C Bonds, for deposit in the Series 2000 C Bonds Reserve Account, an amount equal to 1/120th of the Series 2000 C Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2000 C 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 2000 C Bonds Reserve Requirement.

(5) The Issuer shall next, each month from the moneys remaining in the Revenue Fund, transfer from the Revenue Fund 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, 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 2000 B Bonds Sinking Fund and Series 2000 C Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2000 B Bonds and the Series 2000 C Bonds, respectively, as the same shall become due. Moneys in the Series 2000 B Bonds Reserve Account and the Series 2000 C Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, on the Series 2000 B Bonds and the Series 2000 C Bonds, respectively, as the same shall come

due, when other moneys in the Series 2000 B Bonds Sinking Fund and the Series 2000 C Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2000 B Bonds Sinking Fund, the Series 2000 B Bonds Reserve Account, the Series 2000 C Bonds Sinking Fund and the Series 2000 C Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the respective Bond Construction Trust Funds, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2000 B Bonds and the Series 2000 C Bonds, respectively, and then to the next ensuing principal payment due thereon, all on a pro rata basis.

The Issuer shall restore any withdrawals from the Series 2000 B Bonds Reserve Account and the Series 2000 C Bonds Reserve Account which have the effect of reducing the assets therein below the Series 2000 B Bonds Reserve Account Requirement and the Series 2000 C Bonds Reserve Account Requirement, respectively, 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 2000 B Bonds and the Series 2000 C Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate reserve account in an amount equal to the maximum amount of principal and interest which will become due in any year for account of the Bonds of such series, including such additional Bonds.

The Issuer shall not be required to make any further payments into the Series 2000 B Bonds Sinking Fund, the Series 2000 B Bonds Reserve Account, the Series 2000 C Bonds Sinking Fund or the Series 2000 C Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the respective aggregate principal amount of the Series 2000 B Bonds and the Series 2000 C Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 1990 Bonds, the Series 1998 B Bonds, the Series 2000 A Bonds, if issued, the Series 2000 B Bonds and the Series 2000 C 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 2000 B Bonds Sinking Fund, the Series 2000 B Bonds Reserve Account, the Series 2000 C Bonds Sinking Fund and the Series 2000 C 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. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Moneys in the Series 2000 B Bonds Sinking Fund, the Series 2000 B Bonds Reserve Account, the Series 2000 C Bonds Sinking Fund and the Series 2000 C Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2000 B Bonds Sinking Fund, the Series 2000 B Bonds Reserve Account, the Series 2000 C Bonds Sinking Fund and the Series 2000 C Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2000 B Bonds and the Series 2000 C Bonds, respectively, 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 payments with respect to the Series 2000 B Bonds and the Series 2000 C 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 (if the first day is not a business day, then the first business day of each month) deposit with the Commission the SRF Administrative Fee as set forth in Schedule Y attached to the SRF Loan Agreement for the Series 2000 B Bonds.

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 complete the "Monthly Payment Form," a form of which is attached to the respective Loan Agreements 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.

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 Section, the Issuer shall, if required by the Authority at anytime, make the necessary arrangements whereby such required payments shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required.

F. The moneys in excess of the sum insured by the maximum amounts insured by FDIC in all funds and accounts shall at all times be secured, to the full extent thereof in excess of such insured sum, by Government Obligations or by other 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.

Section 5.04. Reserve Account Letter of Credit or Surety Bond. With the advance written consent of the Authority and the DEP, the Issuer may, in lieu of funding the respective Reserve Accounts for the Series 2000 B Bonds and Series 2000 C Bonds with cash or Qualified Investments, satisfy the respective Reserve Requirements by the deposit into the respective Reserve Accounts of a reserve account letter of credit, a surety bond, or other credit facility satisfactory to the Authority and the DEP in an amount at least equal to the respective Reserve Requirement. The Issuer hereby authorizes the purchase of a reserve account letter of credit, a surety bond, or other credit facility satisfactory to the Authority and the DEP and the execution and delivery of any applicable reimbursement agreement or note in such forms as shall be described in a Supplemental Resolution.

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 any or all of the Series 2000 B Bonds and the Series 2000 C Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2000 B Bonds, there shall first be deposited with the Commission in the Series 2000 B Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2000 B Bonds for the period commencing on the date of issuance of the Series 2000 B Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. From the proceeds of the Series 2000 C Bonds, there shall first be deposited with the Commission in the Series 2000 C Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2000 C Bonds for the period commencing on the date of issuance of the Series 2000 C Bonds and ending 6 months after the estimated date of completion of construction of the Project.

C. Next, from the proceeds of the Series 2000 B Bonds, there shall be deposited with the Commission in the Series 2000 B Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2000 B Bonds Reserve Account.

D. Next, from the proceeds of the Series 2000 C Bonds, there shall be deposited with the Commission in the Series 2000 C Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2000 C Bonds Reserve Account.

E. Next, from the proceeds of the Series 2000 B Bonds, there shall be paid in full the Prior Obligation of the Issuer.

F. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2000 B Bonds, such moneys shall be deposited with the Depository Bank in the Series 2000 B Bonds Construction Trust Fund and applied solely to payment of the 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 2000 B Bonds.

G. The remaining moneys derived from the sale of the Series 2000 C Bonds, shall be deposited with the Depository Bank in the Series 2000 C Bonds Construction Trust Fund and applied solely to payment of the 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 2000 C Bonds.

Section 6.02. Disbursements From the Bond Construction Trust Fund.

A. 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 2000 B Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2000 B Bonds 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 SRF Loan Agreement as Exhibit C, 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.

B. Payments for Costs of the Project shall be made monthly. Except as provided in Section 6.01 hereof, disbursements from the Series 2000 C Bonds Construction Trust Fund (except for the costs of issuance of the Series 2000 C Bonds which shall be made upon request of the Issuer) shall be made only after submission to the Depository Bank of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating 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.

In case any contract provides for the retention of a portion of the contract price, the Depository Bank shall disburse from the Series 2000 C Bonds Construction Trust Fund only the net amount remaining after deduction of any such portion. All payments made from the Series 2000 C 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 Series 2000 C Bonds 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 respective Bond Construction Trust Funds, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

After completion of the Project, as certified by the Consulting Engineers, and all Costs of the Project have been paid, any remaining proceeds of the Series 2000 B Bonds shall be expended as approved by the DEP and any remaining proceeds of the Series 2000 C Bonds shall be expended as approved by the Authority.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2000 B Bonds and the Series 2000 C Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2000 B Bonds and the Series 2000 C 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 2000 B Bonds and the Series 2000 C Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2000 B and the Series 2000 C 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 2000 B Bonds and the Series 2000 C Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2000 B Bonds and the Series 2000 C Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service on the Series 2000 B Bonds and the Series 2000 C Bonds issued hereunder shall be secured equally and ratably by a first lien on the Net Revenues derived from the System, on a parity with each other and with the lien on the Net Revenues in favor of the Holders of the Series 1990 Bonds. If the Series 2000 A Bonds are issued on April 1, 2000, the payment of the debt service on the Series 2000 B Bonds and the Series 2000 C Bonds shall continue to be secured by a first lien on the Net Revenues derived from the System, on a parity with each other and with the lien on the Net Revenues in favor of the Holders of the Series 2000 A Bonds and the Series 1998 B Bonds. If the Series 2000 A Bonds are not issued on April 1, 2000, the payment of the debt service on the Series 2000 B Bonds and the Series 2000 C Bonds shall continue to be secured by a first lien on the Net Revenues derived from the System, on a parity with each other and with the lien on the Net Revenues in favor of the Holders of the Series 1990 Bonds and the Series 1998 B Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds, and to make all other payments hereinafter set forth, are hereby irrevocably pledged to such payments as they become due.

Section 7.04. Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the water rate ordinance of the Issuer enacted July 6, 1999, and the sewer rate ordinance of the Issuer enacted July 6, 1999, as modified by Final Order of the Public Service Commission of West Virginia entered on December 6, 1999, which rates are incorporated herein by reference as a part hereof.

In the event the schedule of rate and charges initially established for the System in connection with the Series 2000 B Bonds and the Series 2000 C Bonds shall prove to be insufficient to produce the amounts required by this Bond Legislation and the Loan Agreements, 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 so as to provide funds sufficient to produce the amounts required by this Bond Legislation and the Loan Agreements.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, lease, loan, mortgage or in any manner dispose of or encumber the System, or any part thereof, except as provided in the Prior Ordinances and with the written consent of the Authority and the DEP.

So long as the Series 2000 B 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 immediately be remitted to the Commission for deposit in the Series 2000 B Bonds Sinking Fund and the Series 2000 C Bonds Sinking Fund, pro rata with respect to the principal amount of each of the Bonds then Outstanding, 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 on the Series 2000 B Bonds and the Series 2000 C Bonds. Any balance remaining after the payment of 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.

The foregoing provision notwithstanding, the Board shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor is not in excess of $50,000, the Board shall, in writing, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Board 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 shall be in excess of $50,000 but not in excess of $200,000, the Board shall first, in writing, determine with the written approval of the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Governing Body may then, if it be so advised, by resolution duly adopted, approve and concur in such finding and authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property, in excess of $50,000 and not in excess of $200,000, shall be deposited by the Issuer into the Renewal and Replacement Fund. Such payments of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said fund by other provisions of the Prior Ordinances and 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 source fiscal year for such sales, leases or other dispositions of such properties, shall be in excess of $200,000 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 for in 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 2000 B Bonds and the Series 2000 C Bonds. All obligations issued by the Issuer after the issuance of the Series 2000 B Bonds and the Series 2000 C 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 2000 B Bonds and the Series 2000 C 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 2000 B Bonds and the Series 2000 C Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2000 B Bonds and the Series 2000 C Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Additional 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. In addition, no additional Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2000 B Bonds and the Series 2000 C Bonds pursuant to this Ordinance, without the prior written consent of the Authority and the DEP and without complying with the conditions and requirements herein provided (unless less restrictive than the provisions of the Prior Ordinances).

No such additional Parity Bonds shall be issued except for the purposes of financing the costs of the acquisition and construction of extensions, additions, betterments or improvements to the System, refunding all or a portion of one or more series of Bonds issued pursuant hereto, to pay claims which may exist against the revenues or facilities of the System or all of such purposes.

No Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the City Clerk a written statement by Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustment 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 additional Parity Bonds, plus the estimated average increased annual Net Revenues expected to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds shall, so long as any of the Series 1990 Bonds are outstanding, not be less than 125%, and thereafter, so long as any of the Series 2000 A Bonds are outstanding, not be less than 120%, and thereafter, 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 Bonds then Outstanding;

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

(3) The additional 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

additional customers to be connected to the System as a result of additions, extensions and improvements thereto, or from 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 Consulting Engineers, which shall be filed in the office of the City Clerk prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12 consecutive month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent Certified Public Accountants, as stated in a certificate, on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the time for appeal of which has expired (without successful appeal) prior to the issuance of such Parity Bonds. For purposes of this test, the terms "Gross Revenues" and "Net Revenues" shall not include proceeds from the sale of capital assets.

All covenants and other provisions of this Ordinance (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the 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 account created in this Ordinance required for and on account of such Parity Bonds, in addition to the payments required for the Bonds theretofore issued pursuant to this Ordinance.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the 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 Bonds.

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

Section 7.08. Books; Records and Audit. The Board 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 Board 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 Board shall submit to the Authority and the DEP such documents and information as they may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

The Board shall permit the Authority and the DEP, or their agents and representatives, to inspect all records pertaining to the operation 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 Board 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 and the Act. 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 Board. The Board 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 Board shall be reported to such agent of the Issuer as the Board shall direct.

The Board shall file with the Consulting Engineers, the Authority and the DEP, or any other original purchaser of the Series 2000 B Bonds and the Series 2000 C Bonds, and shall mail in each year to any Holder or Holders of the Series 2000 B Bonds and the Series 2000 C 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 payable from the revenues of the System outstanding.

The Board shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Accountants in compliance with the applicable OMB Circular, or any successor thereof, and the Single Audit Act, or any successor thereof, to the extent legally required, and shall mail upon request, and make available generally, the report of the Independent Accountants, or a summary thereof, to any Holder or Holders of the Series 2000 B Bonds and the Series 2000 C Bonds and shall submit the report to the Authority and the DEP, or any other original purchaser of the Series 2000 B Bonds and the Series 2000 C Bonds. Such audit report submitted to the Authority and the DEP shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreements 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.

The Board 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 SRF Loan Agreement or as promulgated from time to time.

Subject to the terms, conditions and provisions of the Loan Agreements and the Act, the Issuer or the Board 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 Board shall permit the Authority or the DEP, or their agents and representatives, to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction of the Project, the Board shall also provide the Authority and the DEP, or their agents and representatives, with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority and the DEP with respect to the System pursuant to the Act.

Section 7.09. Rates. Prior to the issuance of the Series 2000 B Bonds and the Series 2000 C Bonds, rates or charges for the use of the services and facilities of the System will be fixed and established, all in the manner and form required by law, and a copy of such rates and charges so fixed and established shall at all times be kept on file in the office of the City Clerk of the Issuer, which copy will be open to inspection by all interested parties. The schedule or schedules of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds and accounts created hereunder. Such schedule or

schedules of rates and charges shall be revised from time to time, 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 or schedules 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 125% of the maximum amount required in any year for payment of principal of and interest on the Series 2000 B Bonds and the Series 2000 C Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2000 B Bonds and the Series 2000 C Bonds, so long as the Series 1990 Bonds are Outstanding, thereafter 120% of such amount, so long as the Series 2000 A Bonds are outstanding, and thereafter 115% of such amount; provided that, in the event the Series 1990 Bonds and the Series 2000 A Bonds are no longer outstanding and an amount equal to or in excess of the Series 2000 B Bonds Reserve Account Requirement and the Series 2000 C Bonds Reserve Account Requirement is on deposit in the Series 2000 B Bonds Reserve Account and the Series 2000 C Bonds Reserve Account and any reserve accounts for obligations on a parity with the Series 2000 B Bonds and the Series 2000 C Bonds are funded at least at the requirement therefor, such sum need only equal 110% of the maximum amount required in any year for payment of principal of and interest on the Series 2000 B Bonds and the Series 2000 C Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2000 B Bonds and the Series 2000 C Bonds. All such rates and charges, if not paid when due, shall constitute a lien upon the premises served by the System. For purposes of this test, the terms "Gross Revenues" and "Net Revenues" shall not include proceeds from the sale of capital assets.

The Issuer hereby covenants to commence enactment of such ordinance or ordinances as shall be required to increase the rates and charges for the services and facilities of the System within 30 days following a determination of the Issuer that less than the above-required coverage exists or in the event that the annual audit report shows less than the above-required coverage, such increase to provide rates and charges sufficient to produce such required coverage.

Section 7.10. Operating Budget and Monthly Financial Report. The Board 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 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 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 Board 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 Board shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority, the DEP and to any Holder of any Bonds who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder of any Bonds or anyone acting for and in behalf of such Holder of any Bonds.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for 2 years following the completion of the Project, the Board shall each month complete a "Monthly Financial Report," a form of which is attached to the Loan Agreements, 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 Board will obtain a certificate of the Consulting Engineers in the form attached to the Loan Agreements, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Authority and the DEP, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the DEP is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

The Board shall provide and maintain competent and adequate resident engineering services satisfactory to the Authority and the DEP covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such resident engineer shall certify to the Authority, the DEP and the Board 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 Board 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 Board shall notify the DEP in writing of such receipt. The Board shall submit a "Performance Certificate," a form of which is attached to the SRF Loan Agreement as Exhibit A, to the DEP within 60 days of the end of the first year after the Project is completed.

The Board shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to the DEP when the Project is 90% completed.

The Board 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 Loan Agreement. The Board shall notify the DEP in writing of the certified operator employed at the 50% completion stage.

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

Section 7.13. Enforcement of Collections. The Board 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 Board 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 or, 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 Board 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 either 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, the Board 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 Board hereby covenants and agrees that so long as the Series 2000 B Bonds and the Series 2000 C Bonds remain Outstanding, the Board 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 greater of the fair appraised value or the actual cost thereof. In the event of any damage to or destruction of any portion of the System, the Board will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damages or destroyed portion. The Board 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 Board, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreement, during construction of the Project 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 prime contractor 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 and the Board 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 and the Board 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 OR COMPLETION BONDS, such bonds

to be in the amounts of not less than 100% of the amount of any construction contract and to be required of each contractor dealing directly with the Board 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 any additions, extensions or improvements for the System in compliance with West Virginia Code, Section 38-2-39.

(4) FIDELITY BONDS will be provided as to every officer and employee of the Board or 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.

(5) 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.

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

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

Section 7.16. Mandatory Connections. The mandatory use of the sewerage facilities portion of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State 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 sewerage facilities portion of 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 sewerage facilities portion of the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the sewerage facilities portion 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 sewerage facilities portion of 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 Board will complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards.

The Board will obtain all permits required by state and federal laws for the acquisition and construction of the Project and all orders and approvals from the West Virginia Public Service Commission and the West Virginia Infrastructure and Jobs Development Council necessary for the acquisition and construction of the Project and the operation of the System.

Section 7.18. Compliance with Loan Agreements and Law. The Issuer and the Board agree to comply with all the terms and conditions of the Loan Agreements and the Act. Notwithstanding anything herein to the contrary, the Issuer and the Board will provide the DEP with copies of all documents submitted to the Authority. The Issuer and the Board also agree 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 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 2000 B Bonds and the Series 2000 C 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 2000 B Bonds and the Series 2000 C Bonds during the term thereof is, under the terms of the Series 2000 B Bonds and the Series 2000 C 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 2000 B Bonds and the Series 2000 C 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 2000 B Bonds and Series 2000 C Bonds during the term thereof is, under the terms of the Series 2000 B Bonds and the Series 2000 C Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2000 B Bonds and the Series 2000 C 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 2000 B Bonds and the Series 2000 C 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 to 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 Series 2000 B Bonds and the Series 2000 C Bonds are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2000 B Bonds and the Series 2000 C 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 Series 2000 B Bonds and the Series 2000 C 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 2000 B Bonds and the Series 2000 C 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. Securities Law Compliance. The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

Section 7.21. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2000 B Bonds and the Series 2000 C Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the DEP for written approval. The Issuer shall obtain the written approval of the DEP before expending any proceeds of the Series 2000 B Bonds held in "contingency" as set forth in the Schedule A attached to the SRF Loan Agreement. The Issuer shall also obtain the written approval of the DEP before expending any proceeds of the Series 2000 B Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the funding 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.

Section 7.22. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2000 B Bonds and the Series 2000 C 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 2000 B Bonds and the Series 2000 C Bond and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Series 1990 Bonds, Series 1998 B Bonds and Series 2000 A Bonds, if issued.

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 Resolution, 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 Resolution, 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 Series 2000 B Bonds or the Series 2000 C Bonds are Outstanding and as long thereafter as necessary to comply with the Code and to assure the exclusion of interest, if any, on the Series 2000 B Bonds and the Series 2000 C Bonds from gross income for federal income tax purposes.

Section 8.02. Arbitrage and Tax Exemption. 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 Series 2000 B Bonds and the Series 2000 C Bonds which would cause the Series 2000 B Bonds or the Series 2000 C 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 Series 2000 B Bonds and the Series 2000 C Bonds) so that the interest on the

Series 2000 B Bonds and the Series 2000 C Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

If 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 Series 2000 B Bonds and the Series 2000 C 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 Series 2000 B Bonds and the Series 2000 C Bonds. In the event of a failure to pay the correct rebate amount, the Issuer will pay from any lawful sources available therefor, to the United States such amount, plus a penalty equal to 50% of the rebate amount not paid, plus interest on that amount, 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 Series 2000 B Bonds or the Series 2000 C Bonds subject to rebate. The Issuer shall also furnish 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 Series 2000 B Bonds and the Series 2000 C Bonds (as such term "gross proceeds" is defined in the Code).

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2000 B Bonds and the Series 2000 C Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on any Series 2000 B Bonds or Series 2000 C Bonds; or

(2) If default occurs in the Issuer or the Board's observance of any of the covenants, agreements or conditions on their respective parts relating to the Series 2000 B Bonds and the Series 2000 C Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2000 B Bonds or the Series 2000 C Bonds, and such default shall have continued for a period of 30 days after the Issuer or Board, as appropriate, 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 or Board 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 Series 1990 Bonds, Series 1998 B Bonds and Series 2000 A Bonds, if issued, or the Prior Ordinances.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner or Bondholder 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 or Bondholders 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 or Bondholders of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2000 B Bonds and the Series 2000 C Bonds shall be on a parity with the Series 1990 Bonds, Series 1998 B Bonds and Series 2000 A Bonds, if issued.

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 or the Board, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

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

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the completion of the Project

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

ARTICLE X

PAYMENT AND DEFEASANCE OF BONDS

Section 10.01. Payment of Series 2000 B Bonds. If the Issuer shall pay or there shall otherwise be paid, to the Holders of the Series 2000 B Bonds, the principal of and interest due or to become due thereon at the times and in the manner stipulated therein and in this Bond Legislation, then 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 2000 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 2000 B Bonds from gross income for federal income tax purposes.

Section 10.02. Defeasance of Series 2000 C Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all of the Series 2000 C Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then 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 2000 C Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 2000 C Bonds from gross income for federal income tax purposes.

Series 2000 C Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Series 2000 C 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 2000 C Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 2000 C Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 2000 C Bonds; provided, that any cash received

from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2000 B Bonds and the Series 2000 C Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2000 B Bonds and the Series 2000 C Bonds, no material modification or amendment of this Ordinance, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2000 B Bonds and the Series 2000 C Bonds shall be made without the consent in writing of the Registered Owners of the Series 2000 B Bonds and the Series 2000 C Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Series 2000 B Bonds and the Series 2000 C 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 Series 2000 B Bonds and the Series 2000 C 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 2000 B Bonds and the Series 2000 C Bonds from gross income of the holders thereof.

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

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution or the Series 2000 B Bonds and the Series 2000 C Bonds.

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

Section 11.05. Conflicting Provisions Repealed; Prior Ordinances. All ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this

Ordinance are, to the extent of such conflict, hereby repealed, provided that, in the event of any conflict between this Ordinance and the Prior Ordinances, the Prior Ordinances shall control (unless less restrictive), so long as the Series 1990 Bonds, Series 1998 B Bonds and Series 2000 A Bonds, if issued, or any portion thereof are Outstanding.

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the 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 City Clerk and members of the Governing Body were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

Section 11.07. Effective Date. This Ordinance shall take effect immediately following public hearing hereon.

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 Charleston Gazette and the Charleston Daily Mail, two qualified newspapers of general circulation in the City of St. Albans, there being no qualified newspaper published therein, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2000 B Bonds and the Series 2000 C Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

Passed on First Reading: January 18, 2000

Passed on Second Reading: February 7, 2000

Passed on Final Reading Following Public Hearing: February 22, 2000

L. O. Hessel Jr.
Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Governing Body of THE CITY OF ST. ALBANS on the 22nd day of February, 2000.

Dated: March 15, 2000.

[SEAL]

Barbara Cunningham
City Clerk

EXHIBIT A

Loan Agreements included in bond transcript as Documents 3 and 4

CITY OF ST. ALBANS

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2000 B (West Virginia SRF Program) and
Series 2000 C (West Virginia Water Development Authority)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA SRF PROGRAM) AND COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 C (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), OF THE CITY OF ST. ALBANS; APPROVING AND RATIFYING THE LOAN AGREEMENTS RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the city council (the "Governing Body") of the City of St. Albans (the "Issuer") has duly and officially adopted and enacted a bond ordinance, effective February 22, 2000 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWERAGE PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF ST. ALBANS AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $16,290,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND

SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA SRF PROGRAM), AND NOT MORE THAN $400,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 C (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Ordinance provides for the issuance of Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 B (West Virginia SRF Program) and Series 2000 C (West Virginia Water Development Authority), of the Issuer (collectively, the "Bonds" and individually, the "Series 2000 B Bonds" and the "Series 2000 C Bonds"), in the respective aggregate principal amounts not to exceed $16,290,000 and $400,000, and has authorized the execution and delivery of a loan agreement relating to the Series 2000 B Bonds, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection (the "DEP") and the loan agreement relating to the Series 2000 C Bonds, by and between the Issuer and the Authority (collectively, the "Loan Agreement"), all in accordance with Chapter 8, Article 20, Chapter 22C, Article 1 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Ordinance it is provided that the form of the Loan Agreement and the exact principal amounts, dates, maturity dates, redemption provisions, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

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

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be approved and ratified by the Issuer, that the exact principal amounts, the dates, the maturity dates, the redemption provisions, the interest rates, the interest and principal payment dates and the sale prices 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 ST. ALBANS:

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 the following bonds of the Issuer:

A. The Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 B (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $16,281,000. The Series 2000 B Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2022, and shall bear interest at the rate of 2% per annum. The principal of and the interest on the Series 2000 B Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2002, and ending June 1, 2022, and in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2000 B Bonds. The Series 2000 B Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2000 B Bonds. The Issuer does hereby approve and shall pay the SRF Administrative Fee equal to 1% of the principal amount of the Series 2000 B Bonds set forth in the "Schedule Y" attached to the Loan Agreement.

B. The Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 C (West Virginia Water Development Authority), of the Issuer, originally represented by a single Bond, numbered CR-1, in the principal amount of $225,000. The Series 2000 C Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2020, shall bear interest at the rate of 5.8% per annum, payable semiannually on April 1 and October 1 of each year, commencing October 1, 2000. The Series 2000 C Bonds shall be payable in annual installments of principal on October 1 of each year, commencing October 1, 2001, and ending October 1, 2020, all as set forth in the "Schedule X" attached to the Loan

Agreement and incorporated in and made a part of the Series 2000 C Bonds. The Series 2000 C Bonds shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 2000 C Bonds.

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

Section 3. The Issuer does hereby authorize, approve, ratify and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the application to the DEP and the Authority. 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, to serve as Registrar (the "Registrar") for the Bonds under the Bond Ordinance and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed.

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

Section 6. The Issuer does hereby appoint and designate One Valley Bank, National Association, St. Albans, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 7. Series 2000 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 2000 B Bonds Sinking Fund, as capitalized interest.

Section 8. Series 2000 B Bonds proceeds in the amount of $989,696 shall be deposited in the Series 2000 B Bonds Reserve Account.

Section 9. Series 2000 C Bonds proceeds in the amount of $-0- shall be deposited in the Series 2000 C Bonds Sinking Fund, as capitalized interest.

Section 10. Series 2000 C Bonds proceeds in the amount of $19,300 shall be deposited in the Series 2000 C Bonds Reserve Account.

Section 11. The balance of the proceeds of the Series 2000 B Bonds and the Series 2000 C Bonds shall be deposited in or credited to the respective Bonds Construction Trust Funds for payment of the costs of the Project, including, without limitation, costs of issuance of the Bonds and related costs.

Section 12. The Mayor and the City Clerk are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered on or about March 15, 2000, to the Authority pursuant to the Loan Agreement.

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

Section 14. The Issuer does hereby ratify, approve and accept all contracts relating to the financing, acquisition and construction of the Project.

Section 15. The Issuer hereby determines to invest all moneys in the funds and accounts established by the Bond Ordinance held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such repurchase agreements or time accounts until further directed in writing by the Issuer. Moneys in the Sinking Funds, including the Reserve Accounts therein, shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 16. 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 or under any predecessor thereto (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations to be promulgated thereunder.

Section 17. The Series 2000 B Bonds may be issued on a non-tax exempt basis, if permitted by the DEP. In the event that the Series 2000 B Bonds are issued on a non-tax exempt basis, the Issuer hereby agrees and covenants to comply with such restrictions on the use of the proceeds of the Series 2000 B Bonds as may be required by the DEP.

Section 18. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 6th day of March, 2000.

L.O. Hassel Jr.
Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of the City of St. Albans on the 6th day of March, 2000.

Dated: March 15, 2000.

[SEAL]

Barbara Cunningham
City Clerk

03/06/00
858350/98001

CL575750.1

SRF-LP-1
(2/1/00)

LOAN AGREEMENT

THIS WATER POLLUTION CONTROL REVOLVING FUND LOAN AGREEMENT (the "Loan 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 DIVISION OF ENVIRONMENTAL PROTECTION, a division of the West Virginia Bureau of Environment (the "DEP"), and the local government designated below (the "Local Government").

CITY OF ST. ALBANS
(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 direct the distribution of loans to 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 make loans from the Fund to local governments 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 a Loan with attachments and exhibits and an Amended Application for a Loan also with attachments and exhibits (together, as further revised and supplemented, the "Application"), which Application is incorporated herein by this reference; and

WHEREAS, having reviewed the Application and 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.

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

ARTICLE I

Definitions

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

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

1.3 "Loan" means the loan to be made by the Authority and DEP to the Local Government through the purchase of Local Bonds, as hereinafter defined, pursuant to this Loan Agreement.

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, to evidence the Loan and to be purchased by the Authority with money held in the Fund, all in accordance with the provisions of this Loan Agreement.

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

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

1.8 "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.

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 Loan Agreement as they are used.

ARTICLE II

The Project and the System

2.1 The Project shall generally consist of the construction and acquisition of the facilities described in the Application, to be, being or having been constructed in accordance with plans, specifications and designs prepared for the 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 Loan 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, at and after completion of construction and commencement of

operation of the Project, have such rights of access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority and DEP with respect to the System pursuant to the pertinent provisions of the Act.

2.5 The Local Government shall keep complete and accurate records of the cost of acquiring the Project site and the costs of constructing, acquiring and installing the Project. The Local Government shall permit the Authority and DEP, acting by and through their Directors or duly authorized agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at any and all reasonable times for the purpose of audit and examination, and the Local Government shall submit to the Authority and DEP such documents and information as it may reasonably require in connection with the construction, acquisition and installation of the Project, the operation and maintenance of the System and the administration of the Loan 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 bonds 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 Loan Closing, as hereinafter defined, and maintained so long as any of the Local Bonds are outstanding. Prior to commencing operation of the Project, the Local Government must also obtain, and maintain so long as any of the Local Bonds are outstanding, business interruption insurance if available at a reasonable cost.

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

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

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

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

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

3.1 The agreement of the Authority and DEP to make the Loan 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 Loan will be expended and the procedures as to the disbursement of loan 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 Loan 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 Loan will refund an interim construction financing, the Local Government must either be constructing or have constructed its Project for a cost and as otherwise compatible with the plan of financing described in the Application; and, in either case, the Authority and DEP shall have received a certificate of the Consulting Engineers to such effect, the form of which certificate is attached hereto as Exhibit D;

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

(f) The Local Government shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") and the West Virginia Infrastructure and Jobs Development Council necessary for the construction of the Project and operation of the System, and the Authority and DEP shall have received an opinion of counsel to the Local Government, which may be local counsel to the Local Government, bond counsel or special PSC counsel but must be satisfactory to the Authority and DEP, to such effect;

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

(h) The Local Government shall have obtained any and all approvals of rates and charges required by State law and shall have taken any other action required to establish and impose such rates and charges (imposition of such rates and charges is not, however, required to be effective until completion of construction of the Project), with all requisite appeal periods having expired, and the Authority and DEP shall have received an opinion of counsel to the Local Government, which may be local counsel to the Local Government, bond counsel or special PSC counsel but must be satisfactory to the Authority and DEP, to such effect;

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

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

3.2 Subject to the terms and provisions of this Loan 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 make the Loan to the Local Government and the Local Government shall accept the Loan from the Authority, and in furtherance thereof it is agreed that the Local Government shall sell to the Authority and the Authority shall make the Loan by purchasing the Local Bonds in the principal amount and at the price set forth in Schedule X hereto. The Local Bonds shall have such further terms and provisions as described in Article IV hereof.

3.3 The Loan shall be secured and shall be repaid in the manner hereinafter provided in this Loan Agreement.

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the 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 Loan Closing." Notwithstanding the foregoing, the Date of Loan Closing shall in no event occur more than ninety (90) days after the date of execution of this Loan Agreement by the Authority.

3.5 The Local Government understands and acknowledges that it is one of several local governments which have applied to the Authority and DEP for loans from the Fund to finance wastewater treatment projects and that the obligation of the Authority to make any such loan is subject to the Local Government's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan 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 loans will be originated in conjunction with the SRF Regulations and with the prior approval of DEP.

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

ARTICLE IV

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

4.1 The Local Government shall, as one of the conditions of the Authority and DEP to make the Loan, 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 Regulations, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, provided that the net proceeds to be realized from such sale, mortgage, lease or other disposition shall be sufficient to fully pay all of the Local Bonds outstanding and further provided that portions of the System when no longer required for the ongoing operation of such System as evidenced by certificates from the Consulting Engineer, may be disposed of with such restrictions as are normally contained in such covenants;

(v) That the Local Government shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected

revenues from rate increases and the improvements to be financed by such parity bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on all Local Bonds and parity bonds theretofore and then being issued and on any obligations secured by a lien on or payable from the revenues of the System prior to the Local Bonds and with the prior written consent of the Authority and DEP; provided, however, that additional parity bonds may be issued to complete the Project, as described in the Application as of the date hereof, without regard to the foregoing;

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

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

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

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

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

(xi) That the Local Government shall annually cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority and DEP, which report shall include a statement that the Local Government is in compliance with the terms and provisions of the Local Act and this Loan Agreement and that the Local Government's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

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

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

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

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

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

(xvii) That the Local Government shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required interest, principal and reserve account payment. The Local Government shall complete the Monthly Payment Form, attached hereto as Exhibit F and incorporated herein by reference, and submit a copy of said form along with a copy of the check 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, the Project is adequate for the purposes for which it was designed and the funding plan as submitted to the Authority is sufficient to pay the costs of acquisition and construction of the Project;

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

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

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

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

4.3 At least five percent (5%) of the proceeds of the Local Bonds will be advanced on the Date of Loan Closing. The remaining proceeds of the Local Bonds shall be advanced by the Authority 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 make any loans 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 make the Loan.

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 Loan Agreement and the Local Act. The Local Government hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to make the Loan, it has fixed and collected, or will fix and collect, the rates, fees and other charges for the use of the System 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 Loan 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 Loan Agreement.

5.3 In the event the Local Government defaults in any payment due to the Authority pursuant to Section 4.2 hereof, the amount of such default shall bear interest at the interest rate of the installment of the Loan next due, from the date of the default until the date of the payment thereof.

5.4 The 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 Loan 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 Loan Agreement.

6.2 The Local Government hereby warrants and represents that all information provided to the Authority and DEP in this Loan Agreement, in the Application or in any other application or documentation with respect to financing the Project was at the time, and now is, true, correct and complete, and such information does not omit any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Prior to the Authority's making the Loan and receiving the Local Bonds, the Authority and DEP shall have the right to cancel all or any of their obligations under this Loan Agreement if (a) any representation made to the Authority and DEP by the Local Government in connection with the Loan 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 Loan Agreement.

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

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 Project, payable from the revenues of the System or from any grants for the Project or otherwise related to the Project or the System.

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

ARTICLE VII

Miscellaneous

7.1 Schedules X and Y shall be attached to this Loan Agreement by the Authority as soon as practicable after the Date of Loan Closing is established and shall be approved by an official action of the 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 Loan Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this Loan Agreement, and this Loan Agreement shall be construed and enforced as if such invalid or unenforceable provision had not been contained herein.

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

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

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

7.6 By execution and delivery of this Loan 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 Loan Agreement shall terminate upon the earlier of:

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

(ii) the end of ninety (90) days after the date of execution hereof by the Authority if the Local Government has failed to deliver the Local Bonds to the Authority;

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

(iv) payment in full of the principal of and interest on the Loan and of any fees and charges owed by the Local Government to the Authority or DEP; provided that the amount of the Loan made under this Loan Agreement in any succeeding fiscal year is contingent upon funds being appropriated by the State legislature or otherwise being available to make the Loan. In the event funds are not appropriated or otherwise available to make all of the Loan, the responsibility of the Authority and DEP to make all the Loan is terminated; provided further that the obligation of the Local Government to repay the outstanding amount of the Loan made by the Authority and DEP is not terminated due to such non-funding on any balance of the Loan. The DEP agrees to use its best efforts to have the amount contemplated under this Loan Agreement included in its budget. Non-appropriation or non-funding of the Loan shall not be considered an event of default under this Loan Agreement.

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

City of St. Albans
[Name of Local Government]

(SEAL)

By: L.O. Hudgins
Its: Mayor

Attest:

Date: 2/28/00

Barbara Cunningham
Its Recorder

WEST VIRGINIA DIVISION OF ENVIRONMENTAL PROTECTION

By:
Its: Chief

Date: 2/28/00

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By:
Its: Director

Attest:

Date: February 24, 2000

Barbara B Meadows
Secretary-Treasurer

00832/00372

EXHIBIT A

[Form of Performance Certificate]

[TO BE PROVIDED BY DEP]

EXHIBIT B

[Form of Monthly Financial Report]
[Name of Local Government]
[Name of Bond Issue]
Fiscal Year - __
Report Month: _____

ITEM	CURRENT MONTH	YEAR TO DATE	BUDGET YEAR TO DATE	BUDGET DIFFERENCE
1. Gross Revenues Collected				
2. Operating Expenses				
3. Other Bond Debt Payments (including Reserve Account Deposits)				
4. SRF Bond Payments (include Reserve Account Deposits)				
5. Renewal and Replacement Fund Deposit				
6. Funds available for capital construction				

Witnesseth my signature this ___ day of _____, _____.

[Name of Local Government]

By: _____
Authorized Officer

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 Loan Agreement by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Division of Environmental Protection ("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 DEP and any change orders approved by the Issuer, 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 A attached hereto as Exhibit A, and my firm[1] has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the DEP and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) as of the effective date thereof[2], the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Loan 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 DEP; and (xi) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project; Sources of Funds and Cost of Financing" for the Project.

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

_____

By _____

West Virginia License No. _____

[SEAL]

---

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

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

EXHIBIT E

SPECIAL CONDITIONS

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

B. AUDIT REQUIREMENT (Supplement to Article IV 4.1 (b) (xi)) - The Local Government that receives $300,000 or more (in federal funds) in a fiscal year must obtain audits in accordance with the Single Audit Act and the applicable OMB Circular or any successor thereto. Financial statement audits are required once all funds have been received by the Local Government.

EXHIBIT F

[Monthly Payment Form]

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:

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

Witness my signature this ___ day of_____.

[Name of Local Government]

By: _____
Authorized Officer

Enclosure: copy of check(s)

EXHIBIT G

[Opinion of Bond Counsel for Local Government]

[To Be Dated as of Date of Loan Closing]

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

West Virginia Division of Environmental Protection
617 Broad Street
Charleston, WV 25301

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 loan agreement dated _____, ____, including all schedules and exhibits attached thereto (the "Loan Agreement"), among the Local Government, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division 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 Loan Agreement. The Local Bonds are issued in the principal amount of $_____, in the form of one bond, registered as to principal and interest to the Authority, with principal and interest 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 Loan 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 Loan 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 Loan Agreement.

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

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

2. The Loan 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 presently existing _____ _____, with full power and authority to acquire and construct the Project and to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.

4. The 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 Loan Agreement.

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

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

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

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

Very truly yours,

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds	$ 16,281,000
Purchase Price of Local Bonds	$ 16,281,000

The Local Bonds shall bear no interest from the date of delivery to and including May 31, 2002. Commencing Sept. 1, 2002, interest on the Local Bonds is payable quarterly, at a rate of 2 % per annum. Commencing Sept. 1, 2002, principal of the Local Bonds is payable quarterly, with an administrative fee of 1%. 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 and interest, if any, and the Local Bonds shall grant the Authority a first lien on the net or gross revenues of the Local Government's system as provided in the Local Act.

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

As of the date of the Loan Agreement, the Local Bonds are on a parity as to liens, pledge and source of and security for payment with the following obligations of the Local Government: Waterworks and Sewerage System Refunding Revenue Bonds, Series 1990, issued March 1, 1990, in the original amount of $3,100,000.

City of St. Albans (West Virginia)

Loan of $16,281,000

20 Years, 2% Interest Rate, 1% Administrative Fee

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
6/01/2000	-	-	-	-
9/01/2000	-	-	-	-
12/01/2000	-	-	-	-
3/01/2001	-	-	-	-
6/01/2001	-	-	-	-
9/01/2001	-	-	-	-
12/01/2001	-	-	-	-
3/01/2002	-	-	-	-
6/01/2002	-	-	-	-
9/01/2002	166,018.00	2.000%	81,405.00	247,423.00
12/01/2002	166,848.00	2.000%	80,574.91	247,422.91
3/01/2003	167,682.00	2.000%	79,740.67	247,422.67
6/01/2003	168,521.00	2.000%	78,902.26	247,423.26
9/01/2003	169,363.00	2.000%	78,059.66	247,422.66
12/01/2003	170,210.00	2.000%	77,212.84	247,422.84
3/01/2004	171,061.00	2.000%	76,361.79	247,422.79
6/01/2004	171,916.00	2.000%	75,506.49	247,422.49
9/01/2004	172,776.00	2.000%	74,646.91	247,422.91
12/01/2004	173,640.00	2.000%	73,783.03	247,423.03
3/01/2005	174,508.00	2.000%	72,914.83	247,422.83
6/01/2005	175,381.00	2.000%	72,042.29	247,423.29
9/01/2005	176,258.00	2.000%	71,165.38	247,423.38
12/01/2005	177,139.00	2.000%	70,284.09	247,423.09
3/01/2006	178,025.00	2.000%	69,398.40	247,423.40
6/01/2006	178,915.00	2.000%	68,508.27	247,423.27
9/01/2006	179,809.00	2.000%	67,613.70	247,422.70
12/01/2006	180,708.00	2.000%	66,714.65	247,422.65
3/01/2007	181,612.00	2.000%	65,811.11	247,423.11
6/01/2007	182,520.00	2.000%	64,903.05	247,423.05
9/01/2007	183,432.00	2.000%	63,990.45	247,422.45
12/01/2007	184,350.00	2.000%	63,073.29	247,423.29
3/01/2008	185,271.00	2.000%	62,151.54	247,422.54
6/01/2008	186,198.00	2.000%	61,225.19	247,423.19
9/01/2008	187,129.00	2.000%	60,294.20	247,423.20
12/01/2008	188,064.00	2.000%	59,358.55	247,422.55
3/01/2009	189,005.00	2.000%	58,418.23	247,423.23
6/01/2009	189,950.00	2.000%	57,473.21	247,423.21
9/01/2009	190,899.00	2.000%	56,523.46	247,422.46
12/01/2009	191,854.00	2.000%	55,568.96	247,422.96
3/01/2010	192,813.00	2.000%	54,609.69	247,422.69
6/01/2010	193,777.00	2.000%	53,645.63	247,422.63
9/01/2010	194,746.00	2.000%	52,676.74	247,422.74
12/01/2010	195,720.00	2.000%	51,703.01	247,423.01
3/01/2011	196,699.00	2.000%	50,724.41	247,423.41
6/01/2011	197,682.00	2.000%	49,740.92	247,422.92
9/01/2011	198,670.00	2.000%	48,752.51	247,422.51

City of St. Albans (West Virginia)

Loan of $16,281,000

20 Years, 2% Interest Rate, 1% Administrative Fee

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
12/01/2011	199,664.00	2.000%	47,759.16	247,423.16
3/01/2012	200,662.00	2.000%	46,760.84	247,422.84
6/01/2012	201,665.00	2.000%	45,757.53	247,422.53
9/01/2012	202,674.00	2.000%	44,749.20	247,423.20
12/01/2012	203,687.00	2.000%	43,735.83	247,422.83
3/01/2013	204,706.00	2.000%	42,717.40	247,423.40
6/01/2013	205,729.00	2.000%	41,693.87	247,422.87
9/01/2013	206,758.00	2.000%	40,665.22	247,423.22
12/01/2013	207,792.00	2.000%	39,631.43	247,423.43
3/01/2014	208,830.00	2.000%	38,592.47	247,422.47
6/01/2014	209,875.00	2.000%	37,548.32	247,423.32
9/01/2014	210,924.00	2.000%	36,498.95	247,422.95
12/01/2014	211,979.00	2.000%	35,444.33	247,423.33
3/01/2015	213,039.00	2.000%	34,384.43	247,423.43
6/01/2015	214,104.00	2.000%	33,319.24	247,423.24
9/01/2015	215,174.00	2.000%	32,248.72	247,422.72
12/01/2015	216,250.00	2.000%	31,172.85	247,422.85
3/01/2016	217,331.00	2.000%	30,091.60	247,422.60
6/01/2016	218,418.00	2.000%	29,004.94	247,422.94
9/01/2016	219,510.00	2.000%	27,912.85	247,422.85
12/01/2016	220,608.00	2.000%	26,815.30	247,423.30
3/01/2017	221,711.00	2.000%	25,712.26	247,423.26
6/01/2017	222,819.00	2.000%	24,603.71	247,422.71
9/01/2017	223,933.00	2.000%	23,489.61	247,422.61
12/01/2017	225,053.00	2.000%	22,369.95	247,422.95
3/01/2018	226,178.00	2.000%	21,244.68	247,422.68
6/01/2018	227,309.00	2.000%	20,113.79	247,422.79
9/01/2018	228,446.00	2.000%	18,977.25	247,423.25
12/01/2018	229,588.00	2.000%	17,835.02	247,423.02
3/01/2019	230,736.00	2.000%	16,687.08	247,423.08
6/01/2019	231,890.00	2.000%	15,533.40	247,423.40
9/01/2019	233,049.00	2.000%	14,373.95	247,422.95
12/01/2019	234,214.00	2.000%	13,208.70	247,422.70
3/01/2020	235,385.00	2.000%	12,037.63	247,422.63
6/01/2020	236,562.00	2.000%	10,860.71	247,422.71
9/01/2020	237,745.00	2.000%	9,677.90	247,422.90
12/01/2020	238,934.00	2.000%	8,489.17	247,423.17
3/01/2021	240,128.00	2.000%	7,294.50	247,422.50
6/01/2021	241,329.00	2.000%	6,093.86	247,422.86
9/01/2021	242,536.00	2.000%	4,887.22	247,423.22
12/01/2021	243,748.00	2.000%	3,674.54	247,422.54
3/01/2022	244,967.00	2.000%	2,455.80	247,422.80
6/01/2022	246,192.00	2.000%	1,230.96	247,422.96
Total	16,281,000.00	-	3,512,835.49	19,793,835.49 *

*Plus $21,955.23 one-percent administrative fee paid quarterly. Total fee paid over the life of the loan is $1,756,418.40.

WDA-LP II
(2/8/00)

LOAN AGREEMENT

THIS LOAN AGREEMENT, made and entered into in several counterparts, by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), and the governmental agency designated below (the "Governmental Agency").

City of St. Albans
(Governmental Agency)

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Chapter 22C, Article 1 of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered to make loans to governmental agencies for the acquisition or construction of water development projects by such governmental agencies and to issue water development revenue bonds of the State of West Virginia (the "State") to finance, in whole or in part, by loans to governmental agencies, one or more water development projects, all subject to such provisions and limitations as are contained in the Act;

WHEREAS, the Governmental Agency constitutes a governmental agency as defined by the Act;

WHEREAS, the Governmental Agency is authorized and empowered by the statutes of the State to acquire, construct, improve, operate and maintain a water development project, as defined by the Act, and to finance the cost of acquisition and construction of the same by borrowing money to be evidenced by revenue bonds issued by the Governmental Agency;

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

WHEREAS, the Governmental Agency has completed and filed with the Authority an Application for a Construction Loan with attachments and exhibits and an Amended Application for a Construction Loan also with attachments and exhibits (together, as further revised and supplemented, the "Application"), which Application is incorporated herein by this reference; and

WHEREAS, having reviewed the Application and made all findings required by Section 5 of the Act and having available sufficient funds therefor, the Authority is willing to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Governmental Agency with proceeds of certain water development revenue bonds of the State issued by the Authority pursuant to and in accordance with the provisions of the Act and a certain general revenue bond resolution adopted by the Board of the Authority (the "General Resolution"), as supplemented, subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Authority's water development loan program, known as Loan Program II (the "Program") as hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and the mutual agreements hereinafter contained, the Governmental Agency and the Authority hereby agree as follows:

ARTICLE I

Definitions

1.1 Except where the context clearly indicates otherwise, the terms "Authority," "water development revenue bonds," "cost," governmental agency," "water development project," "wastewater facility" and "water facility" have the definitions and meanings ascribed to them in the Act.

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

1.3 "Loan" means the loan to be made by the Authority to the Governmental Agency through the purchase of Local Bonds, as hereinafter defined, pursuant to this Loan Agreement.

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

1.5 "Local Bonds" means the revenue bonds to be issued by the Governmental Agency pursuant to the provisions of the Local Statute, as hereinafter defined, to evidence the Loan and to be purchased by the Authority with a portion of the proceeds of its water development revenue bonds, all in accordance with the provisions of this Loan Agreement.

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

1.7 "Origination Fee" means the fee paid by a Governmental Agency with respect to its participation in the State's Revolving Fund program established pursuant to Title VI of the Water Quality Act of 1987, to provide funds for the acquisition and construction of wastewater Projects.

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

1.9 "Project" means the water development project hereinabove referred to, to be constructed or being constructed by the Governmental Agency in whole or in part with the net proceeds of the Local Bonds or being or having been constructed by the Governmental Agency in whole or in part with the proceeds of bond anticipation notes or other interim financing, which is to be paid in whole or in part with the net proceeds of the Local Bonds.

1.10 "System" means the water development project owned by the Governmental Agency, of which the Project constitutes all or to which the Project constitutes an improvement, and any improvements thereto hereafter constructed or acquired from any sources whatsoever.

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

ARTICLE II

The Project and the System

2.1 The Project shall generally consist of the construction and acquisition of the facilities described in the Application, to be, being or having been constructed in accordance with plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers, the Authority having found, to the extent applicable, that the Project is consistent with the applicable comprehensive plan of water management approved by the Director of the West Virginia Division of Environmental Protection (or in the process of preparation by such Director), has been approved by the West Virginia Bureau for Public Health and is consistent with the standards set by the West Virginia Water Resources Board for the waters of the State affected thereby.

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

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

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

2.5 The Governmental Agency shall keep complete and accurate records of the cost of acquiring the Project site and the costs of constructing, acquiring and installing the Project. The Governmental Agency shall permit the Authority, acting by

and through its Director or his duly authorized agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at any and all reasonable times for the purpose of audit and examination, and the Governmental Agency shall submit to the Authority such documents and information as it may reasonably require in connection with the construction, acquisition and installation of the Project, the operation and maintenance of the System and the administration of the Loan or of any State and federal grants or other sources of financing for the Project.

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

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

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

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

2.10 The Governmental Agency shall at all times provide operation and maintenance of the System in compliance with any and all State and federal standards. The Governmental Agency shall employ qualified operating personnel properly certified by the State to operate the System during the entire term of this Loan Agreement.

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

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

(a) The Governmental Agency shall have performed and satisfied all of the terms and conditions to be performed and satisfied by it in this Loan Agreement;

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

(c) The Governmental Agency shall either have received bids or entered 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 Loan will refund an interim construction financing, the Governmental Agency must either be constructing or have constructed its Project for a cost and as otherwise compatible with the plan of financing described in the Application; and, in either case, the Authority shall have received a certificate of the Consulting Engineers to such effect, the form of which certificate is attached hereto as Exhibit A;

(d) No Loan shall be made for the purpose of refinancing any outstanding long-term indebtedness of a Governmental Agency unless an opinion of counsel is received by the Authority to the effect that such refinancing is permitted by the Act and the General Resolution, and that such refinancing will not cause a violation of any covenant, representation or agreement of the Authority contained in the General Resolution or any tax or arbitrage certificate with respect to the exclusion of the interest on the Authority's water development revenue bonds from gross income of the holders thereof for federal income tax purposes;

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

(f) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") 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 shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

(g) The Governmental Agency shall have obtained any and all approvals for the issuance of the Local Bonds required by State law, and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be

local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

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

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

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

3.2 Subject to the terms and provisions of this Loan Agreement, the rules and regulations promulgated by the Authority or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government, it is hereby agreed that the Authority shall make the Loan to the Governmental Agency and the Governmental Agency shall accept the Loan from the Authority, and in furtherance thereof it is agreed that the Governmental Agency shall sell to the Authority and the Authority shall make the Loan by purchasing the Local Bonds in the principal amount and at the price set forth in Schedule X hereto. The Local Bonds shall have such further terms and provisions as described in Article IV hereof.

3.3 The Loan shall be secured and shall be repaid in the manner hereinafter provided in this Loan Agreement.

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

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Authority for loans from the Program to finance water development projects and that the obligation of the Authority to make any such loan is subject to the Governmental Agency's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing and to the right of the Authority to make such loans to other governmental agencies as in the aggregate will permit the fullest and most timely utilization of such proceeds to enable the Authority to pay debt service on the water development revenue bonds issued by it. The Governmental Agency specifically recognizes that the Authority will not purchase the Local Bonds unless and until it has available funds sufficient to purchase all the Local Bonds and that, prior to execution of this Loan Agreement, the Authority may commit to and purchase the revenue bonds of other governmental agencies for which it has sufficient funds available. The Governmental Agency further specifically recognizes that during the last 90 days of a period to originate Loans from its water development revenue bond proceeds, the Authority may execute Loan Agreements, commit moneys and close Local Bond sales in such order and manner as it deems in the best interest of the Program. Additionally, the Governmental Agency recognizes that the Authority will purchase the Local Bonds only with funds from the Program and not with funds from any other loan programs of the Authority.

ARTICLE IV

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

4.1 The Governmental Agency shall, as one of the conditions of the Authority to make the Loan, authorize the issuance of and issue the Local Bonds pursuant to an official action of the Governmental Agency in accordance with the Local Statute, which shall, as adopted or enacted, contain provisions and covenants in substantially the form as follows, unless the specific provision or covenant is modified or waived by the Authority:

(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, as reflected on the Schedule X attached hereto, and beginning seven (7) months prior to the first date of payment of interest on the Local Bonds and thirteen (13) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth (1/6) of the interest payment next coming due on the Local Bonds and one-twelfth (1/12) of the principal payment next coming due on the Local Bonds and, beginning thirteen (13) 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 (which, with an approving opinion of bond counsel to the Governmental Agency, may be with a letter of credit or surety or other security instrument) 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) (or such other amount as shall be acceptable to the Authority and as shall fund the Reserve Account over not more than ten (10) years) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

(iii) to create a renewal and replacement, or similar, fund in an amount equal to two and one-half percent (2-1/2%) of the gross revenues from the System, exclusive of any payments into the Reserve Account, for the purpose of improving or making emergency repairs or replacements to the System or eliminating any deficiencies in the Reserve Account; 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 Governmental Agency 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 gross or net revenues of the System, as more fully set forth 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 Governmental Agency shall complete the Project, shall operate and maintain the System in good condition and, to the extent applicable, in compliance with, among other state and federal standards, the water quality standards established by the West Virginia Division of Environmental Protection (the "DEP") and the United States Environmental Protection Agency (the "EPA"), shall permit the DEP and EPA to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof, and shall, as a condition precedent to the Authority's making the Loan, have obtained, among other permits required, permits from the EPA and the DEP, if required;

(iv) That, except as otherwise required by State law or with the written consent of the Authority, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Local Bonds outstanding,

with further restrictions on the disposition of portions of the System as are normally contained in such covenants;

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

the Local Bonds and with the prior written consent of the Authority; provided, however, that additional parity bonds may be issued to complete the Project, as described in the Application as of the date hereof, without regard to the foregoing;

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

(vii) That the Governmental Agency will not render any free services of the System;

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

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

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

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority, which report shall include a statement that the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Loan Agreement and that the Governmental Agency's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

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

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

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

(xv) That, as long as the Authority is the owner of any of the Local Bonds, the Governmental Agency shall not authorize redemption of any Local Bonds by it without the written consent of the Authority and except in compliance with the restrictions contained in this Loan Agreement;

(xvi) That, to the full extent permitted by applicable law and the rules and regulations of the PSC, the Governmental Agency shall terminate the services of any water facility owned by it to any customer of the System who is delinquent in payment of charges for services provided by the System and will not restore the services of the water facility until all delinquent charges for the services of the System

have been fully paid or, if the water facility is not owned by the Governmental Agency, then the Governmental Agency shall enter into a termination agreement with the water provider;

(xvii) That the Governmental Agency shall take any and all action, or shall refrain from taking any action, as shall be deemed necessary by the Authority to maintain the exclusion from gross income for federal income tax purposes of interest on the Authority's water development revenue bonds;

(xviii) That the Governmental Agency shall provide the Authority with annual financial information and such other information as is necessary for the Authority to meet its ongoing disclosure requirements;

(xix) That the Governmental Agency shall have obtained the certificate of the Consulting Engineer in the form attached hereto as Exhibit A, to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority, the Project is adequate for the purposes for which it was designed and the funding plan as submitted to the Authority is sufficient to pay the costs of acquisition and construction of the Project;

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

(xxi) That the Governmental Agency 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 Governmental Agency shall complete the Monthly Payment Form, attached hereto as Exhibit D and incorporated herein by reference, and submit a copy of said form along with a copy of the check to the Authority by the 5th day of such calendar month;

(xxii) 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 Governmental Agency 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;

(xxiii) That the Governmental Agency shall furnish to the Authority such information with respect to earnings on all funds constituting "gross

proceeds" of the Local Bonds (as that term is defined in the Internal Revenue Code of 1986, as amended) from time to time as the Authority may request;

(xxiv) That the Governmental Agency shall obtain the written approval of the Authority before expending any proceeds of the Local Bonds available due to bid/construction/project underruns, including the "contingency" as set forth in the final Schedule A attached to the certificate of the Consulting Engineer;

(xxv) That the Governmental Agency shall list the funding provided by 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 groundbreaking or dedication of the Project;

(xxvi) That, to the extent required by law, the Governmental Agency shall secure the approval of the Authority and all other state agencies having jurisdiction before applying for federal assistance for pollution abatement in order to maximize the amounts of such federal financial assistance received or to be received for all water development projects in the State of West Virginia; and

(xxvii) That, as a condition precedent to the Authority's making the Loan, the Governmental Agency shall deliver to the Authority a tax or arbitrage certificate satisfactory to the Authority.

The Governmental Agency 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 recognized bond counsel acceptable to the Authority in substantially the form of legal opinion attached hereto as Exhibit B.

4.2 The Loan shall be secured by the pledge and assignment by the Governmental Agency, as effected by the Local Act, of the fees, charges and other revenues of the Governmental Agency from the System as further set forth by and subject only to such reservations and exceptions as are described in Schedules X and Y hereto or are otherwise expressly permitted in writing by the Authority.

4.3 An Origination Fee Account shall be established with the Trustee to hold the portion of the proceeds of any Loan established to fund an Origination Fee.

Amounts on deposit in an Origination Fee Account shall belong to the Governmental Agency receiving the related Loan, but such amounts may only be disbursed from the Account to pay the Origination Fee as and when required to satisfy the requirements of the State's Revolving Fund program established pursuant to Title VI of the Water Quality Act of 1987 or for such other purposes as the Authority may approve in writing.

4.4 The principal of the Loan shall be repaid by the Governmental Agency annually on the day and in the years provided in Schedule X hereto. Interest payments on the Loan shall be made by the Governmental Agency on a semiannual basis as provided in said Schedule X.

4.5 The Loan shall bear interest from the date of the delivery to the Authority of the Local Bonds until the date of payment thereof, at the rate or rates per annum set forth on Schedule X hereto. In no event shall the interest rate on or the net interest cost of the Local Bonds exceed any statutory limitation with regard thereto.

4.6 The Local Bonds shall be delivered to the Authority in fully registered form, transferable and exchangeable as provided in the Local Act at the expense of the Governmental Agency. Anything to the contrary herein notwithstanding, the Local Bonds may be issued in one or more series, as reflected by Schedule X hereto.

4.7 The Governmental Agency agrees to pay from time to time, as required by the Authority, the Governmental Agency's allocable share of the reasonable administrative expenses of the Authority relating to the Program. Such administrative expenses shall be as determined by the Authority and shall include, without limitation, Program expenses, legal fees paid by the Authority and fees paid to the trustee and paying agents for the water development revenue bonds. The Authority shall provide both the Governmental Agency and the trustee for the water development revenue bonds with a schedule of such fees and charges, and the Governmental Agency shall pay such fees and charges on the dates indicated directly to the trustee. The Governmental Agency hereby specifically authorizes the Authority to exercise the powers granted it by Section 9.06 of the General Resolution.

4.8 The Governmental Agency agrees to expend the net proceeds of the Local Bonds for the Project within 3 years of the issuance of the Authority's bonds.

4.9 As long as the Authority is the owner of any of the Local Bonds outstanding, the Governmental Agency shall not redeem any of such Local Bonds outstanding without the written consent of the Authority, and any such redemption of Local Bonds authorized by the Authority shall provide for the payment of interest to the first allowable redemption date for the applicable water development revenue bonds, the

redemption premium payable on the applicable water development revenue bonds redeemable as a consequence of such redemption of Local Bonds and the costs and expenses of the Authority in effecting any such redemption, all as further prescribed by Section 9.11 of the General Resolution. Nothing in this Loan Agreement shall be construed to prohibit the Authority from refunding applicable water development revenue bonds, and such refunding need not be based upon or result in any benefit to the Governmental Agency.

ARTICLE V

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

5.1 The Governmental Agency hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Loan Agreement and the Local Act. The Governmental Agency hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to make the Loan, it has fixed and collected, or will fix and collect, the rates, fees and other charges for the use of the System 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 Loan Agreement, the Governmental Agency hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges (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 Loan Agreement.

5.3 In the event the Governmental Agency defaults in any payment due to the Authority pursuant to Section 4.2 hereof, the amount of such default shall bear interest at the interest rate of the installment of the Loan next due, from the date of the default until the date of the payment thereof.

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under Section 7 of the Act, including, without limitation, the right to impose, enforce and collect charges of the System.

ARTICLE VI

Other Agreements of the Governmental Agency

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

6.2 At the option of the Authority, the Governmental Agency shall issue and sell to the Authority additional, subordinate bonds to evidence the Governmental Agency's obligation to repay to the Authority any grant received by the Governmental Agency from the Authority in excess of the amount to which the Governmental Agency is entitled pursuant to applicable policies or rules and regulations of the Authority. Also at the option of the Authority, the Governmental Agency may issue and sell to the Authority additional, subordinate bonds for such purposes as may be acceptable to the Authority.

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

6.4 The Governmental Agency hereby agrees to repay on or prior to the Date of Loan Closing any moneys due and owing by it to the Authority for the planning or design of the Project, and such repayment shall be a condition precedent to the Authority's making the Loan.

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

6.6 Notwithstanding Section 6.5, the Authority may at any time, in its sole discretion, cause the rebate calculations prepared by or on behalf of the Governmental Agency to be monitored or cause the rebate calculations for the Governmental Agency to be prepared, in either case at the expense of the Governmental Agency.

6.7 The Governmental Agency hereby agrees to give the Authority prior written notice of the issuance by it of any other obligations to be used for the Project, payable from the revenues of the System or from any grants for the Project or otherwise related to the Project or the System.

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

ARTICLE VII

Miscellaneous

7.1 Additional definitions, additional terms and provisions of the Loan and additional covenants and agreements of the Governmental Agency, if any, may be set forth in Schedule Z attached hereto and incorporated herein by reference, with the same effect as if contained in the text of this Loan Agreement.

7.2 Schedules X and Y shall be attached to this Loan Agreement by the Authority as soon as practicable after the Date of Loan Closing is established and shall be

approved by an official action of the Governmental Agency supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority.

7.3 If any provision of this Loan Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this Loan Agreement, and this Loan Agreement shall be construed and enforced as if such invalid or unenforceable provision had not been contained herein.

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

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

7.6 This Loan Agreement supersedes all prior negotiations, representations and agreements between the parties hereto relating to the Loan and constitutes the entire agreement between the parties hereto in respect thereof.

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

7.8 This Loan Agreement shall terminate upon the earlier of:

(i) the end of ninety (90) days after the date of execution hereof by the Authority if the Governmental Agency has failed to deliver the Local Bonds to the Authority;

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

(iii) payment in full of the principal of and interest on the Loan and of any fees and charges owed by the Governmental Agency to the Authority.

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

City of St. Albans
[Name of Governmental Agency]

(SEAL)

By: L.O. Hansel Jr.

Its: Mayor

Attest:

Barbara Cunningham

Its: Recorder

Date: March 15, 2000

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: Daniel B. Yonbosky

Its: Director

Attest:

Barbara B Meadows

Secretary-Treasurer

Date: March 15, 2000

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

I, _____, Registered Professional Engineer, West Virginia License No. _____, of _____, Consulting Engineers, _____, _____, hereby certify 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 meanings set forth in the bond _____ adopted or enacted by the Issuer on _____, and the Loan Agreement by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), 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 [DEP/BPH/PSC] and any change orders approved by the Issuer and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least _____ 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 A 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 that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the [DEP/BPH/PSC] 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, **the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Loan 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 set forth in the Schedule A attached hereto; and (xi) attached hereto as Exhibit A is the final amended "Schedule A - Final Total Cost of Project, Sources of Funds and Costs of Financing" for the Project.

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

[SEAL]

_____

By: _____
West Virginia License No. _____

---

*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".

**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 B

[Opinion of Bond Counsel for Governmental Agency]

[To Be Dated as of Date of Loan Closing]

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

Ladies and Gentlemen:

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

We have examined a certified copy of proceedings and other papers relating to the authorization of (i) a loan agreement dated _____, ____, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated _____, ____ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are issued in the principal amount of $_____, in the form of one bond, registered as to principal and interest to the Authority, with interest payable semiannually on April 1 and October 1 of each year, commencing _____ 1, ____, at the rate of __% per annum, and with principal payable annually on October 1 of each year, commencing _____ 1, ____, all as set forth in the "Schedule Y" attached to the Loan 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 Governmental Agency on _____, as supplemented by the supplemental resolution duly adopted by the Governmental Agency on _____ (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

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

2. The Loan Agreement inures to the benefit of the Authority and cannot be amended so as to affect adversely the rights of the Authority or diminish the obligations of the Governmental Agency without the consent of the Authority.

3. The Governmental Agency is a duly organized and 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 Governmental Agency and constitute valid and binding obligations of the Governmental Agency enforceable against the Governmental Agency 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 Loan Agreement.

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

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

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

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

Very truly yours,

EXHIBIT C

[Form of Monthly Financial Report]
[Name of Governmental Agency]
[Name of Bond Issue]
Fiscal Year - ___
Report Month: _____

ITEM	CURRENT MONTH	YEAR TO DATE	BUDGET YEAR TO DATE	DIFFERENCE
1. Gross Revenues Collected				
2. Operating Expenses				
3. Other Bond Debt Payments (including Reserve Account Deposits)				
4. Bond Payments (include Reserve Account Deposits)				
5. Renewal and Replacement Fund Deposit				
6. Funds available for capital construction				

Witnesseth my signature this __ day of _____, _____.

[Name of Governmental Agency]

By: _____
Authorized Officer

EXHIBIT D

[Monthly Payment Form]

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:

Interest	$____
Principal	$____
Total:	$____
Reserve Account:	$____

Witness my signature this ___ day of_____.

[Name of Governmental Agency]

By: _____
Authorized Officer

Enclosure: copy of check(s)

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds	$225,000
Purchase Price of Local Bonds	$225,000

Interest on the Local Bonds is payable on April 1 and October 1 in each year, beginning with the first semiannual interest payment date after delivery of the Local Bonds to the Authority, until the Local Bonds are paid in full, at the rate of 5.8% per annum. Principal of the Local Bonds is payable on October 1 in each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

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

Waterworks and Sewerage System Refunding Revenue Bonds, Series 1990, issued March 1, 1990, in the original amount of $3,100,000; and

Combined Waterworks and Sewerage System Revenue Bonds, Series 2000B (West Virginia SRF Program), issued March 15, 2000, in the original amount of $16,281,000.

City of St. Albans (West Virginia)

WDA Loan (Supplemental Fund) of $225,000
20 Years, 5.8% Interest Rate
Closing Date: March 15, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
4/01/2000	-	-	-	-
10/01/2000	-	-	7,105.00	7,105.00
4/01/2001	-	-	6,525.00	6,525.00
10/01/2001	6,249.00	5.800%	6,525.00	12,774.00
4/01/2002	-	-	6,343.78	6,343.78
10/01/2002	6,612.00	5.800%	6,343.78	12,955.78
4/01/2003	-	-	6,152.03	6,152.03
10/01/2003	6,995.00	5.800%	6,152.03	13,147.03
4/01/2004	-	-	5,949.18	5,949.18
10/01/2004	7,401.00	5.800%	5,949.18	13,350.18
4/01/2005	-	-	5,734.55	5,734.55
10/01/2005	7,830.00	5.800%	5,734.55	13,564.55
4/01/2006	-	-	5,507.48	5,507.48
10/01/2006	8,284.00	5.800%	5,507.48	13,791.48
4/01/2007	-	-	5,267.24	5,267.24
10/01/2007	8,765.00	5.800%	5,267.24	14,032.24
4/01/2008	-	-	5,013.06	5,013.06
10/01/2008	9,273.00	5.800%	5,013.06	14,286.06
4/01/2009	-	-	4,744.14	4,744.14
10/01/2009	9,811.00	5.800%	4,744.14	14,555.14
4/01/2010	-	-	4,459.62	4,459.62
10/01/2010	10,380.00	5.800%	4,459.62	14,839.62
4/01/2011	-	-	4,158.60	4,158.60
10/01/2011	10,982.00	5.800%	4,158.60	15,140.60
4/01/2012	-	-	3,840.12	3,840.12
10/01/2012	11,619.00	5.800%	3,840.12	15,459.12
4/01/2013	-	-	3,503.17	3,503.17
10/01/2013	12,293.00	5.800%	3,503.17	15,796.17
4/01/2014	-	-	3,146.67	3,146.67
10/01/2014	13,006.00	5.800%	3,146.67	16,152.67
4/01/2015	-	-	2,769.50	2,769.50
10/01/2015	13,760.00	5.800%	2,769.50	16,529.50
4/01/2016	-	-	2,370.46	2,370.46
10/01/2016	14,559.00	5.800%	2,370.46	16,929.46
4/01/2017	-	-	1,948.25	1,948.25
10/01/2017	15,403.00	5.800%	1,948.25	17,351.25
4/01/2018	-	-	1,501.56	1,501.56
10/01/2018	16,296.00	5.800%	1,501.56	17,797.56
4/01/2019	-	-	1,028.98	1,028.98
10/01/2019	17,241.00	5.800%	1,028.98	18,269.98
4/01/2020	-	-	528.99	528.99
10/01/2020	18,241.00	5.800%	528.99	18,769.99
Total	225,000.00	-	168,089.76	393,089.76

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF ST. ALBANS
COMBINED WATERWORKS AND SEWERAGE
SYSTEM REVENUE BONDS,
SERIES 2000 B
(WEST VIRGINIA SRF PROGRAM)

No. BR-1 $16,281,000

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF ST. ALBANS, a municipal corporation and political subdivision of the State of West Virginia in Kanawha County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of SIXTEEN MILLION TWO HUNDRED EIGHTY ONE THOUSAND DOLLARS ($16,281,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2002, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit B. The interest and the SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2002, as set forth on EXHIBIT B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Division of Environmental Protection (the "DEP), and upon the terms and conditions prescribed by, and otherwise in compliance with, the SRF Loan Agreement by and among the Issuer, the Authority and the DEP, dated February 24, 2000.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); (ii) to fund a reserve account for the Bonds of this Series (the "Bonds"); (iii) to pay in full the Issuer's Combined Waterworks and Sewerage System Bond Anticipation Notes, Series 1997, dated September 25, 1997, in the original aggregate principal amount of $1,000,000, heretofore issued to pay a portion of the costs of design, acquisition and construction of the Project; and (iv) to pay certain costs of issuance hereof and related costs. The existing public combined waterworks and sewerage system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on February 22, 2000, and a Supplemental Resolution duly adopted by the Issuer on March 6, 2000 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

PRIOR TO THE ISSUANCE OF THE ISSUER'S COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2000 A, ON APRIL 1, 2000, IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,500,000 (THE "SERIES 2000 A BONDS"), THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1990, DATED MARCH 1, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,100,000 (THE "SERIES 1990 BONDS"), AND THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 C (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED MARCH 15, 2000, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $225,000 (THE "SERIES 2000 C BONDS").

IF THE SERIES 2000 A BONDS ARE ISSUED ON APRIL 1, 2000, THIS BOND SHALL ON AND AFTER SUCH DATE BE ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S TAXABLE COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1998 B, DATED NOVEMBER 1, 1998, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL

AMOUNT OF $170,000 (THE "SERIES 1998 B BONDS"), THE SERIES 2000 A BONDS AND THE SERIES 2000 C BONDS.

IF THE SERIES 2000 A BONDS ARE NOT ISSUED ON APRIL 1, 2000, THIS BOND SHALL ON AND AFTER SUCH DATE BE ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S SERIES 1990 BONDS, SERIES 1998 B BONDS AND SERIES 2000 C 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 Series 1990 Bonds until the issuance of the Series 2000 A Bonds on April 1, 2000, at which time, if the Series 2000 A Bonds are issued on such date, then this Bond shall be on a parity with the Holders of the Series 1998 B Bonds, the Series 2000 A Bonds and the Series 2000 C Bonds, but if the Series 2000 A Bonds are not issued on such date, then this Bond shall be on a parity with the Holders of the Series 1990 Bonds, the Series 1998 B Bonds and the Series 2000 C Bonds, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2000 B Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay all operating expenses of the System and 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 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 2000 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 125% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, so long as the Series 1990 Bonds are outstanding, and thereafter, 120% of such amount so long as the Series 1998 B Bonds and the Series 2000 A Bonds are outstanding, and thereafter, 115%; provided however, that, so long as there exists in the Series 2000 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 the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding prior to or on a parity with the Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are

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

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance 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 in the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

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

IN WITNESS WHEREOF, the CITY OF ST. ALBANS has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its City Clerk, and has caused this Bond to be dated March 15, 2000.

[SEAL]

L. O. Gus

Mayor

SPECIMEN

ATTEST:

Barbara Cunningham

City Clerk

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2000 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: March 15, 2000.

ONE VALLEY BANK, NATIONAL ASSOCIATION, as Registrar

SPECIMEN

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$2,285,141	03/15/00	(19)$		
(2)	$		(20)$		
(3)	$		(21)$		
(4)	$		(22)$		
(5)	$		(23)$		
(6)	$		(24)$		
(7)	$		(25)$		
(8)	$		(26)$		
(9)	$		(27)$		
(10)	$		(28)$		
(11)	$		(29)$		
(12)	$		(30)$		
(13)	$		(31)$		
(14)	$		(32)$		
(15)	$		(33)$		
(16)	$		(34)$		
(17)	$		(35)$		
(18)	$		(36)$		

TOTAL $

EXHIBIT B

City of St. Albans (West Virginia)

Loan of $16,281,000

20 Years, 2% Interest Rate, 1% Administrative Fee

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
6/01/2000	-	-	-	-
9/01/2000	-	-	-	-
12/01/2000	-	-	-	-
3/01/2001	-	-	-	-
6/01/2001	-	-	-	-
9/01/2001	-	-	-	-
12/01/2001	-	-	-	-
3/01/2002	-	-	-	-
6/01/2002	-	-	-	-
9/01/2002	166,018.00	2.000%	81,405.00	247,423.00
12/01/2002	166,848.00	2.000%	80,574.91	247,422.91
3/01/2003	167,682.00	2.000%	79,740.67	247,422.67
6/01/2003	168,521.00	2.000%	78,902.26	247,423.26
9/01/2003	169,363.00	2.000%	78,059.66	247,422.66
12/01/2003	170,210.00	2.000%	77,212.84	247,422.84
3/01/2004	171,061.00	2.000%	76,361.79	247,422.79
6/01/2004	171,916.00	2.000%	75,506.49	247,422.49
9/01/2004	172,776.00	2.000%	74,646.91	247,422.91
12/01/2004	173,640.00	2.000%	73,783.03	247,423.03
3/01/2005	174,508.00	2.000%	72,914.83	247,422.83
6/01/2005	175,381.00	2.000%	72,042.29	247,423.29
9/01/2005	176,258.00	2.000%	71,165.38	247,423.38
12/01/2005	177,139.00	2.000%	70,284.09	247,423.09
3/01/2006	178,025.00	2.000%	69,398.40	247,423.40
6/01/2006	178,915.00	2.000%	68,508.27	247,423.27
9/01/2006	179,809.00	2.000%	67,613.70	247,422.70
12/01/2006	180,708.00	2.000%	66,714.65	247,422.65
3/01/2007	181,612.00	2.000%	65,811.11	247,423.11
6/01/2007	182,520.00	2.000%	64,903.05	247,423.05
9/01/2007	183,432.00	2.000%	63,990.45	247,422.45
12/01/2007	184,350.00	2.000%	63,073.29	247,423.29
3/01/2008	185,271.00	2.000%	62,151.54	247,422.54
6/01/2008	186,198.00	2.000%	61,225.19	247,423.19
9/01/2008	187,129.00	2.000%	60,294.20	247,423.20
12/01/2008	188,064.00	2.000%	59,358.55	247,422.55
3/01/2009	189,005.00	2.000%	58,418.23	247,423.23
6/01/2009	189,950.00	2.000%	57,473.21	247,423.21
9/01/2009	190,899.00	2.000%	56,523.46	247,422.46
12/01/2009	191,854.00	2.000%	55,568.96	247,422.96
3/01/2010	192,813.00	2.000%	54,609.69	247,422.69
6/01/2010	193,777.00	2.000%	53,645.63	247,422.63
9/01/2010	194,746.00	2.000%	52,676.74	247,422.74
12/01/2010	195,720.00	2.000%	51,703.01	247,423.01
3/01/2011	196,699.00	2.000%	50,724.41	247,423.41
6/01/2011	197,682.00	2.000%	49,740.92	247,422.92
9/01/2011	198,670.00	2.000%	48,752.51	247,422.51

City of St. Albans (West Virginia)

Loan of $16,281,000

20 Years, 2% Interest Rate, 1% Administrative Fee

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
12/01/2011	199,664.00	2.000%	47,759.16	247,423.16
3/01/2012	200,662.00	2.000%	46,760.84	247,422.84
6/01/2012	201,665.00	2.000%	45,757.53	247,422.53
9/01/2012	202,674.00	2.000%	44,749.20	247,423.20
12/01/2012	203,687.00	2.000%	43,735.83	247,422.83
3/01/2013	204,706.00	2.000%	42,717.40	247,423.40
6/01/2013	205,729.00	2.000%	41,693.87	247,422.87
9/01/2013	206,758.00	2.000%	40,665.22	247,423.22
12/01/2013	207,792.00	2.000%	39,631.43	247,423.43
3/01/2014	208,830.00	2.000%	38,592.47	247,422.47
6/01/2014	209,875.00	2.000%	37,548.32	247,423.32
9/01/2014	210,924.00	2.000%	36,498.95	247,422.95
12/01/2014	211,979.00	2.000%	35,444.33	247,423.33
3/01/2015	213,039.00	2.000%	34,384.43	247,423.43
6/01/2015	214,104.00	2.000%	33,319.24	247,423.24
9/01/2015	215,174.00	2.000%	32,248.72	247,422.72
12/01/2015	216,250.00	2.000%	31,172.85	247,422.85
3/01/2016	217,331.00	2.000%	30,091.60	247,422.60
6/01/2016	218,418.00	2.000%	29,004.94	247,422.94
9/01/2016	219,510.00	2.000%	27,912.85	247,422.85
12/01/2016	220,608.00	2.000%	26,815.30	247,423.30
3/01/2017	221,711.00	2.000%	25,712.26	247,423.26
6/01/2017	222,819.00	2.000%	24,603.71	247,422.71
9/01/2017	223,933.00	2.000%	23,489.61	247,422.61
12/01/2017	225,053.00	2.000%	22,369.95	247,422.95
3/01/2018	226,178.00	2.000%	21,244.68	247,422.68
6/01/2018	227,309.00	2.000%	20,113.79	247,422.79
9/01/2018	228,446.00	2.000%	18,977.25	247,423.25
12/01/2018	229,588.00	2.000%	17,835.02	247,423.02
3/01/2019	230,736.00	2.000%	16,687.08	247,423.08
6/01/2019	231,890.00	2.000%	15,533.40	247,423.40
9/01/2019	233,049.00	2.000%	14,373.95	247,422.95
12/01/2019	234,214.00	2.000%	13,208.70	247,422.70
3/01/2020	235,385.00	2.000%	12,037.63	247,422.63
6/01/2020	236,562.00	2.000%	10,860.71	247,422.71
9/01/2020	237,745.00	2.000%	9,677.90	247,422.90
12/01/2020	238,934.00	2.000%	8,489.17	247,423.17
3/01/2021	240,128.00	2.000%	7,294.50	247,422.50
6/01/2021	241,329.00	2.000%	6,093.86	247,422.86
9/01/2021	242,536.00	2.000%	4,887.22	247,423.22
12/01/2021	243,748.00	2.000%	3,674.54	247,422.54
3/01/2022	244,967.00	2.000%	2,455.80	247,422.80
6/01/2022	246,192.00	2.000%	1,230.96	247,422.96
Total	16,281,000.00		3,512,835.49	19,793,835.49 *

*Plus $21,955.23 one-percent administrative fee paid quarterly. Total fee paid over the life of the loan is $1,756,418.40.

City of St. Albans (West Virginia)

Loan of $16,281,000

20 Years, 2% Interest Rate, 1% Administrative Fee

DEBT SERVICE SCHEDULE

YIELD STATISTICS

Accrued Interest from 03/15/2000 to 03/15/2000	(719,982.00)
Bond Year Dollars	$211,640.87
Average Life	12.999 Years
Average Coupon	1.6598096%
Net Interest Cost (NIC)	1.6598096%
True Interest Cost (TIC)	2.0146737%
Bond Yield for Arbitrage Purposes	2.0146737%
All Inclusive Cost (AIC)	2.8211984%

IRS FORM 8038

Net Interest Cost	2.0000001%
Weighted Average Maturity	12.999 Years

(Form of)

ASSIGNMENT

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

_____

_____

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

Dated: _____, _____.

_____

In the presence of:

_____

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF ST. ALBANS
COMBINED WATERWORKS AND SEWERAGE
SYSTEM REVENUE BONDS,
SERIES 2000 C
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. CR-1 $225,000

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF ST. ALBANS, a municipal corporation and political subdivision of the State of West Virginia in Kanawha County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of TWO HUNDRED TWENTY FIVE THOUSAND DOLLARS ($225,000), in annual installments on October 1 of each year, beginning October 1, 2001, as set forth on the "Debt Service Schedule" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest 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, such interest shall be payable semiannually on April 1 and October 1 of each year, beginning October 1, 2000, as set forth on Exhibit A attached hereto. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and upon the terms and conditions prescribed by, and otherwise in compliance with, the WDA Loan Agreement between the Issuer and the Authority, dated March 15, 2000.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the sewerage

portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); (ii) to fund a reserve account for the Bonds of this Series (the "Bonds"); and (iii) to pay certain costs of issuance hereof and related costs. The existing public combined waterworks and sewerage system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on February 22, 2000, and a Supplemental Resolution duly adopted by the Issuer on March 6, 2000 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

PRIOR TO THE ISSUANCE OF THE ISSUER'S COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2000 A, ON APRIL 1, 2000, IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,500,000 (THE "SERIES 2000 A BONDS"), THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1990, DATED MARCH 1, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,100,000 (THE "SERIES 1990 BONDS"), AND THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA SRF PROGRAM), DATED MARCH 15, 2000, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $16,281,000 (THE "SERIES 2000 B BONDS").

IF THE SERIES 2000 A BONDS ARE ISSUED ON APRIL 1, 2000, THIS BOND SHALL ON AND AFTER SUCH DATE BE ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S TAXABLE COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1998 B, DATED NOVEMBER 1, 1998, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $170,000 (THE "SERIES 1998 B BONDS"), THE SERIES 2000 A BONDS AND THE SERIES 2000 B BONDS.

IF THE SERIES 2000 A BONDS ARE NOT ISSUED ON APRIL 1, 2000, THIS BOND SHALL ON AND AFTER SUCH DATE BE ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S SERIES 1990 BONDS, SERIES 1998 B BONDS AND SERIES 2000 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 Series 1990 Bonds until the issuance of the Series 2000 A Bonds on April 1, 2000, at which time, if the Series 2000 A Bonds are issued on such date, then this Bond shall be on a parity with the Holders of the Series 1998 B Bonds, the Series 2000 A Bonds and the Series 2000 B Bonds, but if the Series 2000 A Bonds are not issued on such date, then this Bond shall be on a parity with the Holders of the Series 1990 Bonds, the Series 1998 B Bonds and the Series 2000 B Bonds, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2000 C Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay all operating expenses of the System and 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 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 2000 C Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 125% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, so long as the Series 1990 Bonds are outstanding, and thereafter, 120% of such amount so long as the Series 1998 B Bonds and the Series 2000 A Bonds are outstanding, and thereafter, 115%; provided however, that, so long as there exists in the Series 2000 C Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding prior to or on a parity with the Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance 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 in the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

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

IN WITNESS WHEREOF, the CITY OF ST. ALBANS has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its City Clerk, and has caused this Bond to be dated March 15, 2000.

[SEAL]

L. O. Russell Jr.
Mayor

SPECIMEN

ATTEST:

Barbara Cunningham
City Clerk

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2000 C Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: March 15, 2000.

ONE VALLEY BANK, NATIONAL ASSOCIATION, as Registrar

SPECIMEN

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$225.0000	03/15/00	(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 $ 225.000

EXHIBIT A

City of St. Albans (West Virginia)

WDA Loan (Loan Program II, 1999 Series A) of $225,000
20 Years, 5.8% Interest Rate
Closing Date: March 15, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
4/01/2000	-	-	-	-
10/01/2000	-	-	7,105.00	7,105.00
4/01/2001	-	-	6,525.00	6,525.00
10/01/2001	6,249.00	5.800%	6,525.00	12,774.00
4/01/2002	-	-	6,343.78	6,343.78
10/01/2002	6,612.00	5.800%	6,343.78	12,955.78
4/01/2003	-	-	6,152.03	6,152.03
10/01/2003	6,995.00	5.800%	6,152.03	13,147.03
4/01/2004	-	-	5,949.18	5,949.18
10/01/2004	7,401.00	5.800%	5,949.18	13,350.18
4/01/2005	-	-	5,734.55	5,734.55
10/01/2005	7,830.00	5.800%	5,734.55	13,564.55
4/01/2006	-	-	5,507.48	5,507.48
10/01/2006	8,284.00	5.800%	5,507.48	13,791.48
4/01/2007	-	-	5,267.24	5,267.24
10/01/2007	8,765.00	5.800%	5,267.24	14,032.24
4/01/2008	-	-	5,013.06	5,013.06
10/01/2008	9,273.00	5.800%	5,013.06	14,286.06
4/01/2009	-	-	4,744.14	4,744.14
10/01/2009	9,811.00	5.800%	4,744.14	14,555.14
4/01/2010	-	-	4,459.62	4,459.62
10/01/2010	10,380.00	5.800%	4,459.62	14,839.62
4/01/2011	-	-	4,158.60	4,158.60
10/01/2011	10,982.00	5.800%	4,158.60	15,140.60
4/01/2012	-	-	3,840.12	3,840.12
10/01/2012	11,619.00	5.800%	3,840.12	15,459.12
4/01/2013	-	-	3,503.17	3,503.17
10/01/2013	12,293.00	5.800%	3,503.17	15,796.17
4/01/2014	-	-	3,146.67	3,146.67
10/01/2014	13,006.00	5.800%	3,146.67	16,152.67
4/01/2015	-	-	2,769.50	2,769.50
10/01/2015	13,760.00	5.800%	2,769.50	16,529.50
4/01/2016	-	-	2,370.46	2,370.46
10/01/2016	14,559.00	5.800%	2,370.46	16,929.46
4/01/2017	-	-	1,948.25	1,948.25
10/01/2017	15,403.00	5.800%	1,948.25	17,351.25
4/01/2018	-	-	1,501.56	1,501.56
10/01/2018	16,296.00	5.800%	1,501.56	17,797.56
4/01/2019	-	-	1,028.98	1,028.98
10/01/2019	17,241.00	5.800%	1,028.98	18,269.98
4/01/2020	-	-	528.99	528.99
10/01/2020	18,241.00	5.800%	528.99	18,769.99
Total	225,000.00	-	168,089.76	393,089.76

City of St. Albans (West Virginia)

WDA Loan (Loan Program II, 1999 Series A) of $225,000
20 Years, 5.8% Interest Rate
Closing Date: March 15, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
10/01/2000	-	-	7,105.00	7,105.00
10/01/2001	6,249.00	5.800%	13,050.00	19,299.00
10/01/2002	6,612.00	5.800%	12,687.56	19,299.56
10/01/2003	6,995.00	5.800%	12,304.06	19,299.06
10/01/2004	7,401.00	5.800%	11,898.36	19,299.36
10/01/2005	7,830.00	5.800%	11,469.10	19,299.10
10/01/2006	8,284.00	5.800%	11,014.96	19,298.96
10/01/2007	8,765.00	5.800%	10,534.48	19,299.48
10/01/2008	9,273.00	5.800%	10,026.12	19,299.12
10/01/2009	9,811.00	5.800%	9,488.28	19,299.28
10/01/2010	10,380.00	5.800%	8,919.24	19,299.24
10/01/2011	10,982.00	5.800%	8,317.20	19,299.20
10/01/2012	11,619.00	5.800%	7,680.24	19,299.24
10/01/2013	12,293.00	5.800%	7,006.34	19,299.34
10/01/2014	13,006.00	5.800%	6,293.34	19,299.34
10/01/2015	13,760.00	5.800%	5,539.00	19,299.00
10/01/2016	14,559.00	5.800%	4,740.92	19,299.92
10/01/2017	15,403.00	5.800%	3,896.50	19,299.50
10/01/2018	16,296.00	5.800%	3,003.12	19,299.12
10/01/2019	17,241.00	5.800%	2,057.96	19,298.96
10/01/2020	18,241.00	5.800%	1,057.98	19,298.98
Total	225,000.00	-	168,089.76	393,089.76

City of St. Albans (West Virginia)

WDA Loan (Loan Program II, 1999 Series A) of $225,000
20 Years, 5.8% Interest Rate
Closing Date: March 15, 2000

DEBT SERVICE SCHEDULE

YIELD STATISTICS

Bond Year Dollars	$2,898.10
Average Life	12.880 Years
Average Coupon	5.8000006%
Net Interest Cost (NIC)	5.8000006%
True Interest Cost (TIC)	5.7995428%
Bond Yield for Arbitrage Purposes	5.7995428%
All Inclusive Cost (AIC)	5.7995428%

IRS FORM 8038

Net Interest Cost	5.8000006%
Weighted Average Maturity	12.880 Years

(Form of)

ASSIGNMENT

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

_____

_____

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

Dated: _____, _____.

_____

In the presence of:

_____

STEPTOE & JOHNSON

ATTORNEYS AT LAW

BANK ONE CENTER

SEVENTH FLOOR

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WRITER'S DIRECT DIAL NUMBER

March 15, 2000

City of St. Albans
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2000 B (West Virginia SRF Program)

City of St. Albans
St. Albans, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Division of
Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by the City of St. Albans (the "Issuer"), a municipal corporation and political subdivision organized and existing under the laws of the State of West Virginia, of its $16,281,0000 Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 B (West Virginia SRF Program), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated February 24, 2000, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Division of Environmental Protection (the "DEP"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one Bond, registered as to principal and interest to the Authority, with interest at the rate of 2% per annum, and with principal installments and interest payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2002, and ending June 1, 2022, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the

sewerage portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); (ii) funding a reserve account for the Bonds; (iii) paying in full the Issuer's Combined Waterworks and Sewerage System Bond Anticipation Note, Series 1997, dated September 25, 1997, heretofore issued in the original aggregate principal amount of $1,000,000, to pay a portion of the costs of design, acquisition and construction of the Project; and (iv) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Bond Ordinance duly enacted by the Issuer on February 22, 2000, as supplemented by a Supplemental Resolution duly adopted by the Issuer on March 6, 2000 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreement has been 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 Bond Legislation and the Loan Agreement.

In connection with the issuance of the Bonds, the Issuer has executed a Certificate as to Use of Proceeds, dated as of the date hereof (the "Certificate as to Use of Proceeds"), which, among other things, sets forth restrictions on the expenditure of the Bond proceeds and earnings thereon, to ensure that the Bonds are and will continue to be public purpose bonds as defined in the Internal Revenue Code of 1986, as amended, and regulations thereunder (collectively, the "Code").

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 municipal corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System, to enact the Bond Legislation and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

2. The Loan Agreement has been duly authorized by and executed on behalf of the Issuer, is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof, and inures to the benefit of the Authority and 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 Issuer without the written consent of the Authority and the DEP.

3. The Bond Legislation and all other necessary ordinances and resolutions have been duly and effectively enacted and adopted by the Issuer in connection

with the issuance and sale of the Bonds and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms. The Bond Legislation contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Bond Legislation and secured by a first lien on and pledge of the Net Revenues of the System on a parity with the Issuer's Waterworks and Sewerage System Refunding Revenue Bonds, Series 1990, dated March 1, 1990, issued in the original aggregate principal amount of $3,100,000 (the "Series 1990 Bonds") and the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 C (West Virginia Water Development Authority), issued concurrently herewith in the original aggregate principal amount of $225,000, all in accordance with the terms of the Bonds and the Bond Legislation. Based upon the certificate of the certified public accountant dated the date hereof, the Issuer has met the coverage and parity requirements for issuance of parity bonds of the Series 1990 Bonds and Series 2000 C Bonds.

There are also outstanding the Issuer's Taxable Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1998 A, dated November 1, 1998, issued in the original aggregate principal amount of $2,500,000 (the "Series 1998 A Bonds"), and the Taxable Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1998 B, dated November 1, 1998, issued in the original aggregate principal amount of $170,000 (the "Series 1998 B Bonds"). Prior to April 1, 2000, the Series 1998 A Bonds and the Series 1998 B Bonds are payable from an escrow fund (the "Escrow Fund") and are not secured by a pledge of the revenues to be derived from the operation of the System.

On April 1, 2000, moneys in the Escrow Fund will be used for the simultaneous special mandatory redemption of the Series 1998 A Bonds and the purchase of the Issuer's Tax-Exempt Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2000 A, anticipated to be issued on April 1, 2000, in the original aggregate principal amount of $2,500,000 (the "Series 2000 A Bonds"), and the proceeds of the Series 2000 A Bonds will be used to currently refund the Series 1990 Bonds and defease the lien of the 1990 Ordinance on such date.

If the Series 2000 A Bonds are issued, then on and after April 1, 2000, the Series 1998 B Bonds, the Series 2000 A Bonds, the Series 2000 B Bonds and the Series 2000 C Bonds will be on a parity with each other.

If the Series 2000 A Bonds are not issued, the Series 1998 A Bonds shall be subject to mandatory tender on April 1, 2000, and the Series 1990 Bonds will not be refunded. In such event, on and after April 1, 2000, the Series 1990 Bonds, the Series 1998 B Bonds, the Series 2000 B Bonds and the Series 2000 C Bonds will be on a parity with each other.

5. The Bonds have not been issued on the basis that the interest thereon is or will be excluded from gross income for federal income tax purposes. We express no opinion regarding the federal tax consequences arising with respect to the Bonds.

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

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds, the Loan Agreement and the Bond Legislation, and the liens and pledges set forth therein, may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

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

Very truly yours,



STEPTOE & JOHNSON

03/08/00
858350/98001

STEPTOE & JOHNSON

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WRITER'S DIRECT DIAL NUMBER

March 15, 2000

City of St. Albans
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2000 C (West Virginia Water Development Authority)

City of St. Albans
St. Albans, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by the City of St. Albans (the "Issuer"), a municipal corporation and political subdivision organized and existing under the laws of the State of West Virginia, of its $225,000 Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 C (West Virginia Water Development Authority), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated March 15, 2000, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one Bond, registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, commencing October 1, 2000, at the rate of 5.8% per annum, and with principal installments payable on October I of each year, commencing October 1, 2001, and ending October 1, 2020, all as set forth in the "Schedule X" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); (ii) funding a reserve account for the Bonds; and (iii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Bond Ordinance duly enacted by the Issuer on February 22, 2000, as supplemented by a Supplemental Resolution duly adopted by the Issuer on March 6, 2000 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreement has been 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 Bond Legislation and the Loan Agreement.

In connection with the issuance of the Bonds, the Issuer has executed a Certificate as to Arbitrage, dated as of the date hereof (the "Certificate as to Arbitrage"), which, among other things, sets forth restrictions on the investment and expenditure of the Bond proceeds and earnings thereon, to ensure that the arbitrage requirements of the Internal Revenue Code of 1986, as amended, and regulations thereunder (collectively, the "Code"), necessary to establish and maintain the excludability of interest on the Bonds from gross income for federal income tax purposes, are and will continue to be met.

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 municipal corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System, to enact the Bond Legislation and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

2. The Loan Agreement has been duly authorized by and executed on behalf of the Issuer, is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof, and inures to the benefit of the Authority and cannot be amended so as to affect adversely the rights of the Authority or diminish the obligations of the Issuer without the written consent of the Authority.

3. The Bond Legislation and all other necessary ordinances and resolutions have been duly and effectively enacted and adopted by the Issuer in connection with the issuance and sale of the Bonds and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms. The Bond Legislation contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special

obligations of the Issuer, payable from the Net Revenues of the System referred to in the Bond Legislation and secured by a first lien on and pledge of the Net Revenues of the System on a parity with the Issuer's Waterworks and Sewerage System Refunding Revenue Bonds, Series 1990, dated March 1, 1990, issued in the original aggregate principal amount of $3,100,000 (the "Series 1990 Bonds") and the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 B (West Virginia SRF Program), issued concurrently herewith in the original aggregate principal amount of $16,281,000, all in accordance with the terms of the Bonds and the Bond Legislation. Based upon the certificate of the certified public accountant dated the date hereof, the Issuer has met the coverage and parity requirements for issuance of parity bonds of the Series 1990 Bonds and Series 2000 B Bonds.

There are also outstanding the Issuer's Taxable Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1998 A, dated November 1, 1998, issued in the original aggregate principal amount of $2,500,000 (the "Series 1998 A Bonds"), and the Taxable Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1998 B, dated November 1, 1998, issued in the original aggregate principal amount of $170,000 (the "Series 1998 B Bonds"). Prior to April 1, 2000, the Series 1998 A Bonds and the Series 1998 B Bonds are payable from an escrow fund (the "Escrow Fund") and are not secured by a pledge of the revenues to be derived from the operation of the System.

On April 1, 2000, moneys in the Escrow Fund will be used for the simultaneous special mandatory redemption of the Series 1998 A Bonds and the purchase of the Issuer's Tax-Exempt Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2000 A, anticipated to be issued on April 1, 2000, in the original aggregate principal amount of $2,500,000 (the "Series 2000 A Bonds"), and the proceeds of the Series 2000 A Bonds will be used to currently refund the Series 1990 Bonds and defease the lien of the 1990 Ordinance on such date.

If the Series 2000 A Bonds are issued, then on and after April 1, 2000, the Series 1998 B Bonds, the Series 2000 A Bonds, the Series 2000 B Bonds and the Series 2000 C Bonds will be on a parity with each other.

If the Series 2000 A Bonds are not issued, the Series 1998 A Bonds shall be subject to mandatory tender on April 1, 2000, and the Series 1990 Bonds will not be refunded. In such event, on and after April 1, 2000, the Series 1990 Bonds, the Series 1998 B Bonds, the Series 2000 B Bonds and the Series 2000 C Bonds will be on a parity with each other.

5. Under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Bonds (a) is

excludable from gross income of the owners thereof for federal income tax purposes pursuant to the Code and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations under the Code. It should be noted, however, that interest on the Bonds is included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax that may be imposed with respect to corporations. The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Code that must be satisfied subsequent to issuance of the Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Bonds set forth in the Bond Legislation and the Certificate as to Arbitrage, and other certificates delivered in connection with the issuance of the Bonds. Failure to comply with certain of such Code provisions or such certifications, covenants and representations could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. Except as set forth in paragraph 6 below, we express no opinion regarding other federal tax consequences arising with respect to the Bonds.

6. Based upon the certifications of the Issuer set forth in the Certificate as to Arbitrage and under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, the proceeds of the Bonds are not subject to the arbitrage rebate requirements set forth in Section 148(f) of the Code. The opinion set forth above is subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Code relating to the applicable exceptions to rebate. The Issuer has covenanted to comply with all such requirements. Failure to comply with such requirements could cause proceeds of the Bonds to be subject to such arbitrage rebate requirements retroactive to the date of issuance of the Bonds.

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

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds, the Loan Agreement and the Bond Legislation, and the liens and pledges set forth therein, may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

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

Very truly yours,

STEPTOE & JOHNSON

03/08/00
858350/98001

Caldwell Cannon-Ryan & Riffee
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Joseph W. Caldwell
Susan Cannon-Ryan
Charles A. Riffee, II
Mary Jane Pickens
Shari L. Collias

March 15, 2000

City of St. Albans
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2000 B (West Virginia SRF Program) and
Series 2000 C (West Virginia Water Development Authority)

City of St. Albans
St. Albans, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Division of
Environmental Protection
Charleston, West Virginia

Steptoe & Johnson
Charleston, West Virginia

Ladies and Gentlemen:

We serve as the City Attorney of the City of St. Albans in Kanawha County, West Virginia (the "Issuer"). As such counsel, we have examined copies of the approving opinions of Steptoe & Johnson, as bond counsel, a loan agreement for the Series 2000 B Bonds, dated February 24, 2000, including all schedules and exhibits attached thereto, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection (the "DEP"), a loan agreement for the Series 2000 C Bonds, dated March 15, 2000, including all schedules and exhibits attached thereto, by and between the Issuer and the Authority (collectively, the "Loan Agreement"), a Bond Ordinance duly enacted by the Issuer on February 22, 2000, as supplemented by a Supplemental Resolution duly adopted by the Issuer on March 6, 2000 (collectively, the "Bond Legislation"), and other documents relating to the above-captioned Bonds of the Issuer (the "Bonds"). Capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Loan Agreement when used herein.

We are of the opinion that:

1. The Issuer has been duly created and is validly existing as a municipal corporation and political subdivision of the State of West Virginia, and the Mayor, City Clerk and members of the council of the Issuer and the Municipal Utility Commission have been duly and properly elected or appointed, as

applicable, have taken the requisite oaths, and are authorized to act on behalf of the Issuer in their respective capacities.

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

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

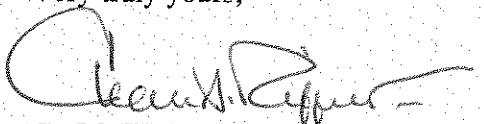
4. The Issuer has duly enacted the ordinances prescribing the rates and charges of the System.

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

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

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

Very truly yours,



CALDWELL, CANNON-RYAN & RIFFEE

03/07/00
858350/98001

HANNA & BONHAM
ATTORNEYS AT LAW

H. WYATT HANNA, III
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March 15, 2000

Municipal Utility Commission of the
City of St. Albans
P.O. Box 1270
St. Albans, WV 25177

City of St. Albans
P.O. Box 1488
St. Albans, WV 25177

WV Water Development Authority
180 Association Drive
Charleston, WV 25311

WV Division of Environmental Protection
Office of Water Resources
617 Broad Street
Charleston, WV 25301

Steptoe & Johnson
P.O. Box 1588
Charleston, WV 25326-1588

RE: City of St. Albans
Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 B (West Virginia SRF Program) and Series 2000 C (West Virginia Water Development Authority)

Ladies and Gentlemen:

We are Counsel to the Municipal Utility Commission (the "Board") of the City of St. Albans in Kanawha County, West Virginia (the "Issuer"). As such Counsel, we have examined copies of the approving opinions of Steptoe & Johnson, as Bond Counsel, a Loan Agreement for the Series 2000 B Bonds, dated February 24, 2000, including all schedules and exhibits attached thereto, by and among the Issuer, The West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection (the "DEP"), a Loan Agreement for the Series 2000 C Bonds, dated March 15, 2000, including all schedules and exhibits attached thereto, by and between the Issuer and the Authority

(collectively, the "Loan Agreement"), a Bond Ordinance duly enacted by the Issuer on February 22, 2000, as supplemented by a Supplemental Resolution duly adopted by the Issuer on March 6, 2000, (collectively, the "Bond Legislation"), and other documents relating to the above captioned Bonds of the Issuer (the "Bonds"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Loan Agreement when used herein.

We are of the Opinion that:

1. The Board has been duly created and is validly existing and the members of the Board have been duly and properly elected or appointed, as applicable, have taken the requisite oaths, and are authorized to act on behalf of the Board in their respective capacities.

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

3. The Issuer has received all permits, licenses, approvals, exemptions, consents, registrations, certificates and authorizations necessary for the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges for use of the System, including, without limitation, the receipt of all requisite orders and approvals from the Public Service Commission of West Virginia, the DEP and the West Virginia Infrastructure and Jobs Development Council, and has taken any other action required for the imposition of such rates and charges, including, without limitation, the enactment of an ordinance prescribing such rates and charges. The Issuer has received the Recommended Decision of the Public Service Commission of West Virginia dated January 18, 2000, and the Commission Order from the Public Service Commission

of West Virginia entered on March 13, 2000, in Case No. 99-0924-S-CN, granting the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the project. The time for appeal of such Commission Order has not expired prior to the date hereof. The parties to such Commission Order have stated that they will not appeal said Commission Order. Commission Orders are not appealable by any person who was not a party thereto.

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

5. Based upon our review of the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project, we are of the opinion that such surety bonds and policies (1) are in compliance with the contracts; (2) are adequate in form, substance and amount to protect the various interests of the Issuer; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act, the Bond Legislation and the Loan Agreement; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

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

Sincerely,

H. Wyatt Hanna, III

HWHIII/rb

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ATTORNEYS AT LAW

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March 15, 2000

Municipal Utility Commission of the
City of St. Albans
P.O. Box 1270
St. Albans, WV 25177

City of St. Albans
P.O. Box 1488
St. Albans, WV 25177

WV Water Development Authority
180 Association Drive
Charleston, WV 25311

WV Division of Environmental Protection
Office of Water Resources
617 Broad Street
Charleston, WV 25301

Steptoe & Johnson
P.O. Box 1588
Charleston, WV 25326-1588

RE: City of St. Albans
Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 B (West Virginia SRF Program) and Series 2000 C (West Virginia Water Development Authority)

Ladies and Gentlemen:

FINAL TITLE OPINION

This firm represents the Municipal Utility Commission of the City of St. Albans ("MUC") with regard to the above referenced matter. This Title Opinion is being provided to you to satisfy the requirements with regard to the loans through the West Virginia State Revolving Loan Fund Program and the West Virginia Water Development Authority. As such, please be advised of the following:

WV MUNICIPAL BOND COMMISSION
812 Quarrier Street
Suite 300
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: March 15, 2000

ISSUE: City of St. Albans Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 B (West Virginia SRF Program)

ADDRESS: Post Office Box 1270, St. Albans, West Virginia 25177 COUNTY: Kanawha

PURPOSE OF ISSUE: New Money: X
Refunding: _____ REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: March 15, 2000 CLOSING DATE: March 15, 2000

ISSUE AMOUNT: $16,281,000 RATE: 2%; 1% Administrative Fee

1ST DEBT SERVICE DUE: September 1, 2002 1ST PRINCIPAL DUE: September 1, 2002

1ST DEBT SERVICE AMOUNT: $247,423 PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: Steptoe & Johnson
Contact Person: Vincent A. Collins, Esquire
Phone: (304) 624-8161

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

CLOSING BANK: One Valley Bank, National Association
Contact Person: Laura Stanley
Phone: (304) 722-0300

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: James Wesolowski
Position: General Manager
Phone: (304) 722-3355

OTHER: WV Division of Environmental Protection
Contact Person: Rosalie Brodersen
Function: Branch Leader
Phone: (304) 558-0637

DEPOSITS TO MBC AT CLOSE:
By: ___ Wire
X Check

___ Accrued Interest: $_____
___ Capitalized Interest: $_____
X Reserve Account: $989,696
___ Other: _____ $_____

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: ___ Wire
___ Check
___ IGT

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

NOTES: _____

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

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

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

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

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

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

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

WV MUNICIPAL BOND COMMISSION
812 Quarrier Street
Suite 300
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: March 15, 2000

ISSUE: City of St. Albans Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 C (West Virginia Water Development Authority)

ADDRESS: Post Office Box 1270, St. Albans, West Virginia 25177 COUNTY: Kanawha

PURPOSE OF ISSUE: New Money: X
Refunding: ____

REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: March 15, 2000 CLOSING DATE: March 15, 2000

ISSUE AMOUNT: $225,000 RATE: 5.8%

1ST DEBT SERVICE DUE: October1, 2000 1ST PRINCIPAL DUE: October 1, 2001

1ST DEBT SERVICE AMOUNT: $7,105 PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: Steptoe & Johnson
Contact Person: Vincent A. Collins, Esquire
Phone: (304) 624-8161

UNDERWRITERS COUNSEL: Jackson & Kelly
Contact Person: Samme Gee, Esquire
Phone: (304) 340-1310

CLOSING BANK: One Valley Bank, National Association
Contact Person: Laura Stanley
Phone: (304) 722-0300

ESCROW TRUSTEE: ____
Contact Person: ____
Phone: ____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: James Wesolowski
Position: General Manager
Phone: (304) 722-3355

OTHER: WV Water Development Authority
Contact Person: Daniel B. Yonkosky
Function: Director
Phone: (304) 558-3612

DEPOSITS TO MBC AT CLOSE:
By: ____ Wire
X Check

____ Accrued Interest: $____
____ Capitalized Interest: $____
X Reserve Account: $ 19,300
____ Other: ____ $____

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: ____ Wire
____ Check
____ IGT

____ To Escrow Trustee: $____
____ To Issuer $____
____ To Cons. Invest. Fund $____
____ To Other: ____ $____

NOTES: ____

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

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

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

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

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

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

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

CITY OF ST. ALBANS

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2000 B (West Virginia SRF Program) and
Series 2000 C (West Virginia Water Development Authority)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

One Valley Bank, National Association, St. Albans, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Ordinance of the City of St. Albans (the "Issuer") enacted by the Issuer on February 22, 2000, and a Supplemental Resolution adopted by the Issuer on March 6, 2000 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 B (West Virginia SRF Program) and Combined Waterworks and Sewerage System Revenue Bonds Series 2000 C, both dated March 15, 2000, in the respective aggregate principal amounts of $16,281,000 and $225,000 (collectively the "Bonds"), and agrees to serve as Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

WITNESS my signature on this 15th day of March, 2000.

ONE VALLEY BANK, NATIONAL
ASSOCIATION

Stephanie J Cook

Its Assistant Vice President

03/10/00
858350/98001

CITY OF ST. ALBANS

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2000 B (West Virginia SRF Program) and
Series 2000 C (West Virginia Water Development Authority)

ACCEPTANCE OF DUTIES AS REGISTRAR

ONE VALLEY BANK, NATIONAL ASSOCIATION, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the City of St. Albans Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 B (West Virginia SRF Program) and Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 C (West Virginia Water Development Authority), both dated March 15, 2000, in the respective aggregate principal amounts of $16,281,000 and $225,000 (collectively the "Bonds"), and agrees to perform all duties of Registrar in connection with the Bonds, all as set forth in the Bond Legislation authorizing issuance of the Bonds.

WITNESS my signature on this 15th day of March, 2000.

ONE VALLEY BANK,
NATIONAL ASSOCIATION

Assistant Vice President

03/07/00
858350/98001

CITY OF ST. ALBANS

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2000 B (West Virginia SRF Program) and
Series 2000 C (West Virginia Water Development Authority)

CERTIFICATE OF REGISTRATION OF BONDS

ONE VALLEY BANK, NATIONAL ASSOCIATION, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned Bonds of the City of St. Albans (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Combined Waterworks and Sewerage System Revenue Bond, Series 2000 B (West Virginia SRF Program), of the Issuer, dated March 15, 2000, in the principal amount of $16,281,000, numbered BR-1, and the single, fully registered Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 C (West Virginia Water Development Authority), of the Issuer, dated March 15, 2000, in the principal amount of $225,000 numbered CR-1, were registered as to principal and interest in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of One Valley Bank, National Association, as Registrar.

WITNESS my signature on this 15th day of March, 2000

ONE VALLEY BANK, NATIONAL ASSOCIATION

Assistant Vice President

03/07/00
858350/98001

CITY OF ST. ALBANS

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2000 B (West Virginia SRF Program) and
Series 2000 C (West Virginia Water Development Authority)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 15th day of March, 2000, by and between the CITY OF ST. ALBANS, a municipal corporation and political subdivision of the State of West Virginia (the "Issuer"), and ONE VALLEY BANK, NATIONAL ASSOCIATION, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $16,281,000 principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 B (West Virginia SRF Program) and $225,000 principal amount of Combined Waterworks and Sewerage Revenue Bonds, Series 2000 C (West Virginia Water Development Authority), in fully registered form (collectively the "Bonds"), pursuant to a Bond Ordinance of the Issuer duly enacted February 22, 2000, and a Supplemental Resolution of the Issuer duly adopted March 6, 2000 (collectively, the "Bond Legislation");

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

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

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

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

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out

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

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

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

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

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

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

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

ISSUER:	City of St. Albans Post Office Box 1270 St. Albans, West Virginia 25177 Attention: Mayor
REGISTRAR:	One Valley Bank, National Association Post Office Box 1793

One Valley Square
Charleston, West Virginia 25326
Attention: Corporate Trust Department

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

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

CITY OF ST. ALBANS

L. O. Hurst Jr.
Mayor

ONE VALLEY BANK, NATIONAL ASSOCIATION

Charlotte L. Morgan
Assistant Vice President

03/07/00
858350/98001

EXHIBIT A

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

SCHEDULE OF COMPENSATION

(See Attached)

CITY OF ST. ALBANS

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2000 B (West Virginia SRF Program) and
Series 2000 C (West Virginia Water Development Authority)

RECEIPT AND RELEASE

The undersigned duly authorized representative of the City National Bank of West Virginia, St. Albans, West Virginia (the "Bank"), the holder of the Combined Waterworks and Sewerage System Bond Anticipation Notes, Series 1997, dated September 25, 1997, issued in the original aggregate principal amount of $1,000,000 (the "Series 1997 Note"), hereby certifies and declares that on the date hereof, he received on behalf of the Bank from the City of St. Albans the sum of One Million Ten Thousand Two Hundred Seventy Seven and 79/100 Dollars ($1,010,277.79) and that such sum is sufficient to pay in full the entire outstanding principal of and all interest accrued on the Series 1997 Note to the date hereof and to discharge all liens, pledges and encumbrances securing the Series 1997 Note.

Dated this 15th day of March, 2000.

CITY NATIONAL BANK OF WEST VIRGINIA

L. C. Bynum

Vice President

03/08/00
858350.98001

CITY OF ST. ALBANS, WEST VIRGINIA

WATERWORKS AND SEWERAGE SYSTEM REFUNDING ORDINANCE

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Ordinance No. 90-03

Introduced in Council
12-4-89

Referred to

Introduced by

Passed by Council
2-20-90

An ordinance authorizing the refunding of all outstanding waterworks and sewerage system revenue bonds of the City of St. Albans, West Virginia; authorizing the issuance of Waterworks and Sewerage System Refunding Revenue Bonds, Series 1990, of said City of St. Albans in the aggregate principal amount of not to exceed $3,500,000, along with other funds and moneys of, or available to, the City of St. Albans which may be lawfully expended for such purpose, to make provision for such refunding, fund a reserve account for such Bonds and pay other costs in connection therewith; providing for the rights and remedies of and security for the holders of such Bonds; and adopting other provisions related thereto.

Be It Ordained by the Council of the City of St. Albans, West Virginia:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority of this Ordinance. This Ordinance is enacted pursuant to the provisions of Chapter 8, Article 20, of the Code of West Virginia, 1931, as amended (the "Bond Act"), and Chapter 13, Article 2E, of the Code of West Virginia, 1931, as amended (the "Refunding Act") (the Bond Act and the Refunding Act are collectively referred to herein as the "Act"), and other applicable provisions of law.

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

A. The City of St. Albans, West Virginia (the "City"), now owns a combined waterworks and sewerage system (the "System"), both within and without the corporate limits of the City, consisting of a waterworks system including the mains, hydrants, meters, valves, standpipes, storage tanks, pump tanks, pumping stations, intakes, wells, impounding reservoirs, pumps, machinery, purification plants and softening apparatus and all other facilities necessary, appropriate, useful, convenient or incidental in connection with or to a water supply system, and a sewage treatment plant or plants and

its collecting, intercepting and outlet sewers, lateral sewers, drains, force mains, conduits, pumping stations and ejector stations and all other appurtenances, extensions, additions and improvements necessary, appropriate, useful, convenient or incidental for the collection, treatment and disposal in a sanitary manner of sanitary sewage and industrial wastes, which waterworks system and sewerage system were combined into the System by an ordinance passed by the Council of the City on June 8, 1953.

B. In accordance with Section 18 of the Bond Act, the System is under the supervision and control of The Municipal Utility Commission of the City (the "Utility Commission").

C. The acquisition and construction of the System were financed in part by the proceeds of prior bond and note issues of the City, which were refunded by the City with the proceeds of its $2,940,000 Waterworks and Sewerage System Refunding and Improvement Revenue Bonds, Series 1983, dated March 15, 1983 (the "Prior Bonds"). The Prior Bonds were issued pursuant to an ordinance passed by the Council of the City on January 19, 1981, as amended and supplemented thereafter (the "Prior Ordinance").

D. The Prior Bonds of the City are currently outstanding in the principal amount of $2,805,000.

E. The City derives revenues from the System, and, except for the pledges thereof to secure and pay the Prior Bonds, said revenues are not pledged or encumbered in any manner.

F. The City may now refund the Prior Bonds at a significant savings to the City, the extent of which will be set forth in a certificate of the Independent Accountant prior to the issuance of the Series 1990 Bonds.

G. The estimated revenues to be derived in each year after the enactment of this Ordinance from the operation of said System will be sufficient to pay all the costs of the operation and maintenance of said System, the principal of and interest on the Bonds authorized to be issued pursuant to this Ordinance and all sinking fund, reserve account and other payments provided for in this Ordinance.

H. The Series 1990 Bonds and the Certificate of Authentication and Registration to be endorsed thereon are to be in substantially the form set forth herein with necessary and appropriate variations, omissions and insertions as permitted or required by this Ordinance or a Supplemental Resolution or as deemed necessary by the Registrar or the City.

I. All things necessary to make the Series 1990 Bonds, when authenticated by the Registrar and issued as in this Ordinance provided, the valid, binding and legal special obligations of the City according to the import thereof, and to validly pledge and assign those funds pledged hereby to the payment of the principal of and interest on the Series 1990 Bonds, will be timely done and duly performed.

J. The enactment of this Ordinance, and the execution and issuance of the Series 1990 Bonds, subject to the terms thereof, will not result in any breach of, or constitute a default under, any instrument to which the City is a party or by which it may be bound or affected.

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

L. The Series 1990 Bonds are not private activity bonds as defined in the Code.

M. Ninety-five percent (95%) or more of the net proceeds (as defined with respect to the Code) of the Series 1990 Bonds will be used for local governmental activities of the City.

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

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

P. The Bonds will not be federally guaranteed within the meaning of Section 149(b) of the Code.

Q. The City is a governmental unit which has general power to finance operations of or facilities of the nature of the System, and the City, all subordinate entities which issue obligations on behalf of the City, and all entities formed or to the extent provided under Section 148 of the Code herein defined, availed of, to avoid the purposes of Section 148(f)(4)(C) of the Code and all other entities benefiting thereby, reasonably expect to issue less than $5,000,000 in aggregate principal amount of tax-exempt obligations during the calendar year in which the Series 1990 Bonds are to be issued.

R. It is deemed necessary for the City to issue its Bonds to refund the Prior Bonds.

Section 1.03. Ordinance Constitutes Contract. In consideration of the acceptance of the Bonds authorized to be issued hereunder by those who shall hold the same from time to time, this Ordinance shall be deemed to be and shall constitute a contract between the City and such Bondholders, and the covenants and agreements herein set forth to be performed by said City shall be for the equal benefit, protection and security of the legal holders of any and all of such Bonds issued hereunder, all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds 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 in this Ordinance unless the context expressly required otherwise:

A. "Act" shall mean Chapter 8, Article 20, and Chapter 13, Article 2E, of the Code of West Virginia, 1931, as amended and in effect on the date of enactment of this Ordinance.

B. "AMBAC Indemnity" or "Bond Insurer" shall mean AMBAC Indemnity Corporation, a Wisconsin-domiciled stock insurance company.

C. "Authorized Newspaper" shall mean a financial journal or newspaper of general circulation in the City of New York, New York, printed in the English language and customarily published on each business day of the Registrar, whether or not published on Saturdays, Sundays or legal holidays, and so long as so published, shall include The Bond Buyer.

D. "Authorized Officer" shall mean the Mayor of the City or any other officer of the City specifically designated by resolution of the Council of the City.

E. "Bondholder" or "Holder of the Bonds," or "Owner of the Bonds" or any similar term shall mean any person who shall be the registered owner of any outstanding fully registered bond.

F. "Bond Register" shall mean the books of the City maintained by the Registrar for the registration and transfer of the Bonds.

G. "Bonds" shall mean the Series 1990 Bonds and any pari passu additional Bonds hereafter issued within the terms, restrictions and conditions contained in this Ordinance.

H. "Bond Year" shall mean the twelve 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.

I. "Certificate of Authentication and Registration" shall mean the Certificate of Authentication and Registration on the Series 1990 Bonds, substantially in the form set forth herein.

J. "City" shall mean the City of St. Albans, a municipal corporation of the State of West Virginia, and, where appropriate, the Council and/or Utility Commission of the City.

K. "Closing Date" shall mean the date upon which there is an exchange of the Bonds for the proceeds representing the original purchase price thereof.

L. "Code" shall mean the Internal Revenue Code of 1986, as amended and supplemented from time to time, and Regulations issued pursuant thereto.

M. "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.

N. "Costs of Issuance" shall mean those costs of issuing the Series 1990 Bonds, including, but not limited to, legal, accounting, fiscal agent fees and expenses, premiums for municipal bond insurance and reserve account insurance, letters of credit fees and expenses and other fees and expenses in connection therewith.

O. "Costs of Issuance Account" shall mean the account of that name created pursuant to Section 5.02 hereof.

P. "Depository Bank" shall mean the bank or banks to be designated as such in the Supplemental Resolution.

Q. "DTC Eligible" shall mean, with respect to the Series 1990 Bonds, meeting the qualifications prescribed by The Depository Trust Company, New York, New York.

R. "Escrow Agreement" shall mean the agreement between the City, the Commission and an escrow trustee, substantially in the form of the agreement attached hereto as Exhibit A and by this reference made a part hereof.

S. "Escrow Fund" shall mean the fund created by Paragraph 2 of the Escrow Agreement.

T. "Event of Default" shall mean any occurrence or events specified in Section 7.01 hereof.

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

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

W. "Government Obligations" means direct obligations of, or obligations the timely payment of the principal of and interest on which is guaranteed by, the United States of America, including (i) such obligations which have been stripped from their unmatured interest coupons, interest coupons stripped from such obligations and receipts or certificates evidencing payments from such obligations or interest coupons stripped from such obligations, (ii) evidences of ownership of a proportionate interest in specified direct obligations of, or specified obligations which are unconditionally and fully guaranteed by, the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian and (iii) obligations, the sole source of the payment of the principal of and interest on which are obligations of the nature of those described in clause (i), which are irrevocably pledged for such purposes.

X. "Independent Accountants" shall mean any firm of certified public accountants which shall be retained by the City as independent accountants for the System.

Y. "Municipal Bond Insurance Policy" shall mean the municipal bond insurance policy issued by AMBAC Indemnity insuring the payment when due of the principal of and interest on the Bonds as provided therein.

Z. "Net Proceeds" shall mean the face amount of the Bonds, plus accrued interest in premium, if any, less Original Issue Discount, if any, and less proceeds deposited in the Reserve Account.

AA. "Net Revenues" shall mean Revenues less Operating Expenses.

BB. "Operating Expenses," unless qualified, shall mean the current expenses, paid or accrued, of repair, operation and maintenance of the System (excluding depreciation) and includes, without limiting the generality of the foregoing, insurance premiums, supplies, labor, wages, the cost of materials and supplies used for current operations, administrative expenses of the City or the Utility Commission relating and chargeable to the System and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting practices.

CC. "Original Purchaser" shall mean Wheat, First Securities, Inc., a corporation, as the purchaser of the Series 1990 Bonds; provided, that such firm and the City shall agree to the purchase of the Series 1990 Bonds, including the exact principal amount and interest rates thereof as fixed by a resolution of the Council of the City at the time of approval of such sale of said Series 1990 Bonds, with the sale price thereof to be not less than a price which, when computed to maturity according to the standard table of bond values, will be within the limitations set forth in the Act. In the event the City and said Wheat, First Securities, Inc., do not agree upon the sale of the Series 1990 Bonds to said purchaser, then "Original Purchaser" shall mean the person, firm or corporation to whom the City sells the Series 1990 Bonds at a sale price within the limits set forth above.

DD. "Outstanding" when used with reference to Bonds and as of any particular date, describes all Bonds theretofore and thereupon being issued and delivered except (a) any Bond cancelled by the Registrar for such Bond at or prior to said date; (b) any Bond for the payment of which moneys, equal to its principal amount, with interest to the date of maturity, shall be held in trust under this Ordinance and set aside for such payment (whether upon or prior to maturity); (c) any Bond deemed to have been paid as provided by Section 9.05; and (d) with respect to determining the number or percentage of Bondholders or Bonds for the purpose of consents, notices and the like, any Bond registered to the City. Notwithstanding the foregoing, in the event that a Bond Insurer has paid principal of and/or interest on any Bond, such Bond shall be deemed to be Outstanding until such time as the Bond Insurer has been reimbursed in full.

EE. "Paying Agent" shall mean any paying agent for the Bonds appointed by a resolution supplemental hereto.

FF. "Prior Bonds" shall mean the City's Waterworks and Sewerage System Refunding and Improvement Revenue Bonds, Series 1983, dated March 15, 1983, issued in the aggregate principal amount of $2,940,000 and currently outstanding the principal amount of $2,805,000.

GG. "Prior Ordinance" shall mean the Ordinance passed by the Council of the City on January 19, 1981 as amended and supplemented thereafter.

HH. "Private Business Use" shall mean use directly or indirectly in any trade or business carried on by a natural person or in any activity carried on by a person other than a natural person, excluding, however, use by a state or local governmental unit and use as a member of the general public.

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

(a) Government Obligations;

(b) obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including:

- Export - Import Bank
- Farmers Home Administration
- General Services Administration
- U. S. Maritime Administration
- Small Business Administration
- Government National Mortgage Association (GNMA)
- U. S. Department of Housing & Urban Development (PHA's)
- Federal Housing Administration;

(c) bonds, notes or other evidences of indebtedness rated "AAA" by Standard & Poor's Corporation and "Aaa" by Moody's Investor Services, Inc. issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with remaining maturities not exceeding three years;

(d) U. S. dollar denominated deposit accounts, federal funds and banker's acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "A-1" or "A-1+" by Standard & Poor's Corporation and "P-1" by Moody's Investor Services, Inc. and maturing no more than 360 days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank);

(e) commercial paper which is rated at the time of purchase in the single highest classification, "A-1+" by Standard & Poor's Corporation and "P-1" by Moody's Investor Services, Inc. and which matures not more than 270 days after the date of purchase;

(f) investments in a money market fund rated "AAAm" or "AAAm-G" or better by Standard & Poor's Corporation;

(g) pre-refunded municipal obligations defined as follows:

Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and (A)

which are rated, based on the escrow, in the highest rating category of Standard & Poor's Corporation and Moody's Investor Services, Inc. or any successors thereto; or (B)(i) which are fully secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or obligations described in paragraph (a) above, which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which fund is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to above, as appropriate;

(h) investment agreements approved in writing by AMBAC Indemnity Corporation with notice to Standard & Poor's Corporation; and

(i) other forms of investments approved in writing by AMBAC with notice to Standard & Poor's Corporation.

JJ. "Record Date" shall mean the day of the month which shall be so stated in the Bonds, regardless of whether such day is a Saturday, Sunday or other legal holiday.

KK. "Registrar" means the bank to be designated in the Supplemental Resolution as the registrar for the Bonds, and any successor thereto.

LL. "Regulations" shall mean temporary and permanent regulations promulgated under the Code, and includes applicable regulations promulgated under the Internal Revenue Code of 1954.

MM. "Renewal and Replacement Fund" shall mean the depreciation fund created by Section 4.01(A)(4) hereof.

NN. "Reserve Account" shall mean the account in the Sinking Fund, as hereinafter defined, created by Section 5.01(D) hereof.

OO. "Reserve Account Requirement" shall mean the maximum amount of principal and interest which will mature and come due on the Bonds in the then current or any succeeding Fiscal Year.

PP. "Revenue Fund" shall mean the fund created by Section 4.01(A) hereof.

QQ. "Revenues" shall mean all rates, rents, fees, charges or other income received by or accrued to the City from the operation of the System, as calculated in accordance with generally accepted accounting practices.

RR. "Series 1990 Bonds" shall mean the Waterworks and Sewerage System Refunding Revenue Bonds, Series 1990, of the City originally authorized to be issued pursuant to this Ordinance.

SS. "Sinking Fund" shall mean the fund created by Section 4.01(A)(2) hereof.

TT. "Supplemental Resolution" shall mean any ordinance or resolution amendatory hereof or supplemental hereto and, when preceded by the article "the," refers specifically to the Supplemental Resolution authorizing the sale of the Series 1990 Bonds to the Original Purchaser; provided, that any provision intended to be included in the Supplemental Resolution and not so included may be contained in any other Supplemental Resolution.

UU. "System" shall mean the complete existing combined waterworks and sewerage system now owned by the City, both within and without the corporate limits of the City, consisting of a waterworks system including mains, hydrants, meters, valves, standpipes, storage tanks, pump tanks, pumping stations, intakes, wells, impounding reservoirs, pumps, machinery, purification plants and softening apparatus and all other facilities necessary, appropriate, useful, convenient or incidental in connection with or to a water supply system, and a sewage treatment plant or plants collecting, intercepting and outlet sewers, lateral sewers, drains, force mains, conduits, pumping stations and ejector stations and all other appurtenances, extensions, additions and improvements necessary, appropriate, useful, convenient or incidental for the collection, treatment and disposal in a sanitary manner of sewage and industrial wastes, which waterworks system and sewerage system were combined into the System by an ordinance passed by the Council of the City on June 8, 1953, and shall include any extensions, additions, betterments and improvements thereto hereafter acquired or constructed for said waterworks and sewerage system from any sources whatsoever.

VV. "Utility Commission" shall mean The Municipal Utility Commission of the City, as created and appointed by ordinance enacted by the Council of the City pursuant to the provisions of Section 18 of the Bond Act, and shall include the membership of the Utility Commission as may hereafter be duly constituted as the legal successors to the present membership or any other agency or department or instrumentality of the City which shall at any time have jurisdiction, possession or control of the System, or the management and operation thereof.

WW. "Value," which shall be determined as of the end of each month, means that the value of any investments shall be calculated as follows:

(a) as to investments the bid and asked prices of which are published on a regular basis in The Wall Street Journal (or, if not there, then in The New York Times); the average of the bid and asked prices for such investments so published on or most recently prior to such time of determination;

(b) as to investments the bid and asked prices of which are not published on a regular basis in The Wall Street Journal or The New York Times: the average bid price at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the City in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service;

(c) as to certificates of deposit and bankers acceptances; the face amount thereof, plus accrued interest; and

(d) as to any investment not specified above; the value thereof established by prior agreement between the City and AMBAC Indemnity Corporation.

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

Additional terms and phrases are defined in this Ordinance as they are used. Accounting terms not specifically defined herein shall be given meaning in accordance with generally accepted accounting principles.

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

Articles, sections and subsections mentioned by number only are the respective articles, sections and subsections of this Ordinance so numbered.

ARTICLE II

AUTHORIZATION FOR REFUNDING PRIOR BONDS

Section 2.01 Authorization for Refunding Prior Bonds. The Prior Bonds outstanding as of the date of issuance of the Series 1990 Bonds are hereby ordered to be refunded pursuant to the terms of the Escrow Agreement, and the lien of said Prior Bonds imposed by the Prior Ordinance on the revenues of the System is hereby ordered terminated, discharged and released upon the payment into the Escrow Fund from the proceeds of said Series 1990 Bonds, together with other moneys available therefor, including those moneys transferred as provided below, of the following: (a) an amount equal to the fiscal and paying agent charges and (b) an amount which will be simultaneously invested in United States Treasury Obligations bearing interest and having maturities sufficient to provide for the payment of the principal of the Prior Bonds as the same mature and for the payment of the interest on the Prior Bonds as the same becomes due. Contemporaneously with the deposit of such Series 1990 Bond proceeds into the Escrow Fund, and as prescribed by the Escrow Agreement, the amounts on deposit in the sinking fund, including the reserve account therein, created and maintained on behalf of the Prior Bonds shall be deposited into the Escrow Fund and simultaneously invested as provided in the Escrow Agreement. Upon such refunding, the amounts on deposit in the renewal and replacement fund created and maintained under the Prior Ordinance shall be transferred to the Renewal and Replacement Fund created under this Ordinance.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION OF BONDS

Section 3.01. Authorization and Terms of Series 1990 Bonds. For the purposes of refunding all of the outstanding Prior Bonds of the City, there shall be issued the Waterworks and Sewerage System Refunding Revenue Bonds of the City. The Series 1990 Bonds shall be of such series; shall be in such aggregate principal amount, not to exceed $3,500,000; shall be dated such date; shall bear interest payable semiannually at such dates and at such rate or rates not exceeding the rate permitted by the Act; shall mature at such time or times, not exceeding forty (40) years after the date of issuance; and shall contain such other terms, provisions, conditions and limitations, all as provided by this Ordinance and as the Council of the City shall prescribed by the Supplemental Resolution adopted in connection with the sale of such Series 1990 Bonds.

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

The Series 1990 Bonds shall, at the option of the City, be redeemable in whole or in part, at the times, in the manner, and upon payment of the redemption prices, as provided in the Supplemental Resolution.

The Series 1990 Bonds shall be sold as soon as practical and in the best interests of the City, as may be authorized and permitted by applicable law, and delivered to the Original Purchaser; provided, that such Original Purchaser and the City shall have agreed as to the purchase thereof.

Section 3.02 Execution of Bonds. Said Bonds shall be executed in the name of the City by the manual or facsimile of the Mayor, and the seal of the City shall be affixed thereto or imprinted thereon and attested by the manual or facsimile of the City Clerk. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the City before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the City by such person as at the actual time of the execution of such Bonds shall hold the proper office in the City, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.03. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Ordinance unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.07, shall have been manually executed by the Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered, and delivered under this Ordinance. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Registrar if manually signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.04. Book-Entry Bonds.

(a) Except as provided in subparagraph (c) of this Section 3.04, the registered owner of all of the Bonds shall be The Depository Trust Company, New York (hereinafter "DTC"), and the Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Payment of semiannual interest for any Bond registered as of each Record Date in the name of Cede & Co. shall be made by wire transfer of New York clearing house or equivalent next-day funds to the account of Cede & Co. on the interest payment date for the Bonds at the address indicated on the regular Record Date or special Record Date for Cede & Co. in the Bond Register.

(b) The City and the Bond Register may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of payment of the principal or redemption price of or interest on the Bonds, selecting the Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under this Ordinance, registering the transfer of Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever, and neither the City nor the Bond Register shall be affected by any notice to the contrary. Neither the City nor the Bond Register shall have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any Participant, or any Participant of any amount in respect of the principal or redemption price of or interest on the Bonds; any notice which is permitted or required to be given to Bondholders under this Ordinance; the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of thee Bonds; or any consent given or other action taken by DTC as Bondholder. The Paying Agent shall pay all principal of and premium, if any, and interest on the Bonds only to or "upon the order of" DTC (as that term is used in the Uniform Commercial Code as adopted in the State of West Virginia), and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to the principal or redemption price of and interest on the Bonds to the extent of the sum or sums so paid. No person other than DTC shall receive an authenticated Bond for each separate stated maturity evidencing the obligation of the City to make payments of principal or redemption price and interest pursuant to this Ordinance. Upon delivery by DTC to the City of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to Record Dates, the word "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

(c) In the event the City determines that it is in the best interest of the Owners that they be able to obtain Bond certificates, the City may notify DTC, whereupon DTC will notify the Participants, of the availability through DTC of Bond certificates. In such event, the City shall issue and the Bond Register shall authenticate, transfer and exchange Bond certificates as requested by DTC and any other Bondholders in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the City and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the shall be obligated to deliver Bond certificates as described herein. In the event Bond certificates are issued, the provisions herein shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal of and interest on such certificates. Whenever DTC requests the City to do so, the City will assist DTC in taking appropriate action after reasonable notice (a) to make available one or more separate certificates evidencing the Bonds to any Participant having Bonds credited to its DTC account or (b) to arrange for another securities depository to maintain custody of certificates evidencing the Bonds.

(d) Notwithstanding any other provision of this Ordinance to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal or redemption price of and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, to DTC as provided in the Representation Letter. When the City gives notices to DTC or its nominee as Bondholder, it shall request that DTC forward (or cause to be forwarded) the notices to the Participants so that such Participants may forward (or cause to be forwarded) such notices to the Owners.

(e) In connection with any notice or other communication to be provided to Bondholders pursuant to this Ordinance by the City with respect to any consent or other action to be taken by Bondholders, the City shall establish a record date for such consent or other action and give DTC notice of such record date not less than 15 calendar days in advance of such record date to the extent possible. Notice to DTC shall be given only when DTC is the sole Bondholder.

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

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

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

In all cases in which the privilege of exchanging Bonds or transferring the Bonds is exercised, Bonds shall be delivered in accordance with the provisions of this Ordinance. All Bonds surrendered in any such exchanges or transfer shall forthwith be cancelled by the 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 said Registrar incurred in connection therewith, which changes and expenses shall be paid by the Registered Owner requesting such transfer or exchange. The Registrar shall not be obligated to make any such change or transfer of Bonds during the period beginning with the fifteenth day of the month preceding an interest payment date and ending on the date or, in a case of any partial redemption of Bonds during the fifteen days next preceding the date of the selection of Bonds to be redeemed.

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

Any such duplicate Bonds issued pursuant to this Section shall constitute original, additional contractual obligations on the part of the City, whether or not the lost, stolen or destroyed Bonds be at any time found by any one, and such duplicate Bonds shall be entitled to equal and proportionate benefits and rights as to lien and source of security for payment from the revenues pledged herein with all other Bonds issued hereunder.

Section 3.07. Bonds Secured by Pledge of Revenues; Not to be Indebtedness of the City. The payment of the debt service of all of the Series 1990 Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Revenues derived from the System. Such Revenues, in the amount sufficient to pay the principal of and interest on the Bonds and to make the payments required into the Sinking Fund and the Reserve Account therein, the Renewal and Replacement Fund all hereinafter established, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due. The Bonds shall not, in any event, be or constitute an indebtedness of the City within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from Revenues and otherwise as provided herein. No Registered Owner or Owners of any of the Bonds shall ever have the right to compel the exercise of the taxing power of the City to pay the Bonds or the interest thereon.

Section 3.08 Form of Bonds. The text of the Bonds, and the form of the certificate of authentication and registration thereon, shall be of substantially the following tenor, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted by this Ordinance or any subsequent resolution or ordinance adopted or enacted prior to the issuance thereof.

No._____ $_____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF KANAWHA
CITY OF ST. ALBANS
WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BOND
SERIES 1990

INTEREST RATE BOND DATE MATURITY DATE CUSIP

REGISTERED OWNER:

PRINCIPAL AMOUNT: $_____

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF ST. ALBANS, a municipal corporation organized and existing under the laws of the State of West Virginia (hereinafter referred to as the "City"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner set forth above, on the Maturity Date set forth above, the Principal Amount set forth above and solely from such special funds also to pay interest on said sum from the Bond Date, set forth above, at the Interest Rate set forth above semiannually, on the first day of _____ and the first day of _____ in each year, beginning _____ 1, 19__, both principal of and interest on this Bond being payable in any coin or currency which, on the respective dates of payment of principal and interest, is legal tender for the payment of public and private debts under the laws of the United States of America. The interest on this Bond is payable by check or draft of the Paying Agent mailed to the Registered Owner hereof at the address as it appears on the books of _____, West Virginia, as registrar (the "Registrar") on the 15th day of the month preceding an Interest Payment Date ("The Record Date").

This Bond is one of a series of bonds (the "Bonds"), in the aggregate principal amount of $_____, of like date and of like tenor and effect, except as to number, date of maturity and interest rate, issued to refund certain waterworks and sewerage system revenue bonds of the City outstanding on the date of issuance hereof in the aggregate principal amount of $2,805,000, all under the authority of and in full compliance with the Constitution and statutes of the State of

West Virginia, including particularly Chapter 13, Article 2E, of the Code of West Virginia, 1931, as amended, and Chapter 8, Article 20, of the Code of West Virginia, 1931, as amended (collectively, the "Act"), and an ordinance duly passed by the City Council of the City on the _____ day of _____, 19_, as amended and supplemented thereby on the _____ day of _____, 19____, (hereinafter referred to collectively as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance.

The Bonds are not subject to optional redemption prior to _____, 19___. At the option of the City, the Bonds will be subject to redemption prior to maturity on or after _____, 19____, as a whole at any time and in part on any interest payment date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) set forth below, plus interest accrued to the date fixed for redemption:

Period During which Redeemed	Redemption Price

The Bonds maturing on _____, respectively, are subject to annual mandatory redemption prior to maturity by random selection in accordance with the requirements of the Ordinance at the principal amount thereof plus interest accrued to the date fixed for redemption, on _____ 1 of each of the years and in the principal amounts set forth below:

TERM BONDS		TERM BONDS	
Year	Principal Amount	Year	Principal Amount

The Bonds are payable only from and are secured by the revenues to be derived from the operation of the combined waterworks and sewerage system of the City (the "System"), which is under the supervision and control of The Municipal Utility Commission of the City, and a reserve account funded with a portion of the proceeds of the Bonds. Said revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the City within any constitutional or statutory provision or limitation, nor shall the City be obligated to pay the same or the interest hereon

except from said special fund provided from the revenues from the operation of the System or said reserve account. By the Ordinance, the City has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System and to revise the same from time to time as will always provide revenues at least sufficient to provide for all reasonable expenses of repair, maintenance and operation of the System and leave a balance each year equal to at least 125% of the average annual amount required to pay the interest and principal as the same become due and accomplish retirement of the Bonds and all bonds on a parity therewith for the payment of which such revenues have or shall have been pledged, charged or otherwise encumbered. Such required payments shall constitute a first charge upon all the net revenues of the System. The City has entered into certain further covenants with the holders of the Bonds for the terms of which reference is made to the Ordinance. Remedies provided the holders of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

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

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

All moneys received from the sale of the Bonds shall be applied solely to refund the outstanding waterworks and sewerage system revenue bonds of the City, to fund a reserve account for the Bonds and pay other costs in connection therewith, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the holder or holders of said 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 said City, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the revenues of the System has been pledged to and will be set

aside into said special fund by said City for the prompt payment of the principal of and interest on of the Bonds.

All provisions of the Ordinance 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 has caused this Bond to be signed by its Mayor, attested by its City Clerk and its corporate seal to be imprinted hereon, all as of the Bond Date.

CITY OF ST. ALBANS

_____

Mayor

[SEAL]

ATTEST:

_____

City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Waterworks and Sewerage System Refunding Revenue Bonds, Series 1990, described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner set forth above on the date set forth below.

Date: _____

_____
as Registrar

By _____
Its Authorized Officer

[Form of Assignment]

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

_____

_____

_____

_____

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

Dated: _____, _____.

_____

In the presence of:

_____

ARTICLE IV

SYSTEM REVENUES AND APPLICATION THEREOF

Section 4.01. System Revenues and Application Thereof. So long as any of the Bonds shall be outstanding and unpaid, the City covenants with the holders of the Bonds as follows:

A. The entire Revenues derived from the operation of the System and all parts thereof shall be deposited by the City in a special fund in the Depository Bank, which fund, to be designated the "Waterworks and Sewerage System Revenue Fund" (the "Revenue Fund"), is hereby established. 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 used only for the purposes and in the manner herein provided. All Revenues at any time remaining on deposit in the Revenue Fund shall be disposed of only in the following manner and order of priority:

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

(2) Thereafter, from the moneys in the Revenue Fund, the City shall, on the first day of each month, commencing with and including the month to be hereafter designated by resolution of Council, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in a fund to be known as the "Sinking Fund," which is hereby created and established, a sum equal to one-sixth (1/6) of the amount of interest which will become due on said Bonds on the next ensuing semiannual interest payment date; provided, however, that, in the event the period to elapse between said initial payment date and the next semiannual interest payment date is less than seven (7) months, then such monthly payments shall be increased proportionately to provide the required amount of interest maturing on the next semiannual interest payment date one month prior to said date.

The City shall also apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in said Sinking Fund, on the first day of each month, beginning on the first day of that month which is thirteen (13) months prior to the first principal payment date of said Bonds, a sum equal to one-twelfth (1/12) of the amount of principal which will mature and become due on said Bonds on the next ensuing principal payment date.

The City shall also, from the Revenue Fund, remit to the Commission on such dates or at such other times, as the Commission shall require, such additional sums as shall be

necessary to pay the fiscal agency charges due for paying the Bonds and the interest thereon.

Moneys in the Sinking Fund shall be used only for the purposes of paying principal of and interest on the Bonds as the same shall become due.

The City shall not be required to make any further payments into said Sinking Fund when the aggregate amount of funds in the Sinking Fund, including the Reserve Account therein, is at least equal to the aggregate principal amount of Bonds issued pursuant to this Ordinance then Outstanding, plus the amount of interest due or thereafter to become due on said Bonds then Outstanding.

As and when additional Bonds ranking on a parity with the Series 1990 Bonds herein authorized are issued, provision shall be made for additional payments into said Sinking Fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at or before maturity.

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

(3) Then from the moneys remaining in the Revenue Fund, the City shall next, each month, apply such moneys, to the full extent necessary, for deposit into the Reserve Account, or if the Reserve Account is funded with a letter of credit (the "Reserve Account Letter of Credit") for payment of or reimbursement to the issuer of any Reserve Account Letter of Credit in respect of amounts drawn under the Reserve Account Letter of Credit, including interest thereon, as a result of (i) the valuation of investments in the Reserve Account results in a determination that the amount of moneys and the Value of the Qualified Investments deposited to the credit of the Reserve Account is less than the Reserve Account Requirement, or (ii) amounts have been withdrawn from the Reserve Account, including any drawing made under a Reserve Account Letter of Credit, for deposit into the Sinking Fund, beginning with the first full calender month following the event described in either clause (i) or (ii) above. To the extent Revenues and any other legally available funds are available therefor, the amount so deposited shall be used first to repay the issuer of a Reserve Account Letter of Credit in full as a result of a drawing on a Reserve Account Letter of Credit, notwithstanding that such amount may not be due and payable, and next to restore the amount of moneys on deposit in

the Reserve Account to an amount equal to the Reserve Account Requirement; provided, that in no event shall the amount deposited into the Reserve Account in any month be less than, in the event the deficiency in the Reserve Account Requirement is due to a decrease in the Value of the Qualified Investments therein in excess of 10% of such amount, an amount equal to 1/4th of the amount of such deficiency, and otherwise, an amount equal to 1/12th of the amount of the deficiency in the Reserve Account determined as set forth in clause (ii) above and the amount then withdrawn from the Reserve Account, including any amount due to the issuer of any Reserve Account Letter of Credit as described in clause (ii) above (it being understood that any such 1/12th payment shall be made in such amount for 12 consecutive months unless the amount in the Reserve Account shall have been made equal to the Reserve Account Requirement prior to such twelfth consecutive month); and provided further, that no payments shall be required to be made into the Reserve Account whenever and as long as the amount deposited therein (including any Reserve Account Letter of Credit) shall be equal to the Reserve Account Requirement, plus any amount which has been drawn under the Reserve Account Letter of Credit and interest thereon.

To the extent the City causes to be deposited into the Reserve Account a Reserve Account Letter of Credit that is for a term of years shorter than the final maturity of the Bonds or any additional Bonds so secured, then the Reserve Account Letter of Credit shall provide, among other things, that the issuer thereof shall provide the City (and the City shall send a copy of such notice to the Commission and the Depository Bank) with annual notice on or prior to each anniversary of the date of the issuance of the Reserve Account Letter of Credit (the "Renewal Date") of the intention of the issuer thereof either to (i) extend the term of the Reserve Account Letter of Credit beyond the expiration date thereof, or (ii) terminate the Reserve Account Letter of Credit on the initial expiration date thereof or such other future date as the issuer thereof shall have established. If the issuer of the Reserve Account Letter of Credit notifies the City pursuant to clause (ii) of the immediately preceding sentence or if the City opts not to extend the expiration date of the Reserve Account Letter of Credit, then the City shall deposit in the Reserve Account, each month, beginning with the first full calendar month following the Renewal Date, such sums as shall be sufficient to pay an amount equal to a fraction, the numerator of which is 1 and the denominator of which is equal to the number of months remaining in the term of the Reserve Account Letter of Credit, of the amount of the Reserve Account Requirement minus cash or Qualified Investments on deposit in the Reserve Account (it being understood that such payment shall be made in such amount for each consecutive month until the expiration of the Reserve Account Letter of Credit unless the amount in the Reserve Account shall have been equal to the Reserve Account Requirement

after the issuance of the Bonds or such additional Bonds prior to such expiration date). The total amount on deposit in the Reserve Account, as a result of the aforementioned payments, upon the expiration of such Reserve Account Letter of Credit shall be equal to the Reserve Account Requirement. The City may, with the prior written consent of AMBAC Indemnity, obtain a new Reserve Account Letter of Credit in lieu of making the payments required by this paragraph.

To the extent the City causes to be deposited into the Reserve Account a Reserve Account Letter of Credit, such Reserve Account Letter of Credit shall be held by the Depository Bank and amounts drawn thereunder shall be deposited directly with the Commission for the benefit of the City (upon the giving of notice as required thereunder) on any interest or principal payment date on which a deficiency with respect to the Bonds exists, and the Depository Bank shall draw upon such Reserve Account Letter of Credit in accordance with the terms thereof; provided, however, that prior to a drawing on such Reserve Account Letter of Credit, the Depository Bank shall first satisfy any such deficiency from the moneys legally available for such purpose. If the City has not repaid the issuer of the Reserve Account Letter of Credit within 2 years from the date of a drawing thereunder, the consent of AMBAC Indemnity, shall be required for any future drawing thereunder. The City shall evidence its obligation to reimburse the issuer of a Reserve Account Letter of Credit by executing and delivering a note to such issuer.

(4) Thereafter, from the moneys remaining in said Revenue Fund, the City shall next, on the first day of each month commencing with the first month in which interest shall be payable from the Revenue Fund, remit to the Depository Bank for deposit in a special depreciation account, to be designated the "Renewal and Replacement Fund," which account is hereby established and created, a sum equal to two and one-half percent (2 1/2%) of the Revenues each month, exclusive of any payments for the account of the Reserve Account in the Sinking Fund. No further payments shall be required to be made into said Renewal and Replacement Fund when there shall have been deposited therein, and so long as there shall remain on deposit therein, an amount equal to ten percent (10%) of the principal amount of all outstanding Bonds payable from the Sinking Fund. All funds in said Renewal and Replacement Fund shall be kept apart from all other municipal funds and shall be invested and reinvested, at the direction of the City, in Qualified Investments to the fullest extent possible under applicable laws, this Ordinance and the need for such moneys for the purposes set forth below.

Withdrawals and disbursements may be made from said Renewal and Replacement Fund only for the following purposes and in the following order of priority:

(a) To make up any deficiency in the Reserve Account (so that the amount on deposit therein is at least equal to the Reserve Account Requirement);

(b) For the payment of the principal of (including the principal amount to be paid under the mandatory redemption schedules) or interest on the Bonds, but only in the event that at the time of such withdrawal there are not sufficient funds for such purpose in the Sinking Fund (including the Reserve Account);

(c) For the payment of the reasonable costs of land and depreciable renewals, repairs, extensions, improvements and additions to the System; provided, that such depreciable items shall be depreciable over a period of not less than five (5) years in accordance with generally accepted accounting principles;

(d) For debt service on obligations not on a parity with the Bonds, the proceeds of which obligations were used to finance such land and depreciable renewals, repairs, extensions, improvements and additions to the system; or

(e) Moneys in the Renewal and Replacement Fund in excess of a sum which, upon written resolution of the Council, is sufficient for land and depreciable renewals, repairs, extensions, improvements and additions to the System or any part thereof during the 24 calendar months next following adoption of such resolution may be transferred by the City to the Sinking Fund and used for optional redemption or for purchase of Bonds. In the event of purchase of Bonds, the City may direct the purchase of Bonds offered for sale at the lowest price below the redemption price of such Bonds.

(5) Whenever all of the required and provided transfers and payments from said Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in said Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid for operating expenses and into the Sinking Fund and the Renewal and Replacement Fund during the next succeeding three (3) months, such excess shall be considered as surplus revenues. Said surplus revenues shall be first used for the acquisition and construction of extensions, additions, betterments and improvements to the System, and, thereafter, to the extent not needed for such purposes, may be used to purchase Bonds upon the open market at not exceeding the then applicable redemption price or to call and redeem the Bonds on the next succeeding interest payment date or for any lawful purpose of the System.

(6) If on any monthly payment date the revenues of the System are insufficient to make the required deposits in any of the funds as hereinabove provided, the deficiency shall be made up on the next ensuing payment dates by payments in addition to the payments which are otherwise required to be made into the funds on such ensuing payment dates.

B. The Commission is hereby designated as the fiscal agent for the administration of the Sinking Fund created hereunder, and all amounts required for said Sinking Fund shall be remitted to the Commission from said Revenue Fund and from the proceeds of the sale of the Bonds, as provided in Article V hereof, by the City at the times provided herein. All remittances made by the City to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

C. The moneys on deposit in the Revenue Fund and the Renewal and Replacement Fund (unless remitted to the Commission) in excess of the sum insured by the maximum amounts insured by the FDIC shall at all times be secured, to the full extent thereof in excess of such insured sum, by Government Obligations or such other obligations as shall be eligible as security for deposits of State and municipal funds under the laws of the State of West Virginia.

D. The Commission shall invest the funds which it holds pursuant to this Ordinance, including the Reserve Account in the Sinking Fund, to the fullest possible extent so that all moneys shall be invested for the maximum possible period consistent with the tenor hereof.

E. Anything to the contrary herein notwithstanding, when the aggregate sum in the Sinking Fund, including the Reserve Account therein, is sufficient to pay and redeem all the Bonds Outstanding and all interest accrued and to accrue thereon and any applicable redemption premiums, the City shall cause all the Bonds to be paid or called and redeemed at the earliest practicable date permitted, pursuant to the provisions hereof as to redemption of Bonds.

Section 4.02. Reserve Account Insurance Policy. In lieu of funding the Reserve Account with cash or Qualified Investments, the Reserve Account Requirement may be satisfied by the purchase by the City of a Reserve Account insurance policy and/or the deposit into the Reserve Account of a Reserve Account Letter of Credit in an amount at least equal to the Reserve Account Requirement. The City hereby authorizes the purchase of a Reserve Account insurance policy or the execution and delivery of a credit agreement and note with respect to such a Letter of Credit in such forms as shall be set forth in the Supplemental Resolution.

Section 4.03. Payment Procedure Pursuant to Municipal Bond Insurance Policy.

A. As long as the bond insurance shall be in full force and effect, the City, the Registrar and any Paying Agent agree to comply with the following provisions:

(a) if five (5) days prior to an interest payment date the Paying Agent determines that there will be insufficient funds in the Funds and Accounts to pay the principal of or interest on the Bonds on such interest payment Date, the Paying Agent shall so notify AMBAC Indemnity. Such notice shall specify the amount of the anticipated deficiency, the Bonds to which such deficiency is applicable and whether such Bonds will be deficient as to principal or interest, or both. If the Paying Agent has not so notified AMBAC Indemnity five (5) days prior to an interest payment date, AMBAC Indemnity will make payments of principal or interest due on the Bonds on or before the fifth (5th) day next following the date on which AMBAC Indemnity shall have received notice of nonpayment from the Paying Agent.

(b) the Paying Agent shall, after giving notice to AMBAC Indemnity as provided in (a) above, make available to AMBAC Indemnity and, at AMBAC Indemnity's direction, to the United States Trust Company of New York, as insurance trustee for AMBAC Indemnity or any successor insurance trustee (the "Insurance Trustee"), the registration books of the City maintained by the Registrar and all records relating to the Funds and Accounts maintained under this Ordinance.

(c) the Registrar shall provide AMBAC Indemnity and the Insurance Trustee with a list of registered owners of Bonds entitled to receive principal or interest payments from AMBAC Indemnity under the terms of the Municipal Bond Insurance Policy, and shall make arrangements with the Insurance Trustee (i) to mail checks or drafts to the registered owners of Bonds entitled to receive full or partial interest payments from AMBAC Indemnity and (ii) to pay principal upon Bonds surrendered to the Insurance Trustee by the registered owners of Bonds entitled to receive full or partial principal payments from AMBAC Indemnity.

(d) the Registrar shall, at the time it provides notice to AMBAC Indemnity pursuant to (a) above, notify registered owners of Bonds entitled to receive the payment of principal or interest thereon from AMBAC Indemnity (i) as to the fact of such entitlement, (ii) that AMBAC Indemnity will remit to them all or a part of the interest payments next coming due upon proof of Bondholder entitlement to interest payments and delivery to the Insurance Trustee, in form satisfactory to the Insurance Trustee, of an appropriate assignment of the registered owner's right to payment, (iii)

that should they be entitled to receive full payment of principal from AMBAC Indemnity, they must surrender their Bonds (along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee to permit ownership of such Bonds to be registered in the name of AMBAC Indemnity) for payment to the Insurance Trustee, and not the Paying Agent and (iv) that should they be entitled to receive partial payment of principal from AMBAC Indemnity, they must surrender their Bonds for payment thereon first to the Paying Agent, who shall note on such Bonds the portion of the principal paid by the Paying Agent and then, along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee, to the Insurance Trustee, which will then pay the unpaid portion of principal.

(e) in the event that the Paying Agent has notice that any payment of principal of or interest on a Bond which has become Due for Payment and which is made to a Bondholder by or on behalf of the City has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Trustee or Paying Agent, if any, shall, at the time AMBAC Indemnity is notified pursuant to (a) above, notify all registered owners that in the event that any registered owner's payment is so recovered, such registered owner will be entitled to payment from AMBAC Indemnity to the extent of such recovery if sufficient funds are not otherwise available, and the Paying Agent shall furnish to AMBAC Indemnity its records evidencing the payments of principal of and interest on the Bonds which have been made by the Paying Agent and subsequently recovered from registered owners and the dates on which such payments were made.

(f) in addition to those rights granted AMBAC Indemnity under this Ordinance, AMBAC Indemnity shall, to the extent it makes payment of principal of or interest on Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Municipal Bond Insurance Policy, and to evidence such subrogation (i) in the case of subrogation as to claims for past due interest, the Paying Agent shall note AMBAC Indemnity's rights as subrogee on the registration books of the City maintained by the Paying Agent upon receipt from AMBAC Indemnity of proof of the payment of interest thereon to the registered owners of the Bonds, and (ii) in the case of subrogation as to claims for past due principal, the Paying Agent shall note AMBAC Indemnity's rights as subrogee on the registration books of the City maintained by the Paying Agent upon surrender of the Bonds by the registered owners thereof together with proof of the payment of principal thereof.

ARTICLE V

APPLICATION OF SERIES 1990 BOND PROCEEDS

Section 5.01. Application of Series 1990 Bond Proceeds.

A. All accrued interest received from the Original Purchaser of the Series 1990 Bonds shall be deposited in the Sinking Fund and used to pay the next maturing interest on the Bonds.

B. The amount of the Series 1990 Bond proceeds necessary to refund the Prior Bonds, which amount shall be set forth in the Supplemental Resolution, shall be applied by the City pursuant to the provisions of the Escrow Agreement.

C. An amount which, together with other funds, if any, available therefor, equals the Reserve Account Requirement shall be remitted to the Commission for deposit in a Reserve Account, hereby established in the Sinking Fund.

Moneys in the Reserve Account shall be used only for the purpose of payment of maturing principal of or interest on the Bonds when other moneys in the Sinking Fund are insufficient therefor, and for no other purpose; provided, however, that earnings on the Reserve Account shall, to the extent that amounts on deposit therein exceed the Reserve Account Requirement, be paid into the Revenue Fund.

As and when additional Bonds ranking on a parity with the Series 1990 Bonds herein authorized are issued, provision shall be made for depositing in the Reserve Account an amount such that the balance on deposit therein equals the Reserve Account Requirement, taking into account such additional parity Bonds.

The City shall direct the Commission to invest and reinvest moneys in the Reserve Account in Qualified Investments to the fullest extent possible under applicable laws, this Ordinance and the need for such moneys for the purposes set forth above.

D. The remaining moneys derived from the sale of the Series 1990 Bonds shall be deposited by the City in the Costs of Issuance Account.

Section 5.02. Costs of Issuance Account. There is hereby created and established in a bank authorized to receive deposits of state and municipal funds a special fund to be known as the "City of St. Albans Series 1990 Bonds Costs of Issuance Account," which account shall be kept separate and apart from all other funds of the City, and disbursed upon

requisition by the City to pay Costs of Issuance approved by the Utility Commission. The moneys in said account shall be secured at all times by the deposit in such bank, as security, of Government Obligations having a fair market value at least equal to the balance in said fund in excess of the amount insured by the FDIC. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to, such purposes, then such unapplied proceeds shall be deposited by the City in the Sinking Fund. All such proceeds shall constitute a trust fund for such purposes, and there is hereby created a lien upon such moneys until so applied in favor of the holders of the Series 1990 Bonds.

ARTICLE VI

ADDITIONAL COVENANTS OF THE CITY

Section 6.01. General Covenants of the City. All the covenants, agreements and provisions of this Ordinance shall be and constitute valid and legally binding covenants of the City and shall be enforceable in any court of competent jurisdiction by any holder or holders of the Bonds. In addition to the other covenants, agreements and provisions of this Ordinance, the City hereby covenants and agrees with the holders of the Bonds as hereinafter provided in this Article VI. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of said Bonds, or the interest thereon, is outstanding and unpaid.

Section 6.02. Bonds Not To Be Indebtedness of the City. The Bonds shall not constitute an indebtedness of the City within the meaning of any constitutional, statutory or charter limitation of indebtedness but shall be payable solely from the revenues of the System, or from the Reserve Account, as herein provided. No holder or holders of any Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the City to pay said Bonds or the interest thereon.

Section 6.03. Notices to be Given to AMBAC Indemnity. While the Municipal Bond Insurance Policy is in effect, the City shall furnish to AMBAC Indemnity:

(a) as soon as practicable after the filing thereof, a copy of any financial statement of the City and a copy of any audit and annual report of the City;

(b) a copy of any notice to be given to the registered owners of the Bonds, including, without limitation, notice of any redemption of or defeasance of Bonds, and any certificate rendered pursuant to this Ordinance relating to the

security for the Bonds; and (c) such additional information as it may reasonably request.

The City will permit AMBAC Indemnity to discuss the affairs, finances and accounts of the City or any information AMBAC Indemnity may reasonably request regarding the security for the Bonds with appropriate officers of the City. The City will permit AMBAC Indemnity to have access to the Project and have access to and make copies of all books and records relating to the Bonds at any reasonable time.

AMBAC Indemnity shall have the right to direct an accounting at the City's expense, and the City's failure to comply with such direction within thirty (30) days after receipt of written notice of the direction from AMBAC Indemnity shall be deemed a default hereunder; provided, however, that if compliance cannot occur within such period, then such period will be extended so long as compliance is begun within such period and diligently pursued, but only if such extension would not materially adversely affect the interests of any registered owner of the Bonds.

Notwithstanding any other provision of this Ordinance, the City shall immediately notify AMBAC Indemnity if at any time there are insufficient moneys to make any payments of principal and/or interest as required and immediately upon the occurrence of any event of default hereunder.

Section 6.04. Rates. Prior to the issuance of the Bonds, just and equitable rates or charges for the use of the services and facilities of the System will be fixed and established, all in the manner and form required by law, and copies of such rates and charges so fixed and established shall at all times be kept on file in the office of the Utility Commission and in the office of the City Clerk, each of which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce gross revenues from said System sufficient to pay operating expenses and to make the prescribed payments into the funds and accounts created hereunder. Such schedule of rates and charges shall be revised from time to time, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant with a margin for contingencies and temporary unanticipated reduction in income and revenues, the City hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be at least sufficient to provide for all reasonable operating expenses of the System and leave a balance each year equal to at least one hundred twenty-five percent (125%) of the average annual amount required to pay the interest and principal as the same become due and accomplish retirement of all Bonds for the payment of which such revenues

have or shall have been pledged, charged or otherwise encumbered. All such rates and charges, if not paid when due, shall constitute a lien upon the premises served by the System.

Section 6.05. Operation and Maintenance. The City will maintain the System in good condition and will operate the same as a revenue-producing enterprise in an efficient and economical manner, making such expenditures for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof from the revenues of said System in the manner provided in this Ordinance.

Section 6.06. Sale of the System. The System may be sold, mortgaged, leased, or otherwise disposed of only as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient fully to pay or redeem at or prior to maturity all the Bonds Outstanding. The proceeds from such sale, mortgage, lease or other disposition of the System shall immediately be remitted to the Commission for deposit in the Sinking Fund, and the City shall direct the Commission to apply such proceeds to the payment of principal and interest at the maturity of Bonds about to mature and to the redemption prior to maturity, at the earliest date permitted hereby and at the redemption price, of all other outstanding Bonds. Any balance remaining after the redemption or payment of all the Bonds and interest thereon shall be remitted to the City by the Commission unless necessary for the payment of other obligations of the City payable out of the revenues of the System.

The foregoing provision notwithstanding, the City shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor is not in excess of ten thousand dollars ($10,000), the Utility Commission shall, in writing, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the City Council 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 shall be in excess of ten thousand dollars ($10,000) but not in excess of one hundred thousand dollars ($100,000), the Utility Commission shall first, in writing, determine with the written approval of a consulting engineer that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the City Council may then, if it be so advised, by resolution duly adopted, approve and concur in such finding and authorize such sale, lease or

other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, in excess of ten thousand dollars ($10,000) and not in excess of one hundred thousand dollars ($100,000), shall be remitted by the City to the Commission for deposit in the Sinking Fund and shall be applied only to the redemption of Bonds of the last maturities then outstanding or to the purchase of Bonds of the last maturities then outstanding at prices not greater than the redemption price of such Bonds. Such payments of such proceeds into the Sinking Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Ordinance.

No sale, lease or other disposition of the properties of the System shall be made by the City if the proceeds to be derived therefrom shall be in excess of one hundred thousand dollars ($100,000) and insufficient to pay or redeem prior to maturity all the Bonds then Outstanding without the prior approval and consent in writing of the holders, or their duly authorized representatives, of sixty-six and two-thirds percent (66-2/3%) in amount of Bonds then Outstanding. The City 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 6.07. Issuance of Other Obligations Payable out of Revenue and General Covenant Against Encumbrances. The City shall not issue any other obligations whatsoever, except pari passu additional Bonds provided for in Section 6.08 hereof, payable from the Revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such Revenues with the Bonds; and all obligations hereafter issued by the City payable from the Revenues of the System, except such additional Bonds shall contain an express statement that such obligations are junior and subordinate as to lien on and source of and security for payment from such Revenues and in all other respects to the Bonds.

The City shall not create, or cause or permit to be created any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or, except with respect to said pari passu additional Bonds, 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 Ordinance or upon the System or any part thereof.

Section 6.08. Additional Parity Bonds. No additional parity Bonds, as in this Section defined, payable out of the revenues of the System, shall be issued after the issuance of

any Bonds pursuant to this Ordinance, except under the conditions and in the manner herein provided.

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

No such additional parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the City Clerk a written statement by Independent Accountants, based upon the necessary investigation and certification by a consulting engineer, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided, from the System during any twelve (12) consecutive months within the eighteen (18) months immediately preceding the date of the actual issuance of such additional 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 additional parity Bonds, shall not be less than one hundred twenty-five percent (125%) of the average annual amount which will mature and become due for principal of and interest on the following:

(1) The Series 1990 Bonds;

(2) Any additional parity Bonds theretofore issued pursuant to the provisions contained in this Ordinance then outstanding; and

(3) The additional parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues to be received in each of the three (3) succeeding years", as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from any increase in rates enacted by the City, the time for appeal of which shall have expired prior to the date of delivery of such additional parity Bonds, and shall not exceed the amount to be stated in a certificate of a consulting engineer, which shall be filed in the office of the City Clerk prior to the issuance of such additional parity Bonds, adjusted as provided in the following paragraph.

The Net Revenues actually derived from the System during the twelve (12) consecutive month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional net revenues which would have been received, in the opinion of a consulting engineer and the Independent

Accountants as stated in a certificate jointly made and signed by a consulting engineer and the Independent Accountants, on account of increased rates, rentals, fees and charges for the System enacted by the City, the time for appeal of which shall have expired prior to issuance of such additional parity Bonds.

Not later than simultaneously with the delivery of such additional parity Bonds, the City shall have entered into written contracts for the immediate acquisition or construction of such extensions, additions, betterments or improvements to the System which are to be financed by such additional parity Bonds.

The term "additional parity Bonds," as used in this Section, shall be deemed to mean additional Bonds issued under the provisions and within the limitations of this Section, payable from the Revenues of the System on a parity with the Series 1990 Bonds, and all the covenants and other provisions of this Ordinance (except as to details of such additional parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the holders of the Series 1990 Bonds and the holders of any additional 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 for payment from said Revenues, without preference of any Bond over any other. The City shall comply fully with all the increased payments into the various funds created in this Ordinance required for and on account of such additional Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Ordinance.

The term "additional parity Bonds," as used in this Section, shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the Revenues of the System is subject to the prior and superior lien of the Bonds on such revenues. The City shall not issue any obligations whatsoever payable from the Revenues of the System, or any part thereof, which rank prior to or equally, as to lien and source of and security for payment from such Revenues, with the Bonds except in the manner and under the conditions provided in this Section.

No additional parity Bonds, as in this Section defined shall be issued at any time, however, unless all the payments into the respective funds and accounts provided for in this Ordinance on account of the Bonds then outstanding, and any other payments provided for in this Ordinance, shall have been made in full as required to the date of delivery of the additional parity Bonds.

The City may issue additional parity Bonds without compliance with any other conditions for the purpose of refunding prior to maturity any series of the Bonds, provided that the annual debt service required on account of the refunding Bonds and the Bonds which are not refunded shall not be greater in any year in which the Bonds not refunded and the refunding Bonds are to be outstanding than the annual debt service required in such year if the Bonds to be refunded were not so refunded.

Section 6.09. Insurance. The City will carry such insurance as is customarily carried with respect to works and properties similar to the System, with a reputable insurance carrier or carriers, against loss or damage by fire, explosion, hurricane, earthquake, cyclone, occupancy or other hazards and risks, which insurance shall at all times be in an amount or amounts equal to the fair appraisal value of the buildings, properties, furniture, fixtures and equipment of the System. In time of war, the City shall also carry in said amount such insurance as may be available against loss or damage by the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repair and restoration of the damaged or destroyed properties or for the other purposes provided herein for said Renewal and Replacement Fund. The City will also carry liability insurance for damage or injury to persons or property in amounts adequate for such purposes and customarily carried with respect to works and properties similar to the System.

Section 6.10. Consulting Engineer. The City will retain a recognized, qualified independent consulting engineer on an biannual basis to supervise generally the operation, maintenance and repair of the System and to report biannually to the City in writing their recommendations and comments as to the System. Such biannual report of a consulting engineer, or a summary thereof, shall be made available at reasonable times to any Bondholder requesting the same.

Section 6.11. Services Rendered to the City. The City will not render or cause to be rendered any free services of any nature by its System; and, in the event the City or any department, agency, instrumentality, officer or employee of the City shall avail itself or himself or herself of the facilities or services provided by the System or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the City and any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue, and the City shall transfer from its general funds sufficient sums to pay such charges for service to any of its departments or properties. The revenues so received shall be deemed to be revenues derived from the

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

Section 6.12. Enforcement of Collections. The City will diligently enforce and collect all fees, rates, rentals or other charges for the services and facilities of the System and take all steps, actions and proceedings for the enforcement and collection of such fees, rates, rentals or other charges that shall become delinquent to the full extent permitted or authorized by the laws of the State of West Virginia. All such rates and charges, if not paid when due, shall become a lien on the premises served by the System.

Whenever any rates, rentals or charges for the services or facilities of the System, or of the waterworks system or sewerage system constituting a part thereof, shall remain unpaid for a period of thirty (30) days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. The City further covenants and agrees that it will, to the full extent permitted by law, and any rules and regulations promulgated by the Public Service Commission of West Virginia applicable thereto, discontinue and shut off both the water and sewerage services and facilities of the System to all delinquent users of the services and facilities of the System, or of the waterworks system or sewerage system constituting a part thereof, and will not restore either water or sewerage services of the System until all delinquent charges for the service and facilities of the System, or of the waterworks system or sewerage system constituting a part thereof, plus reasonable interest penalty charges for the restoration of service, have been fully paid.

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

Section 6.14. Books and Records. The City will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the City, in which complete and correct entries shall be made of all transactions relating to the System, and any holder of a Bond or Bonds issued pursuant to this Ordinance shall have the right at all reasonable times to inspect the System, and all parts thereof, and all records, accounts and data of the City relating thereto.

The accounting system for the System shall follow currently accepted accounting practices in accordance with the rules and regulations of the Public Service Commission of West Virginia and the Act. Separate control accounting records shall be maintained by the City. Subsidiary records as may be required shall be kept in the manner, on the forms, in the books, and along with other bookkeeping records as prescribed by the City. The City shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the City shall be reported to the City.

The City shall file with a consulting engineer and the Original Purchaser within 120 days following the end of each Fiscal Year, and shall mail in each year to any Bondholder requesting the same, an annual report containing the following:

A. A statement of Revenues and Operating Expenses from the System.

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

The City shall also, at least once a year, cause the books, records and accounts of the System to be completely audited by Independent Accountants, shall mail upon request, and made available generally, the report of said Independent Accountants, or a summary thereof, to any Bondholder issued pursuant to this Ordinance, and shall file said report with the Original Purchaser.

Section 6.15. Initial Schedule of Rates. The rates, fees and other charges for the use of the services and facilities of the System established under an ordinance of the City enacted on or before the date of the adoption or enactment of a resolution or ordinance adopted or enacted in connection with the sale of the Bonds as provided herein shall constitute the initial schedule of rates for said System for purposes of this Ordinance.

Section 6.16. Operating Budget. The Utility Commission shall annually, at least forty-five (45) days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed budget of the estimated expenditures for operation and maintenance of the System during the succeeding Fiscal Year. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a consulting 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 Utility Commission shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of ten percent (10%) of the amount of such budget shall be made except upon the further certificate of a consulting engineer that such increased expenditures are necessary for the continued operation of the System. The City shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to any Bondholder who shall file his or her address with the City and request in writing that copies of any such budgets and resolutions be furnished him or her, and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Bondholder or anyone acting for and in behalf of such Bondholder.

Section 6.17. Existence of Utility Commission. The management, operation and control of the System will be vested in the Utility Commission, or some other separate successor agency of the City, during the period in which any Bonds issued hereunder are outstanding.

Section 6.18. Public Purpose Bonds. The System will be solely operated for a public purpose and as a local governmental activity of the City.

Section 6.19. Private Activity Bonds. The City shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the City to be used directly or indirectly 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 6.20. Filings. 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 6.21. Right to Amend Ordinance. The City retains the right to make any amendments, insertions or deletions by Supplemental Resolutions of this Ordinance as the City deems desirable or necessary prior to the issuance of the Bonds, including but not limited to amendments, insertions or deletions to comply with the Code. Notwithstanding the provisions of Section 9.01 hereof, the City through Council shall without consent of the Registered Owners of the Bonds or AMBAC Indemnity amend or supplement this Ordinance by resolutions supplemental hereto or any amendatory ordinance to

comply with the Code if such amendment or supplemented is necessary to preserve the tax exempt status of the Bonds. In making their determination to amend or supplement this Ordinance, the Council of the City may rely on the opinion of a nationally recognized bond counsel.

The City also retains the right to make any amendments, insertions or deletions by Supplemental Resolution of this Ordinance as the City deems necessary prior to the issuance of the Bonds to meet the requirements of the Original Purchaser.

Section 6.22. Parties Interested Herein. Nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the City, AMBAC Indemnity, the Paying Agent and the registered owners of the Bonds, any right, remedy or claim under or by reason of this Ordinance or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Ordinance contained by and on behalf of the City shall be for the sole and exclusive benefit of the City, AMBAC Indemnity, the Paying Agent and the registered owners of the Bonds.

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.01. Events of Default. A. Each of the following events shall constitute an "Event of Default" with respect to the Bonds.

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

(B) If default occurs in the City's observance of any of the covenants, agreements or conditions on its part relating to the Bonds set forth in this Ordinance, the Supplemental Resolution or in the Bonds and such default shall have continued for a period of 30 days after the City shall have been given written notice of such default by the Depository Bank holding any fund or account hereunder or a Registered Owner of a Bond; or

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

Section 7.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any

appropriate action, suit or proceeding to enforce his or her rights and in particular (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the City to perform its duties under the Act and this Ordinance relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the City to account as if it were the trustee of an express trust for the Registered Owners of the Bonds,and (v) by action or bill in equity enjoin any acts in violation of the ordinance with respect to the Bonds, or the rights of such Registered Owners.

Upon the occurrence of an event of default, the Commission may, with the consent of AMBAC Indemnity, and shall, at the direction of AMBAC Indemnity or 51% of the Bondholders with the consent of AMBAC Indemnity, by written notice to the City and AMBAC Indemnity, declare the principal of the Bonds to be immediately due and payable, whereupon that portion of the principal of the Bonds thereby coming due and the interest thereon accrued to the date of payment shall, without further action, become and be immediately due and payable, anything in this Ordinance or in the Bonds to the contrary notwithstanding.

Section 7.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the City under this Ordinance and the Act, including the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof and performing any construction necessary for the System. If there be any default in the payment of interest on any Bonds when the same shall become due, or in the payment of the principal of any Bond or Bonds either at the specified date of maturity thereof or at a date set for redemption thereof, or otherwise in the performance of any covenant contained in this Ordinance other than as to such payment and such default shall continue for a period of thirty (30) days after written notice of the City of such default, any Registered Owner shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the City with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the Bonds and any interest thereon, the deposits into the funds and accounts herein provided and the payment of operating expenses of the System and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Ordinance and the Act.

The receiver so appointed shall forthwith, directly or by his 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 City exercise all the rights and powers of the City with respect to said facilities as the City itself might do.

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

Such receiver, in the performance of the powers hereinabove conferred upon him 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 City and for the joint protection and benefit of the City and Registered Owners of Bonds issued pursuant to this Ordinance. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose or any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System, for the sole purpose of the protection of both the City and Registered Owners, and the curing and making good of any default under the provisions of this Ordinance, and the title to and ownership of said System shall remain in the City, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage, or otherwise dispose of any assets of the Systems.

Section 7.04. Consent of AMBAC Indemnity Upon Default. Anything in this Ordinance to the contrary notwithstanding, upon the occurrence and continuance of an event of

default as defined herein, AMBAC Indemnity shall be entitled to control and direct the enforcement of all rights and remedies granted to the Bondholders for the benefit of the Bondholders under this Ordinance, including, without limitation, acceleration of the principal of the Bonds as described in this Ordinance and the right to annul any declaration of acceleration, and AMBAC Indemnity shall also be entitled to approve all waivers of events of default.

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 Ordinance, other than the Revenue Fund, shall be invested and reinvested by the Commission or the Depository Bank, as the case may be, at the direction of the City in any Qualified Investments to the fullest extent possible under applicable laws, this Ordinance, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this Section.

Except as otherwise provided, any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, including but not limited to those in the 1990 Construction Trust Fund, and used for the purpose of such fund or account. The interest accruing thereof and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The determination of the Value of the investments shall be made once a month. The Commission or the Depository Bank, as the case may be, shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any account is insufficient to make the payments required from such fund or account, regardless of the loss of such liquidation. Such Depository Bank may make any and all investments permitted by this Section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

Section 8.02. Arbitrage. The City covenants that (i) it will restrict the use of the proceeds of the Series 1990 Bonds in such manner and to such extent as may be necessary, in view of the City's reasonable expectations at the time of issuance of the Series 1990 Bonds, so that the Series 1990 Bonds will not constitute "arbitrage bonds" under Section 148

of the Code and the Regulations, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Series 1990 Bonds) so that the interest on the Series 1990 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.

ARTICLE IX

MISCELLANEOUS

Section 9.01. A. Modification or Amendment. No material modification or amendment of this Ordinance or of any ordinance or resolution amendatory hereof or supplemental hereto which would materially and adversely affect the rights of Bondholders shall be made without the consent in writing of the holders of two-thirds (2/3) or more in principal amount of the Bonds then outstanding; provided, however, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the City to pay such principal and interest out of the revenues of the System without the consent of the holder thereof. No amendment or modification shall be made which would reduce the percentage or modification of the principal amount of Bonds required for consent to the above permitted amendments or modifications.

B. Any provision of this Ordinance expressly recognizing or granting rights in or to AMBAC Indemnity may not be amended in any manner which affects the rights of AMBAC Indemnity hereunder without the prior written consent of AMBAC Indemnity.

C. Unless otherwise provided in this Section, AMBAC Indemnity's consent shall be required in addition to Bondholder consent, when required, for the following purposes: (i) execution and delivery of any supplemental ordinance and (ii) initiation or approval of any action not described in (i) above which requires Bondholder consent.

Section 9.02. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Ordinance.

Section 9.03. Repeal of Conflicting Ordinances. All ordinances, resolutions and orders, or parts thereof, in conflict with this Ordinance are to the extent of such conflict repealed.

Section 9.04. Covenant of Due Procedure. The City covenants that all acts, conditions, things and procedures required to exist, to happen , to be performed or to be taken precedent to and in the final enactment and passage of this Ordinance do exist, have happen, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, the City Clerk and members of City Council were at all times when any actions in connection with this Ordinance occurred, and are, duly in office and duly qualified for such office.

Section 9.05. Defeasance. If the City shall pay or cause to be paid, or there shall otherwise be paid, to the holders of all Bonds the principal thereof, and redemption premium, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Ordinance, then the pledge of net revenues and any other moneys and securities pledged under this Ordinance and all covenants, agreements and other obligations of the City to the Bondholders shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the paying agent at the same or earlier time, shall be sufficient, to pay, as and when due, the principal of and interest on such Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this Section. All Bonds shall prior to the maturity or redemption thereof be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this Section if (a) in case any of said Bonds are to be redeemed on any date prior to their maturity, the City shall have given the Commission in form satisfactory to it irrevocable instructions to publish as provided herein notice of redemption of such Bonds on said date, (b) there shall have been deposited with the Commission either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Commission at the same or earlier time, shall be sufficient, to pay when due the principal of and redemption premium, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date of maturity date thereof, as the case may be, and an opinion of nationally recognized bond counsel and a verification from an Independent Accountant, and (c) in the event said Bonds are not by their terms subject to redemption, or are otherwise not to be redeemed by the City, within the next succeeding sixty (60) days, the City shall have given the Commission in form satisfactory to it irrevocable instructions

to publish, as soon as practicable, a notice to the holders of such Bonds that the deposit required by (b) above has been made with the Commission and that said Bonds are deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal of, interest on, and redemption premium, if applicable, on said Bonds. Neither securities nor moneys deposited with the Commission pursuant to this Section nor principal or interest payments on any such securities shall be held in trust for, the payment of the principal of and redemption premium, if applicable, on and interest on said Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of and redemption premium, if applicable, on and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the City, as received by the Commission, free and clear of any trust, lien or pledge. For the purpose of this Section, securities shall mean and include only Government Obligations.

In the event that the principal and/or interest due on the Bonds shall be paid by AMBAC Indemnity pursuant to the Municipal Bond Insurance Policy, the Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the City, and the assignment and pledge of the Trust Estate and all covenants, agreements and other obligations of the City to the registered owners shall continue to exist and shall run to the benefit of AMBAC Indemnity, and AMBAC Indemnity shall be subrogated to the rights of such registered owners.

Section 9.06. Effective Date. This Ordinance shall take effect after passage, public hearing and otherwise in the manner prescribed by law.

Exhibit A

ESCROW AGREEMENT

This AGREEMENT, made and entered into as of the _____ day of _____, _____, by and among the CITY OF ST. ALBANS, WEST VIRGINIA (hereinafter referred to as the "City"), the WEST VIRGINIA MUNICIPAL BOND COMMISSION (hereinafter referred to as the "Commission") and _____, a national banking association having and exercising full and complete trust powers, duly organized and existing under the laws of the United States of America (hereinafter referred to as the "Escrow Trustee").

W I T N E S S E T H T H A T:

WHEREAS, the City, pursuant to an ordinance passed on July 19, 1981, as amended and supplemented (the "Prior Ordinance"), issued its Waterworks and Sewerage System Refunding and Improvement Revenue Bonds, dated March 30, 1983 (the "Prior Bonds"), in the principal amount of $2,940,000, of which $_____ in principal amount are outstanding as of the date hereof;

WHEREAS, the Prior Bonds mature on the dates and bear interest at the rates set forth in Schedule A hereto;

WHEREAS, the City has determined to issue its Waterworks and Sewerage System Refunding Revenue Bonds, Series 1990 (the "Series 1990 Bonds"), pursuant to Ordinance No. _____ passed on _____, 19___, as amended and supplemented on _____, 1990, (the "Ordinance"), a portion of the proceeds of which will be used to refund the Prior Bonds;

WHEREAS, the City will purchase for the Escrow Trustee on behalf of the City, with such Series 1990 Bond proceeds with other available funds, including funds transferred from the sinking fund, including the reserve account therein, United States Treasury Obligations that yield interest not in excess of the yield on the Series 1990 Bonds (the "Government Securities") described in Schedule B hereto;

WHEREAS, the Government Securities, which will be issued to the Escrow Trustee simultaneously with the delivery of the Series 1990 Bonds, are in such principal amount and mature and bear interest at such rates and are payable at such times and in such amounts as to insure the payment of the principal of the Prior Bonds as they severally mature and interest on the Prior Bonds as it comes due to the respective maturities thereof;

WHEREAS, the City has found it desirable to appoint the Escrow Trustee, and the Commission has agreed to such appointment, for the purposes of holding title, as trustee for the City, to the Government Securities, receiving payments of the principal thereof and interest thereon when due, disbursing to the paying agents such amounts as may be necessary to provide for payment of the Prior Bonds and the interest thereon when due, and holding and investing and reinvesting any cash balances which may at any time not be needed for immediate disbursement; and

WHEREAS, the Commission, at the request of the City, has taken all action necessary to appoint and designate _____, Charleston, West Virginia, as the Escrow Trustee to accomplish such purposes;

NOW, THEREFORE, in consideration of the mutual agreements contained herein, and in order further to secure payment of the Prior Bonds, as heretofore provided, the parties hereto mutually undertake, promise and agree for themselves, their respective representatives, successors and assigns, as follows:

1. Receipt of true and correct copies of the Prior Ordinances and the Prior Ordinance is hereby acknowledged by the Commission and the Escrow Trustee. Reference herein to or citation herein of any provisions of any of the Prior Ordinances or the Ordinance shall be deemed to incorporate the same as a part hereof in the same manner and with the same effect as if the same were fully set forth herein.

2. There is hereby created and established with the Escrow Trustee a special and irrevocable trust fund designated the "City of St. Albans, West Virginia, Prior Waterworks and Sewerage System Revenue Bonds Escrow Fund (hereinafter referred to as the "Escrow Fund"), to be held in the custody of the Escrow Trustee, separate and apart from other funds of the City, the Commission or the Escrow Trustee. There is further hereby created and established within the Escrow Fund a Restricted Account and an Unrestricted Account, which shall be held separate and apart from one another and from other funds of the City, the Commission or the Escrow Trustee. The deposit of investments or moneys in the Escrow Fund shall constitute an irrevocable deposit of said investments or moneys in trust for, and such moneys and the investments thereof, together with any income or interest earned thereon, shall be applied, except as otherwise provided herein, to, the payment of the principal of and interest on the Prior Bonds as the same become due and payable, fees and expenses of the Escrow Trustee and paying agent fees on the Prior Bonds.

3. Concurrently with the delivery of the Series 1990 Bonds, the City shall apply $_____ from the proceeds of sale of the Series 1990 Bonds, other funds available therefor, including the funds transferred from the sinking fund, including the reserve account therein, created and maintained on account of the Prior Bond, to the purchase of the Government Securities described in Schedule B hereto. _____, Charleston, West Virginia, independent certified public accountants, have certificated, in their letter dated _____, 19___, attached hereto as Schedule E, that the Government Securities, together with the income to be derived from the investment of said moneys in the Government Securities, will be sufficient to pay the principal of and interest on the Prior Bonds as the same become due and payable.

4. The Government Securities shall be credited to the Escrow Fund. The Escrow Trustee shall deposit any proceeds (whether principal, interest or otherwise) derived from the Government Securities in the Escrow Fund. Upon determination by the Escrow Trustee that any proceeds derived from the Government Securities are in excess of the amounts needed (a) to pay the principal of, and interest on, the Prior Bonds on the next immediately succeeding payment dates set forth on Schedule A, and (b) to meet any scheduled deficit investment earnings for any of the Government Securities at any future time in order to pay the principal of, and interest on, the Prior Bonds, the Escrow Trustee shall accumulate such excess until the excess is sufficient to reinvest, to the extent practicable, in those Government Securities and on such minimum amounts as are set forth in Schedule B hereto and maturing at the times and in the amounts sufficient to pay when due the principal of, and interest on, the Prior Bonds as the same become due. In order to comply with Treasury regulations, in effect as of the date of this Agreement, the Escrow Trustee must reinvest any cash balances in excess of $1,000 attributable to the Escrow Fund in zero interest, six-month State and Local Government Certificates. Upon receipt of an opinion of nationally recognized bond counsel that such substitution will not cause any of the Series 1990 Bonds to be an "arbitrage bond" as defined in subsection (c)(2) of Section 103 of the Internal Revenue Code of 1986, as amended and then in effect, or to be subject to treatment under subsection (c)(1) of said Section as an obligation not described in subsection (a) of said Section, the Escrow Trustee may substitute other United States Treasury Obligations for the Government Securities described in Schedule B hereto, provided that the yield of such United States Treasury Obligations being substituted must equal or exceed the yield of the Government Securities described in B hereto for which they are being substituted. Except as provided above, the Escrow Trustee shall have no power or duty to invest any moneys held hereunder

or to make substitutions of the Government Securities hereunder, or to sell, transfer or otherwise dispose of Government Securities acquired hereunder.

5. The Escrow Trustee shall deposit directly with the paying agent or agents therefor, in immediately available funds, from the amounts held in the Escrow Fund on _____, _____, and on _____ in each year thereafter, an amount sufficient to pay the principal of the Prior Bonds on _____, 19___, and on each _____ 1 and _____ 1 of each year thereafter, an amount sufficient to pay the interest on the Prior Bonds.

6. The holders of the Prior Bonds shall have an express lien on all moneys and assets in the Escrow Fund until paid out, used and applied in accordance with this Agreement.

7. After the payment of all the Prior Bonds, and the interest thereon, the amounts remaining in the Escrow Fund shall be transferred to the Sinking Fund established under the Ordinance.

8. The Commission shall not be entitled to any fees for services rendered under this Agreement.

Concurrently with the delivery of the Series 1990 Bonds, the Escrow Trustee shall set apart in a separate account in the Escrow Fund, such account's being hereby created and designated as the "Fee and Expense Account," the amount of $_____ and shall immediately thereafter pay to itself the amount of $_____ from the Fee and Expense Account. On each anniversary date of the Agreement until and including _____, 19___, the Escrow Trustee shall pay to itself the amount of $___ from the Fee and Expense Account, in full payment of all of its fees and expenses for services rendered and to rendered hereunder for the entire term of this Agreement.

Of said $_____ deposited into the Fee and Expense Account, $_____ is to be used for payment to the paying agents for the Prior Bonds for their fees and expenses to be incurred with respect to their duties under the Prior Ordinances. The Escrow Trustee is hereby authorized to disburse $_____ in such amounts from time to time upon the submission of requisitions by the paying agents no earlier than the respective interest payment dates of the Prior Bonds.

Prior to the disbursement of funds from the Fee and Expense Account, the Escrow Trustee shall invest such funds in United States Treasury Obligations that yield interest not in excess of the yield on the Series 1990 Bonds at such times and in such amounts so as to provide moneys when needed for the purposes set forth above. The balance in the Fee and Expense Account after all fees have been paid shall be distributed as provided in Paragraph 7 hereof.

The City shall reimburse or pay to the Escrow Trustee any expenses or fees incurred by the Escrow Trustee in excess of the amounts herein furnished. In no event, however, shall the Escrow Trustee or the paying agents have any lien whatsoever upon any of the moneys or Government Securities in the Escrow Fund, other than in the Fee and Expense Account therein, for the payment of such fees or expenses.

9. The City and the Escrow Trustee independently hereby covenant that no part of the moneys or funds at any time in the Escrow Fund, including the Fee and Expense Account therein, shall be used directly or indirectly to acquire any securities or obligations, the acquisition of which would cause any of the Series 1990 Bonds to be an "arbitrage bond" as defined in Section 148 of the Internal Revenue Code of 1986, as amended.

10. Neither the Commission nor the Escrow Trustee shall have any responsibility in respect of the validity or sufficiency of this Agreement. The liability of the Commission and the Escrow Trustee for the payment of the principal of and the interest on the Prior Bonds shall be limited to the application of the moneys and Government Securities available for such purposes in the Escrow Fund. Neither the Commission nor the Escrow Trustee shall be liable or responsible because of the failure of the City to perform any act required of it by this Agreement or because of the loss of any moneys arising through the insolvency or the act or default or omission of any depository, other than the Escrow Trustee, in which such moneys shall have been deposited.

11. If any outstanding Prior Bonds or coupons are not presented for payment when due, and moneys are held by the Escrow Trustee for payment thereof, such moneys shall be held for such purposes for a period of six (6) years from the date such payment was due, at which time such moneys shall be paid to the City. Prior to such repayment by the Escrow Trustee to the City, the Escrow Trustee shall cause to be published at least twice at an interval of at least seven (7) days between publications in a financial newspaper customarily published at least once a day for at least five (5) days (other than legal holidays) a week, printed in the English language and circulated in the Borough of Manhattan, City and State of New York, a notice that said moneys remain unclaimed and that after a date named in said notice, which date shall be the date of such repayment and shall not be less than thirty (30) days after the date of the first publication of such notice, such moneys shall be paid to the City as its absolute property and free from trust. The City shall pay the cost of publishing such notice.

12. Concurrently with the execution of this Agreement and the defeasance of the lien of the Prior Bonds, the

Commission, at the express direction of the City, is to pay the funds held by it in the sinking fund, including the reserve account therein, created and maintained under the Prior Ordinances into the Escrow Fund, for the simultaneous purchase of Government Securities.

13. If any one or more of the covenants or agreements provided in this Agreement to be performed on the part of any of the parties hereto should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

14. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

15. This Agreement is made in the State of West Virginia under the Constitution and laws of such State and is to be so construed.

16. This Agreement shall terminate on the earlier of the date on which all the outstanding Prior Bonds have been paid and discharged in accordance with the respective provisions of the Prior Ordinances or, as described in Paragraph 11, above, six (6) years after the last date on which payment on the Prior Bonds is due. Government Securities in the Escrow Fund shall be transferred as provided in Paragraph 7 hereof.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

CITY OF ST. ALBANS, WEST VIRGINIA

By _____
Its _____

WEST VIRGINIA MUNICIPAL BOND COMMISSION

By _____
Its _____

_____

By _____
Its _____

Schedule A

Schedule B

[United States Treasury Obligations]

Schedule C

[Letter of Independent Certified Public Accountants]

0291Z

Resolution No. _____

Introduced in Council:

March 14, 1990

Introduced by:

Mayor A. Eddie Bassitt

Adopted by Council:

March 14, 1990

A Resolution supplementing Ordinance No. 90-03 passed by the Council of the City of St. Albans on February 5, 1990, which was placed into effect on February 20, 1990, which Ordinance No. 90-03 authorized, among other things the refunding of all outstanding waterworks and sewerage system revenue bonds of the City of St. Albans, West Virginia; authorized the issuance of Waterworks and Sewerage System Refunding Revenue Bonds, Series 1990, of said City of St. Albans in the aggregate principal amount of not to exceed $3,500,000, along with other funds and moneys of, or available to, the City of St. Albans which may be lawfully expended for such purpose, made provision for such refunding, funded a reserve account for such Bonds and paid other costs in connection therewith; provided for the rights and remedies of and security for the holders of such Bonds; and adopted other provisions related thereto; establishing the date, series and aggregate principal amount of, respective rates of interest on, interest payment dates for, respective maturity dates, redemption provisions and places of payment of and certain other terms and provisions with respect to said waterworks and sewerage system refunding revenue bonds; approving the sale of such Bonds in accordance with a Contract of Purchase relating thereto; authorizing the distribution of a Preliminary Official Statement and an Official Statement relating thereto; appointing a depository bank for the funds and accounts with respect to such Bonds; appointing an escrow trustee with respect to the waterworks and sewerage system refunding and improvement bonds to be refunded with the proceeds of such Bonds; and providing for other matters relating thereto.

WHEREAS, by Ordinance 90-03 passed by the Council of the City of St. Albans, West Virginia (the "City"), on February 5, 1990, as placed into effect on February 20, 1990 (as supplemented hereby, the "Ordinance"), the City authorized among other things the issuance of not more than $3,500,000 in an aggregate principal amount of waterworks and sewerage system refunding revenue bonds (the "Bonds") to refund certain waterworks and sewerage system refunding and improvement revenue bonds (the "Prior Bonds") outstanding on April 1, 1990 in the aggregate principal amount of $2,770,000, to fund a reserve account with respect to such Bonds and to pay the costs of issuance thereof;

WHEREAS, it is necessary to determine and establish the date, series and aggregate principal amount of, respective rates of interest on, interest payment dates for, respective maturity dates, redemption provisions and places of payment of and certain other terms and provisions with respect to the Bonds;

WHEREAS, Wheat, First Securities, Inc. (the "Purchaser") has presented a contract of purchase dated as of the date of adoption of this resolution (the "Contract of Purchase") relating to the sale of the Bonds;

WHEREAS, it is in the best interest of the City and the citizens thereof that the Bonds be sold pursuant to the Contract of Purchase;

WHEREAS, it is necessary for the City to appoint a depository bank for funds and accounts with respect to the Bonds and an escrow trustee with respect to the Prior Bonds to be refunded with the proceeds of the Bonds;

WHEREAS, it is in the best interest of the City and the citizens thereof that the Ordinance be supplemented as set forth herein.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED BY THE COUNCIL OF THE CITY OF ST. ALBANS, WEST VIRGINIA:

1. The Bonds shall be dated March 1, 1990, shall be designated Series 1990, shall be in the aggregate principal amount of $3,100,000 and shall bear interest at such respective rates, payable on such dates, mature on such respective dates and be subject to such redemption, all as follows:

(A) The Bonds shall bear interest per annum from the date thereof until the respective dates and maturities or prior redemption thereof at such rates, payable semiannually on April 1 and October 1 of each year, commencing October 1, 1990, and shall mature on April 1 of such years and in such principal amounts, all as set forth below:

YEAR	PRINCIPAL AMOUNT	INTEREST RATE
1995	$ 85,000	6.35%
1996	90,000	6.45%
1997	95,000	6.55%
1998	100,000	6.65%
1999	110,000	6.75%
2000	115,000	6.85%
2001	120,000	6.95%
2002	130,000	7.00%
2013	2,255,000	7.40%

(B) The Bonds shall not be subject to optional redemption prior to April 1, 20000 At the option of the City, the Bonds will be subject to redemption prior to maturity on or after April 1, 2000, as a whole at any time and in part on any interest payment date, in inverse order of maturity if less than all and by random selection within maturities of less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) set forth below, plus interest accrued to the date fixed for redemption:

PERIOD DURING WHICH REDEEMED	REDEMPTION PRICE
April 1, 2000 through March 31, 2001	102%
April 1, 2001 through March 31, 2002	101%
April 1, 2002 and thereafter	100%

(C) The Bonds maturing on April 1, 2013, shall be subject to mandatory sinking fund redemption by random selection as may be determined by the Registrar at a redemption price equal to the principal amount thereof (without premium) plus accrued interest to redemption date on April 1 in the years and principal amounts as follows:

YEAR	PRINCIPAL AMOUNT
2003	$140,000
2004	150,000
2005	160,000
2006	175,000
2007	185,000
2008	200,000
2009	215,000
2010	230,000
2011	250,000
2012	265,000

In determining the principal amount of the Bonds maturing on April 1, 2013 to be redeemed on any mandatory sinking fund redemption date, there shall be deducted the principal amount of the Bonds maturing on April 1, 2013 delivered to the Registrar for cancellation on or before 60 days preceding any such mandatory sinking fund redemption date or any Bonds maturing on April 1, 2013 which prior to said date have been redeemed, other than through the operation of the sinking fund, and cancelled by the Registrar.

(D) Notice of Redemption. (i) Notice of redemption shall be given by the Registrar, by Mail, not less than thirty nor more than sixty days prior to the redemption date, to the holder of each Bond at the address shown on the registration books of the Registrar on the date such notice is

mailed. Each notice of redemption shall state the complete official name of the issue including series, the redemption date, the place of redemption, the redemption price, the CUSIP numbers and certificate numbers of the Bonds being redeemed and the name and address of the Paying Agent. In the event of a partial redemption the respective amount of each certificate shall also be stated. Such notice shall also state that the interest on the Bonds designated for redemption shall cease to accrue from and after such redemption date and that on said date there will become due and payable on each of said Bonds the principal amount thereof to be redeemed and the premium thereon, if any, and interest accrued thereon, to the redemption date. No defect affecting any Bond, whether in the notice of redemption or mailing thereof (including any failure to mail such notice), shall affect the validity of the redemption proceedings for any other Bonds for which notice was properly given.

(ii) In the event any Bond to be redeemed has not been surrendered within 60 days after the redemption date, the Registrar shall send another notice to the Bondholder whose Bond has not been surrendered.

(iii) Upon surrender of any Bond redeemed in part only, the Registrar shall provide a replacement Bond of the same maturity as the Bond redeemed in part, in a principal amount equal to the portion of such Bond not redeemed. The Registrar shall mail such replacement Bonds to the registered owner thereof by first class mail at the Bondholder's address contained in the registration books or as otherwise instructed by the Bondholder. The Bond so surrendered shall be cancelled. Notwithstanding anything else contained herein to the contrary, the principal amount of any Bond redeemed shall be at least $5,000 or any whole multiple thereof.

(iv) Notice of redemption having been duly given as aforesaid, Bonds or portions thereof so called for redemption shall, on the redemption date designated in such notice, become due and payable at the redemption price specified in such notice, and interest on the Bonds or portions thereof so called for redemption shall cease to accrue, said Bonds or portions thereof shall cease to be entitled to any lien, benefit or security under the Ordinance, and the holders of said Bonds or portions thereof shall have no rights in respect thereof except to receive payment of the redemption price thereof.

(E) The Bonds shall be issued in fully registered form and in the denominations of $5,000 or any integral multiple thereof and shall be numbered from 1 upward consecutively. The Bonds shall be registered as provided by Sections 3.03 and 3.04 of the Ordinance.

(F) Charleston National Bank, Charleston, West Virginia, is hereby appointed Registrar and Paying Agent for the Bonds. Accordingly, both the principal of and interest on the Bonds are payable at the office of the West Virginia Municipal Bond Commission through Charleston National Bank, Charleston, West Virginia. The Registrar's Agreement between the City and Charleston National Bank, substantially in the form submitted to this meeting, shall be and the same is hereby approved. The Mayor shall execute and deliver the Registrar's Agreement with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Registrar's Agreement by the Mayor shall be conclusive evidence of any approval required by this Section.

(G) Charleston National Bank shall signify its acceptance of the duties and obligations imposed upon it by the Ordinance by executing and delivering to the City a written acceptance thereof. Charleston National Bank shall be entitled to payment, reimbursement for reasonable fees for its services rendered under the Ordinance and all advances, counsel fees and other expenses reasonably and necessarily incurred in connection with such services, solely from the moneys available therefor.

2. The Bonds shall be sold to the Purchaser at the aggregate purchase price of $3,021,087.50, plus accrued interest from March 1, 1990, to the date of delivery of the Bonds, in accordance with the terms of the Contract of Purchase, in the form of such contract attached as Exhibit A hereto and by this reference made a part hereof. The Mayor is authorized and directed to execute and deliver the Contract of Purchase to the Purchaser.

3. The distribution by the Purchaser of the Preliminary Official Statement, dated March 6, 1990, relating to the Bonds, is hereby ratified and approved, and the distribution by the Purchaser of the Official Statement, dated the date hereof, relating to the Bonds, in substantially the form of such Official Statement attached as Exhibit B hereto and by this reference made a part hereof is hereby approved and the Mayor is authorized and directed to execute and deliver such Official Statement to the Purchaser.

4. The Revenue Fund and the Renewal and Replacement Fund shall be established with One Valley Bank, St. Albans, West Virginia.

5. Charleston National Bank, Charleston, West Virginia, is hereby appointed Escrow Trustee. The Mayor is hereby authorized and directed to enter into the Escrow Agreement in substantially the form attached to the Ordinance with such insertions and deletions as are approved by the Mayor. The Mayor's execution of such Escrow Agreement shall be

conclusive evidence of his approval of such insertions and deletions.

6. Pursuant to Subsection 4.01(A)(2) of the Ordinance, the City shall begin making payments into the Sinking Fund on account of interest in April, 1990.

7. The City and all subordinate entities anticipate issuing not more than $10,000,000 in tax-exempt bonds during the calendar year 1990 and hereby designates the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

8. The City hereby grants to the registered owners of the Bonds a statutory mortgage lien upon the System.

9. It is hereby found and determined that the refunding of the Prior Bonds is in the best interest of the citizens of St. Albans.

10. The City hereby elects and determines to call for optional redemption all the Prior Bonds then outstanding on April 1, 1993, and hereby instructs the Escrow Trustee to call such Prior Bonds in accordance with the terms and conditions of the Prior Ordinance.

11. The City hereby elects and determines to transfer the amount of $309,612.50 from the sinking fund, including the reserve account, presently held for the Prior Bonds pursuant to the Prior Ordinance to the reserve account to be held for the Bonds by the West Virginia Municipal Bond Commission.

12. The City hereby elects and determines to transfer the amount of $2,961,966.99 from the proceeds of the sale of the Bonds, and the amount of $51,633.01 from the sinking fund, including the reserve account, presently held for the Prior Bonds pursuant to the Prior Bonds, to the Escrow Trustee to be applied in accordance with the terms of the Escrow Agreement.

13. The firm of Ernst & Young, Birmingham, Alabama, is hereby engaged for the purpose of verifying yield and sufficiency of the Escrow Fund.

14. The Mayor and other City officials are hereby authorized and directed to take all actions necessary to cause the Bonds to be insured by AMBAC Indemnity Corporation or such other municipal bond insurance company as is acceptable to the Purchaser.

15. The Mayor and other City officials are hereby authorized and directed to take all actions necessary in connection with the Bonds including but not limited to the execution and delivery of the DTC Letter of Representations, a

copy of which is attached hereto as Exhibit C and incorporated herein by reference, to the end that the Bonds may be delivered on or about April 3, 1990 pursuant to the Contract of Purchase.

16. This Resolution shall take effect upon the adoption hereof.

0582Z

* CONFORMED COPY

CITY OF ST. ALBANS, WEST VIRGINIA

TAXABLE COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1998 A, TAXABLE COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1998 B AND WHEN, AS AND IF ISSUED COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2000 A

BOND ORDINANCE

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CITY OF ST. ALBANS, WEST VIRGINIA

AN ORDINANCE AUTHORIZING THE REFUNDING OF THE WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1990, OF THE CITY OF ST. ALBANS, WEST VIRGINIA; THE ISSUANCE OF TAXABLE COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1998 A, OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $3,000,000, TAXABLE COMBINED WATERWORKS AND SEWERAGE REFUNDING REVENUE BONDS, SERIES 1998 B, OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $200,000 AND TAX-EXEMPT COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2000 A, OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $3,000,000, THE PROCEEDS OF WHICH, TOGETHER WITH OTHER FUNDS OF THE CITY, SHALL BE EXPENDED FOR SUCH REFUNDING AND TO PAY COSTS IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF AN ESCROW AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND PROVISIONS FOR BOND INSURANCE; AND ENACTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

WHEREAS, the City of St. Albans, West Virginia (the "Issuer") presently owns and operates through the St. Albans Municipal Utility Commission (the "Board") a municipal combined waterworks and sewerage system (the "System") and has heretofore financed and refinanced the acquisition and construction of the System and certain extensions, additions, betterments and improvements thereto by issuance of several series of bonds or refunding bonds, of which there are presently outstanding the Waterworks and Sewerage System Refunding Revenue Bonds, Series 1990, dated March 1, 1990, issued in the original aggregate principal amount of $3,100,000, of which $2,830,000 is presently outstanding (the "Series 1990 Bonds");

WHEREAS, the Series 1990 Bonds were issued pursuant to an ordinance of the Issuer duly enacted by the council of the Issuer on February 20, 1990, as supplemented by a supplemental resolution duly adopted by the council of the Issuer on March 14, 1990 (collectively, the "1990 Ordinance");

WHEREAS, the Issuer is advised that current market conditions are such that interest savings would be realized from the refunding of the Series 1990 Bonds;

WHEREAS, under the provisions of Chapter 13, Article 2E and Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (collectively, the "Act"), the Issuer is authorized and empowered to issue refunding revenue bonds to refund, pay or discharge all or any part of the outstanding Series 1990 Bonds;

WHEREAS, the Issuer has determined and hereby determines that it would therefore be to the benefit of the Issuer and its residents to provide for the refunding of the Series 1990 Bonds on their first permitted Redemption Date, being April 1, 2000, in the manner set forth herein through the issuance of an initial series of taxable bonds to be designated "City of St. Albans, West Virginia, Taxable Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1998 A" (the "Series 1998 A Bonds"), in the maximum aggregate principal amount of not more than $3,000,000, to issue a second series of taxable bonds to be designated "City of St. Albans, West Virginia, Taxable Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1998 B (the "Series 1998 B Bonds") in the maximum aggregate principal amount of $200,000 to provide for payment of costs of issuance of such bonds, and, subject to the satisfaction of certain conditions, to issue a subsequent series of tax-exempt bonds to be designated "City of St. Albans, West Virginia, Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2000 A" (the "Series 2000 A Bonds"), in the maximum aggregate principal amount of not more than $3,000,000, to provide for the current refunding of the Series 1990 Bonds on April 1, 2000; and

WHEREAS, the Issuer now desires to authorize the refunding of the Series 1990 Bonds as aforesaid, and to provide for the financing thereof by the issuance of the Series 1998 A Bonds, the Series 1998 B Bonds and the Series 2000 A Bonds as hereinafter provided;

NOW, THEREFORE, THE CITY OF ST. ALBANS HEREBY ORDAINS:

ARTICLE I

DEFINITIONS; STATUTORY AUTHORITY; FINDINGS

Section 1.01. Definitions. All capitalized terms used in this Ordinance and not otherwise defined in the recitals hereto shall have the meanings specified below, unless the context expressly requires otherwise:

"Act" means, collectively, Chapter 13, Article 2E and Chapter 8, Article 20 of the West Virginia Code of 1931, as amended and in effect on the date of delivery of the Bonds.

"Authorized Newspaper" means a financial journal or newspaper of general circulation in the City of New York, New York, printed in the English language and customarily published on each business day of the Registrar, whether or not published on Saturdays, Sundays or legal holidays, and so long as so published, shall include The Bond Buyer and Redemption Digest.

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

"Board" means the St. Albans Municipal Utility Commission, or any successor thereto.

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

"Bond Counsel" shall mean any law firm having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal Bonds, appointed by the Issuer or the Board and shall initially mean Steptoe & Johnson, Clarksburg, West Virginia.

"Bondholder," "Holder of the Bonds," "Owner of the Bonds," "Registered Owner" or any similar term means any person who shall be the registered owner of any outstanding Bond.

"Bond Insurer" means any entity which shall insure all or any portion of the payment of principal of and interest on the Bonds, and in the event the Bonds are insured, shall initially mean the Bond Insurer set forth in the Supplemental Resolution.

"Bond Register" means the books of the Issuer maintained by the Registrar for the registration and transfer of Bonds.

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

"Bonds" means, collectively, the Series 1998 A Bonds, the Series 1998 B Bonds, the Series 2000 A Bonds and any additional parity Bonds hereafter issued within the terms, restrictions and conditions contained herein.

"Business Day" means any day other than a Saturday, Sunday or a day on which national banking associations or West Virginia banking corporations are authorized by law to remain closed.

"Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Bonds, in substantially the forms set forth in EXHIBIT A, EXHIBIT B and EXHIBIT C, attached hereto and incorporated herein by reference.

"City" or "Issuer" means the City of St. Albans, a municipal corporation and political subdivision of the State of West Virginia, in Kanawha County thereof, and, unless the context clearly indicates otherwise, includes the Council, the Board, and any successor thereto.

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

"Closing Date" means the date upon which there is an exchange of a series of Bonds for the proceeds representing the original purchase price thereof.

"Code" shall mean the Internal Revenue Code of 1986, as amended and supplemented from time to time, and Regulations thereunder.

"Consulting Engineers" means any qualified engineer or engineers or firm or firms of engineers that shall at any time now or hereafter be retained by the Issuer as Consulting Engineers for the System, or portion thereof.

"Costs" or similar terms means all those costs now or hereafter permitted by the Act to be financed with bonds issued pursuant hereto, including, without limitation, the costs of refunding the Series 1990 Bonds, interest accruing or to accrue thereon, redemption premiums, premiums for municipal bond insurance and reserve account insurance, letter of credit fees, expenses for fiscal or other agents, legal expenses, verification agent expenses and any other costs or expenses necessary, incidental, desirable or appurtenant to the issuance of the Bonds and the refunding of the Series 1990 Bonds.

"Costs of Issuance Fund" means the Costs of Issuance Fund created by Section 4.01 hereof.

"Council" means the Council of the Issuer or any other governing body of the Issuer that succeeds to the functions of the Council as presently constituted.

"Depository Bank" means the bank or banks to be designated as such in the Supplemental Resolution, and any other bank or national banking association located in the State of West Virginia, eligible under the laws of the State of West Virginia to receive deposits of state and municipal funds and insured by the FDIC that may hereafter be appointed by the Issuer as Depository Bank.

"DTC-eligible" means, with respect to the Bonds, meeting the qualifications prescribed by the Depository Trust Company, New York, New York.

"Escrow Agent" means the West Virginia Municipal Bond Commission, as escrow agent under the Escrow Agreement, which shall be appointed pursuant to the Supplemental Resolution.

"Escrow Agreement" means the Escrow Agreement to be entered into between the Issuer and the Escrow Agent, providing for the deposit therein of the proceeds of the Series 1998 A Bonds and a portion of the proceeds of the Series 1998 B Bonds, and other matters in connection therewith, the form of which shall be approved by the Supplemental Resolution.

"Escrow Fund" means the Escrow Fund established pursuant to the Escrow Agreement.

"Event of Default" means any occurrence or event specified in Section 7.01.

"FDIC" means the Federal Deposit Insurance Corporation or 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.

"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" include any gains from the sale or other disposition of capital assets, but does not include 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.

"Independent 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 purpose except keeping the accounts of the System in the normal operations of its business and affairs.

"Mayor" means the Mayor of the Issuer.

"Municipal Bond Insurance Policy" means the municipal bond insurance policy, if any, issued by the Bond Insurer simultaneously with the delivery of the Bonds, insuring the payment of the principal of and interest on all or any of the Bonds in accordance with the terms thereof.

"Net Proceeds" means the face amount of the Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in any 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 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds or any other proceeds of the Bonds and is not acquired in order to carry out the governmental purpose of the Bonds.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, operation and maintenance of the System, as hereinafter defined, and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs, fees and expenses of the 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.

"Ordinance" means this Ordinance and all ordinances, orders and resolutions supplemented hereto or amendatory hereof.

"1990 Ordinance" means, collectively, the ordinance of the Issuer enacted February 20, 1990, as supplemented by the supplemental resolution of the Issuer adopted March 14, 1990, authorizing the Series 1990 Bonds.

"Original Purchaser" means Crews & Associates, Little Rock, Arkansas, as the purchaser of the Bonds directly from the Issuer, or, if the Issuer and such Original Purchaser do not agree to the purchase of the Bonds with interest rates and other terms allowable under the Act, such other person or persons, firm or firms, bank or banks, corporation or corporations or such other entity or entities as shall purchase the Bonds directly from the Issuer, as determined by a resolution supplemental hereto; provided, that the Original Purchaser and the Issuer shall agree to the purchase of the Bonds, as hereinafter defined, including the exact principal amount thereof and interest rate or rates thereon as fixed by said supplemental resolution to be adopted by the Council at the time of approval of such sale of the Bonds.

"Outstanding," when used with reference to the Bonds and as of any particular date, describes all Bonds theretofore and thereupon being issued and delivered except (a) any Bond canceled by the registrar for such Bond at or prior to said date; (b) any Bond for the payment of which moneys, equal to its principal amount, with interest to the date of maturity, shall be held in trust under this Ordinance and set aside for such payment (whether upon or prior to maturity); (c) any Bond deemed to have been paid as provided by Section 9.01; and (d) with respect to determining the number or percentage of Bondholders or Bonds for the purpose of consents, notices and the like, any Bond registered to the Issuer.

"Paying Agent" means the Registrar or any other Paying Agent designated as such for the Bonds in the Supplemental Resolution, and any successor thereto, appointed in accordance with Section 8.12 hereof.

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

"Purchase Price," for the purpose of computation of the Yield of the Bonds, has the same meaning as the term "issue price" in Sections 1273(b) and 1274 of the Code,

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

"Qualified Investments" means and includes the investments set forth in the Supplemental Resolution and designated as such.

"Rebate Fund" means the Rebate Fund created by Section 4.01 hereof.

"Record Date" means the day of the month which shall be so stated in the Bonds, regardless of whether such day is a Saturday, Sunday or legal holiday.

"Redemption Date" means the date fixed for redemption of the Series 1990 Bonds, the Series 1998 A Bonds, the Series 1998 B Bonds, the Series 2000 A Bonds or any other Bonds of the Issuer called for redemption, as applicable.

"Redemption Price" means the price at which the Series 1990 Bonds, the Series 1998 A Bonds, the Series 1998 B Bonds, the Series 2000 A Bonds or any other Bonds of the Issuer may be called for redemption and includes the principal amount of such Bonds to be redeemed, plus interest and the premium, if any, required to be paid to effect such redemption.

"Registrar" means the bank to be designated in the Supplemental Resolution as the Registrar for the Bonds, and any successor thereto, appointed in accordance with Section 8.08 hereof.

"Regulations" means temporary and permanent regulations promulgated under the Code, and includes applicable regulations promulgated under the Internal Revenue Code of 1954.

"Renewal and Replacement Fund" means the Renewal and Replacement Fund created by Section 4.01 hereof.

"Revenue Fund" means the Revenue Fund created by Section 4.01 hereof.

"Series 1998 A Bonds" means the Taxable Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1998 A, of the Issuer, originally authorized to be issued pursuant to this Ordinance and the Supplemental Resolution.

"Series 1998 A Bonds Sinking Fund" means the Series 1998 A Bonds Sinking Fund created by Section 4.02 hereof.

"Series 1998 B Bonds" means the Taxable Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1998 B, of the Issuer, originally authorized to be issued pursuant to this Ordinance and the Supplemental Resolution.

"Series 1998 B Bonds Sinking Fund" means the Series 1998 B Bonds Sinking Fund created by Section 4.02 hereof.

"Series 2000 A Bonds" means the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2000 A, of the Issuer, originally authorized to be issued pursuant to this Ordinance and the Supplemental Resolution.

"Series 2000 A Bonds Redemption Account" means the Series 2000 A Bonds Redemption Account created by Section 4.02 hereof.

"Series 2000 A Bonds Reserve Account" means the Series 2000 A Bonds Reserve Account created by Section 4.02 hereof.

"Series 2000 A Bonds Reserve Requirement" means a sum of $125,000, which is less than (i) 10% of the original stated principal amount of the Series 2000 A Bonds; (ii) the maximum amount of principal and interest which will become due on the Series 2000 A Bonds in any year; and (iii) 125% of the average amount of principal and interest which will become due on the Series 2000 A Bonds.

"Series 2000 A Bonds Sinking Fund" means the Series 2000 A Bonds Sinking Fund created by Section 4.02 hereof.

"Supplemental Resolution" means any ordinance or resolution amendatory hereof or supplemental hereto and, when preceded by the article "the," refers specifically to the Supplemental Resolution to be adopted by the Issuer following enactment of this Ordinance, setting forth the final amounts, maturities, interest rates and other terms of any series of Bonds, authorizing the sale of such series of Bonds to the Original Purchaser and setting forth provisions specific to the Bond Insurer, if any; provided, that any provision intended to be included in the Supplemental Resolution and not so included may be contained in any other Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Ordinance to be set aside and held for the payment of or security for the Bonds, including any Reserve Account and the Renewal and Replacement Fund.

"System" means the complete public combined waterworks and sewerage system of the Issuer, as presently existing in its entirety or any integral part thereof, and shall include any further extensions, additions, betterments and improvements thereto hereafter constructed or acquired from any sources whatsoever.

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

"Term Bonds" means Bonds subject to mandatory sinking fund redemption, as described by Section 3.06 hereof.

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations and vice versa; and words importing the masculine gender shall include the feminine and neuter genders and vice versa.

Additional terms and phrases are defined in this Ordinance as they are used. Accounting terms not specifically defined herein shall be given meaning in accordance with generally accepted accounting principles.

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

Articles, sections and subsections mentioned by number only are the respective articles, sections and subsections of this Ordinance so numbered.

Section 1.02. Authority for this Ordinance. This Ordinance is enacted pursuant to the provisions of the Act and other applicable provisions of law.

Section 1.03. Findings. The Council hereby finds and determines as follows:

A. The Issuer is a municipal corporation and political subdivision of the State of West Virginia, in Kanawha County of said State.

B. The Issuer now owns and operates the System, the acquisition and construction of which has been refinanced in part by the proceeds of the Series 1990 Bonds.

C. The Issuer derives revenues from the System which are pledged for payment of the Series 1990 Bonds. Except for such pledge thereof to secure and pay the Series 1990 Bonds, such revenues are not pledged or encumbered in any manner.

D. The Issuer intends to currently refund the Series 1990 Bonds in their entirety on April 1, 2000, with proceeds of the Series 2000 A Bonds and other funds of the Issuer, and prior to such refunding, to issue the Series 1998 A Bonds and the Series 1998 B Bonds.

E. The estimated revenues to be derived in each year from the operation of the System before and after the refunding of the Series 1990 Bonds will be sufficient to pay all Operating Expenses of the System and the principal of and interest on the Series 2000 A Bonds and to make all other payments provided for in this Ordinance.

F. Based upon the assumed principal amount, maturity schedule and interest rates for the Series 2000 A Bonds presented to the Issuer by the Original Purchaser, and after making allowance for the use of cash on hand of the Issuer, the Series 2000 A Bonds show a net present value debt service savings to the Issuer, after deducting all expenses of the refunding and the costs of issuing the Series 2000 A Bonds.

G. The Issuer shall not sell the Series 1998 A Bonds, the Series 1998 B Bonds or the Series 2000 A Bonds without setting forth in the Supplemental Resolution the determination set forth in paragraph F above, based upon the actual principal amount, maturity schedule and interest rates for the Series 2000 A Bonds and the Issuer shall not issue the Series 2000 A Bonds without having obtained from an independent certified public accountant, a certification that the amount of savings stated to be achieved by the refunding shall in fact be saved, based upon their review, comparison and analysis of the net interest cost in dollars of the Series 2000 A Bonds and the net interest cost in dollars of the Series 1990 Bonds.

H. Subject to the determination and certification required by paragraph G above, it is in the best interest of the Issuer and its residents that the Issuer issue the Series 1998 A Bonds, the Series 1998 B Bonds and the Series 2000 A Bonds, secure the Series 1998 A Bonds and Series 1998 B Bonds by a pledge of the proceeds thereof deposited in the Escrow Fund established therefor, and secure the Series 1998 B Bonds and Series 2000 A Bonds from a pledge and assignment of the Gross Revenues derived from the operation of the System, the moneys in the respective Sinking Funds and the moneys or other obligations in the respective Reserve Accounts, unexpended proceeds of such Bonds and as further set forth herein.

I. The Series 1998 A Bonds, Series 1998 B Bonds and Series 2000 A Bonds and the Certificates of Authentication and Registration to be endorsed thereon are to be in substantially the forms set forth in EXHIBIT A, EXHIBIT B and EXHIBIT C attached

hereto and incorporated herein by reference, with necessary and appropriate variations, omissions and insertions as permitted or required by this Ordinance or a Supplemental Resolution or as deemed necessary by the Registrar or the Issuer.

J. All things necessary to make the Series 1998 A Bonds, Series 1998 B Bonds and Series 2000 A Bonds when authenticated by the Registrar and issued as in this Ordinance provided, the valid, binding and legal special obligations of the Issuer according to the import thereof, and to validly pledge and assign those funds pledged hereunder to the payment of the principal of and interest thereon, will be timely done and duly performed.

K. The enactment of this Ordinance, and the execution and issuance of the Series 1998 A Bonds, the Series 1998 B Bonds and the Series 2000 A Bonds, subject to the terms thereof, will not result in any breach of, or constitute a default under, any instrument to which the Issuer is a party or by which it may be bound or affected.

Section 1.04. Ordinance Constitutes Contract. In consideration of the acceptance of the Bonds by those who shall own or hold the same from time to time, this Ordinance shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of such Bondholders of any and all of such Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bond, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

ARTICLE II

AUTHORIZATION OF REFUNDING

Section 2.01. Authorization of Refunding. Subject to the issuance and delivery of the Series 2000 A Bonds on or before April 1, 2000, and other provisions set forth herein, all Series 1990 Bonds Outstanding as of the date of issuance of the Series 2000 A Bonds are hereby ordered to be refunded, and the pledge of Gross Revenues in favor of the Holders of the Series 1990 Bonds imposed by the 1990 Ordinance, the moneys in the funds and accounts created by the 1990 Ordinance and any other funds pledged by the 1990 Ordinance to the payment of the Series 1990 Bonds are hereby ordered terminated, discharged and released upon the payment on April 1, 2000, to the paying agent for the Series 1990 Bonds, of the Redemption Price thereof from the proceeds of the Series 2000 A Bonds and other moneys available for such purpose. Contemporaneously with the issuance and delivery of the Series 2000 A Bonds, and the deposit of the Redemption Price with the paying agent for the Series 1990 Bonds, the amounts on deposit in the sinking fund, including the reserve account therein, if any, created and maintained on behalf of the Series 1990 Bonds, shall be released from the lien created by the 1990 Ordinance and deposited in the Reserve Account or such other fund or account as shall be set forth in the Supplemental Resolution, and invested as provided thereunder.

ARTICLE III

THE BONDS

Section 3.01. Form and Payment of Bonds. No Bond shall be issued pursuant to this Ordinance except as provided in this Article III. Any Bonds issued pursuant to this Ordinance, may be issued only as fully registered Bonds without coupons, in the denomination of $5,000 or any integral multiple thereof for any year of maturity. All Bonds shall be dated as of the date provided in a Supplemental Resolution applicable to such series. Bonds shall bear interest from the interest payment date next preceding the date of authentication or, if authenticated after the Record Date but prior to the applicable interest payment date or on such interest payment date, from such interest payment date or, if no interest on such Bonds has been paid, from the date thereof; provided however, that, if, as shown by the records of the Registrar, interest on such Bonds shall be in default, Bonds issued in exchange for Bonds surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the initial Bonds surrendered, all as shall be set forth in the Bonds.

The principal of and the premium, if any, on the Bonds shall be payable in any coin or currency which, on the respective date of such payment, is legal tender for the payment of public and private debts under the laws of the United States of America upon surrender at the principal office of the Paying Agent. Interest on the Bonds shall be paid by check or draft made payable and mailed to the Holder thereof at his address as it appears in the Bond Register at the close of business on the Record Date, or, if requested, in the case of a Registered Owner of $500,000 or more of the Bonds, by wire transfer to a domestic bank account specified in writing at least 5 days prior to the Record Date by such Registered Owner.

In the event any Bond is redeemed in part, such bond shall be surrendered to and canceled by the Registrar, and the Issuer shall execute, and the Registrar shall authenticate and deliver to the Holder thereof, another Bond in the principal amount of said Bond then Outstanding.

Section 3.02. Execution of Bonds. The Bonds shall be executed in the name of the Issuer by the Mayor, by his or her manual or facsimile signature, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the City Clerk by his or her manual or facsimile signature; provided, that, all such signatures and the seal may be by facsimile. 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 3.03. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Ordinance unless and until the Certificate of Authentication and Registration on such Bond, substantially in the forms set forth in EXHIBIT A, EXHIBIT B and EXHIBIT C, attached hereto and incorporated herein by reference with respect to the Bonds, shall have been duly manually executed by the Registrar. Any such manually executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Ordinance. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Registrar if signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.04. Negotiability and Registration. Subject to the requirements for transfer 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, 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, 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 remains Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Bonds. Bonds shall be transferable only by transfer of registration upon the Bond Register by the registered owner thereof in person or by his attorney or legal representative duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or such duly authorized attorney or legal representative. Upon transfer of a Bond, there shall be issued at the option of the Holder or the transferee another Bond or Bonds of the aggregate principal amount equal to the unpaid amount of the transferred Bond and of the same series, interest rate and maturity of said transferred Bond.

Upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar and duly executed by the registered owner or his attorney or legal representative duly authorized in writing, Bonds may at the option of the Holder thereof be exchanged for an equal aggregate principal amount of Bonds of the same series, maturity and interest rate, in any authorized denominations.

In all cases in which the privilege of transferring or exchanging a Bond is exercised, Bonds shall be delivered in accordance with the provisions of this Ordinance. All Bonds surrendered in any such transfer or exchange shall forthwith be canceled by the Registrar. Transfers of Bonds, the initial exchange of Bonds and exchanges of Bonds in the event of partial redemption of fully registered Bonds shall be made by the Registrar without charge to the Holder or the transferee thereof, except as provided below. For other exchanges of Bonds, the Registrar may impose a service charge. For every such transfer or exchange of bonds, the Registrar may make a charge sufficient to reimburse its office for any tax or other governmental charge required to be paid with respect to such transfer or exchange, and such tax or governmental charge, and such service charge for exchange other than the initial exchange or in the event of partial redemption, shall be paid by the person requesting such transfer or exchange as a condition precedent to the exercise of the privilege of making such transfer or exchange. The Registrar shall not be obliged to make any such transfer or exchange of Bonds that have been called for redemption.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may execute, in its discretion, and the Registrar shall authenticate, register and deliver any new Bond of like series, maturity and principal amount as the Bond, so mutilated, destroyed, stolen or lost, in exchange and upon surrender and cancellation of, such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing the Issuer and the Registrar proof of his ownership thereof and that said Bond has been destroyed, stolen or lost and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer or the Registrar may prescribe and paying such expenses as the Issuer or the Registrar may incur. The name of the Bondholder listed in the Bond Register shall constitute proof of ownership. All Bonds so surrendered shall be submitted to and canceled by the Registrar, and evidence of such cancellation shall be given to the Issuer. If such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer, by and through the Registrar, may pay the same, upon being indemnified as aforesaid, and, if such Bond be lost, stolen or destroyed, without surrender therefor.

Any such duplicate Bonds issued pursuant to this section shall constitute original, additional contractual obligations on the part of the Issuer, whether or not the lost, stolen or destroyed Bonds be at any time found by any one, and such duplicate Bonds shall be entitled to equal and proportionate benefits and rights as to lien and source of and security for payment from the Revenues pledged herein with all other Bonds issued hereunder.

Section 3.06. Term Bonds. In the event Term Bonds are issued pursuant to this Ordinance, the following provisions shall apply:

A. The amounts to be deposited, apportioned and set apart by the Issuer from the Revenue Fund and into the applicable Redemption Account in accordance with Subsection 4.03.A(1) shall include (after credit as provided below) on the first of each month,

beginning on the first day of that month which is 12 months prior to the first mandatory Redemption Date of said Term Bonds, a sum equal to 1/12th of the amount required to redeem the principal amount of such Term Bonds which are to be redeemed as of the next ensuing mandatory Redemption Date, which amounts and dates, if any, with respect to a series of Bonds shall be set forth in the Supplemental Resolution relating thereto.

B. At its option, to be exercised on or before the 60th day next preceding any such mandatory Redemption Date, the Issuer may (a) deliver to the Registrar for cancellation such Term Bonds in any aggregate principal amount desired or (b) receive a credit in respect of its mandatory redemption obligation for any such Term Bonds which prior to said date have been redeemed (otherwise than pursuant to this section) and canceled by the Registrar and not theretofore applied as a credit against any such mandatory redemption obligation. Each Term Bond so delivered or previously redeemed shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Issuer on such mandatory Redemption Date, and Term Bonds delivered in excess of such mandatory redemption obligation shall be credited against future mandatory redemption obligations in the order directed by the Issuer, and the principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be accordingly reduced.

C. The Issuer shall on or before the 60th day next preceding each mandatory Redemption Date furnish the Registrar and the Bond Commission with its certificate indicating whether and to what extent the provisions of (a) and (b) of the preceding paragraph are to be utilized with respect to such mandatory redemption payment and stating, in the case of the credit provided for in (b) of the preceding paragraph, that such credit has not theretofore been applied against any mandatory redemption obligation.

D. After said 60th day but prior to the date on which the Registrar selects the Term Bonds to be redeemed, the Bond Commission may use the moneys in the applicable Redemption Account to purchase Term Bonds at a price less than the par value thereof and accrued interest thereon. The Bond Commission shall advise the Issuer and the Registrar of any Term Bonds so purchased, and they shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Issuer on such mandatory Redemption Date, and any excess shall be credited against future mandatory redemption obligations in the order directed by the Issuer, and the principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be accordingly reduced.

E. The Registrar shall call for redemption, in the manner provided herein, an aggregate principal amount of such Term Bonds, at the principal amount thereof plus interest accrued to the Redemption Date (interest to be paid from the Sinking Fund), as will exhaust as nearly as practicable the applicable Redemption Account payment designated to be made in accordance with paragraph (A) of this section. Such redemption shall be by random selection made on the 45th day preceding the mandatory Redemption Date, in such

manner as may be determined by the Registrar. For purposes of this section, "Term Bonds" shall include any portion of a fully registered Term Bond, in integrals of $5,000.

Section 3.07. Notice of Redemption. Unless waived by any Holder of the Bonds to be redeemed, official notice of any redemption shall be given by the Registrar on behalf of the Issuer by mailing a copy of an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Bond Insurer, the Original Purchaser and the registered owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Registrar.

So long as DTC (as CEDE & CO.) is the registered Owner of the Bonds, the Registrar shall send all notices of redemption to DTC and shall verify that DTC has received notice. Copies of all redemption notices relating to optional redemption of the Bonds shall also be sent to registered securities depositories and to *Standard & Poor's Called Bond Record*.

All official notices of redemption shall be dated and shall state:

(1) The Redemption Date,

(2) The Redemption Price,

(3) If less than all outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,

(4) That on the Redemption Date the Redemption Price and interest accrued will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date,

(5) The place where such Bonds are to be surrendered for payment of the Redemption Price, which place of payment shall be the principal office of the Registrar, and

(6) Such other information, if any, as shall be required for DTC-eligible Bonds.

If funds sufficient to redeem all Bonds called for optional redemption have not been deposited with the Paying Agent at the time of mailing any notice of optional redemption, such notice shall also state that such optional redemption is subject to the deposit of such moneys with the Paying Agent on or before the Redemption Date. If such moneys

are not so deposited, the Registrar shall notify all holders of Bonds called for redemption of such fact.

Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Registrar at the Redemption Price. Installments of interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of the same maturity in the amount of the unredeemed principal of such Bond. All Bonds which have been redeemed shall be canceled and destroyed by the Registrar and shall not be reissued.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of Bonds, and failure to mail or otherwise send such notice shall not affect the validity of proceedings for the redemption of any portion of Bonds for which there was no such failure.

Section 3.08. Persons Treated as Owners. The Issuer, the Registrar and any agent of the Issuer or the Registrar may treat the person in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of the principal of, and interest on, such Bond and for all other purposes, whether or not such Bond is overdue.

Section 3.09. Temporary Bonds. Until Bonds of any series in definitive form are ready for delivery, the Issuer may execute and the Registrar shall authenticate, register, if applicable, and deliver, subject to the same provisions, limitations and conditions set forth in this Article III, one or more printed, lithographed or typewritten Bonds in temporary form, substantially in the form of the definitive Bonds of such series, with appropriate omissions, variations and insertions, and in authorized denominations. Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the lien and benefit created under this Ordinance. Upon the presentation and surrender of any Bond or Bonds in temporary form, the Issuer shall, without unreasonable delay, prepare, execute and deliver to the Registrar, and the Registrar shall authenticate, register, if applicable, and deliver, in exchange therefor, a Bond or Bonds in definitive form. Such exchange shall be made by the Registrar without making any charge therefor to the Holder of such Bond in temporary form.

Section 3.10. Authorization of Bonds. A. For the purpose of facilitating the sale of the Series 2000 A Bonds, thus permitting the refunding of the Series 1990 Bonds, there shall be issued the Series 1998 A Bonds of the Issuer, in an aggregate principal amount

of not more than $3,000,000. The Series 1998 A Bonds shall be designated "City of St. Albans, West Virginia, Taxable Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1998 A" and shall be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof for any year of maturity, not exceeding the aggregate principal amount of Series 1998 A Bonds maturing in the year of maturity for which the denomination is to be specified. The Series 1998 A Bonds shall be numbered from AR-1 consecutively upward, with appropriate series designation. The Series 1998 A Bonds shall be dated; shall be in such aggregate principal amount; shall bear interest at such rate or rates, not exceeding the then legally permissible rate, payable semiannually on such dates; shall mature on such dates and in such amounts; shall be subject to such mandatory and optional redemption provisions; and shall have such other terms, all as the Issuer shall prescribe herein and in the Supplemental Resolution.

B. For the purpose of facilitating the sale of the Series 2000 A Bonds, thus permitting the refunding of the Series 1990 Bonds, and paying costs of issuance of the Bonds and such refunding, there shall be issued the Series 1998 B Bonds of the Issuer, in an aggregate principal amount of not more than $200,000. The Series 1998 B Bonds shall be designated "City of St. Albans, West Virginia, Taxable Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1998 B" and shall be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof for any year of maturity, not exceeding the aggregate principal amount of Series 1998 B Bonds maturing in the year of maturity for which the denomination is to be specified. The Series 1998 B Bonds shall be numbered from BR-1 consecutively upward, with appropriate series designation. The Series 1998 B Bonds shall be dated; shall be in such aggregate principal amount; shall bear interest at such rate or rates, not exceeding the then legally permissible rate, payable semiannually on such dates; shall mature on such dates and in such amounts; shall be subject to such mandatory and optional redemption provisions; and shall have such other terms, all as the Issuer shall prescribe herein and in the Supplemental Resolution.

C. For the purposes of currently refunding the Series 1990 Bonds, funding the Series 2000 A Bonds Reserve Account and paying costs in connection therewith, there shall be issued the Series 2000 A Bonds of the Issuer, in an aggregate principal amount of not more than $3,000,000. The Series 2000 A Bonds shall be designated "City of St. Albans, West Virginia, Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2000 A" and shall be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof for any year of maturity, not exceeding the aggregate principal amount of Series 2000 A Bonds maturing in the year of maturity for which the denomination is to be specified. The Series 2000 A Bonds shall be numbered from AR-1 consecutively upward, with appropriate series designation. The Series 2000 A Bonds shall be dated; shall be in such aggregate principal amount; shall bear interest at such rate or rates, not exceeding the then legally permissible rate, payable semiannually on such dates; shall mature on such dates and in such amounts; shall be subject to such mandatory and optional

redemption provisions; and shall have such other terms, all as the Issuer shall prescribe herein and in the Supplemental Resolution.

Section 3.11. Book Entry System for Bonds. A. The Bonds shall initially be issued in the form of one fully-registered bond for the aggregate principal amount of the Bonds of each maturity, registered in the name of CEDE & CO., as nominee of DTC. Except as provided in paragraph E below, all of the Bonds shall be registered in the registration books kept by the Registrar in the name of CEDE & CO., as nominee of DTC; provided that if DTC shall request that the Bonds be registered in the name of a different nominee, the Registrar shall exchange all or any portion of the Bonds registered in the name of such nominee or nominees. No person other than DTC or its nominee shall be entitled to receive from the Issuer or the Registrar either a Bond or any other evidence of ownership of the Bonds, or any right to receive any payment in respect thereof unless DTC or its nominee shall transfer record ownership of all or any portion of the Bonds on the registration books maintained by the Registrar, in connection with discontinuing the book entry system as provided in paragraph E below.

B. At or prior to settlement for the Bonds, the Issuer and the Registrar shall execute or signify their approval of a representation letter addressed to DTC in a form satisfactory to DTC (the "Representation Letter"). Any successor Registrar shall, in its written acceptance of its duties under this Ordinance, agree to take any actions necessary from time to time to comply with the requirements of the Representation Letter.

C. So long as the Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all payments of the principal or Redemption Price of or interest on such Bonds shall be made to DTC or its nominee at the addresses set forth in the Representation Letter in New York Clearing House or equivalent next day funds on the dates provided for such payments to be made to any Bondholder under this Ordinance. Each such payment to DTC or its nominee shall be valid and effective to fully discharge all liability of the Issuer and the Registrar with respect to the principal or Redemption Price of or interest on the Bonds to the extent of the sum or sums so paid. In the event of the redemption of less than all of the Bonds Outstanding of any maturity, the Registrar shall not require surrender by DTC of the Bonds so redeemed, but DTC may return such Bonds and make an appropriate notation on the Bond certificate as to the amount of such partial redemption; provided that DTC shall deliver to the Registrar, upon request, a written confirmation of such partial redemption. The records maintained by the Registrar shall be conclusive as to the amount of the Bonds of such maturity which have been redeemed.

D. The Issuer, the Paying Agent and the Registrar may treat DTC as the sole and exclusive owner of the Bonds registered in its name or the name of its nominee for the purposes of payment of the principal or Redemption Price of or interest on the Bonds, selecting the Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under this Ordinance, registering the transfer of Bonds,

obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever; and neither the Issuer nor the Registrar shall be affected by any notice to the contrary. Neither the Issuer nor the Registrar shall have any responsibility or obligation to any direct or indirect participant in DTC, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any such participant, or any other person which is not shown on the registration books of the Registrar as being a Bondholder with respect to (i) the Bonds, (ii) the accuracy of any records maintained by DTC or any such participant, (iii) the payment by DTC or any such participant of any amount in respect of the principal or Redemption Price of or interest on the Bonds, (iv) any notice which is permitted or required to be given to Bondholders under this Ordinance, (v) the selection by DTC or any such participant of any person to receive payment in the event of a partial redemption of the Bonds or (vi) any consent given or other action taken by DTC as Bondholder.

E. The book entry system for registration of the ownership of the Bonds may be discontinued at any time if either: (i) DTC determines to resign as securities depository for the Bonds; or (ii) the Issuer determines that continuation of the system of book entry transfers through DTC (or through a successor securities depository) is not in the best interest of the beneficial owners of the Bonds. In either of such events (unless in the case described in clause (ii) above, the Issuer appoints a successor securities depository), the Bonds shall be delivered in registered certificate form to such persons, and in such maturities and principal amounts, as may be designated by DTC, but without any liability on the part of the Issuer or the Registrar for the accuracy of such designation. Whenever DTC requests the Issuer and the Registrar to do so, the Issuer and the Registrar shall cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of certificates evidencing the Bonds.

Section 3.12. Delivery of Bonds. The Issuer shall execute and deliver each applicable series of Bonds to the Registrar, and the Registrar shall authenticate, register and deliver such series of Bonds to the Original Purchaser upon receipt of the documents set forth below:

(A) A list of the names in which the applicable series of Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Registrar may reasonably require;

(B) A request and authorization to the Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the applicable series of Bonds to the Original Purchaser;

(C) Copies of this Ordinance and the applicable Supplemental Resolution certified by the Clerk;

(D) The unqualified approving opinion of Bond Counsel regarding the applicable series of Bonds; and

(E) A copy of the Escrow Agreement and such other documents, certificates and verifications as the Original Purchaser may reasonably require.

Section 3.13. Form of Bonds. The definitive Series 1998 A Bonds, Series 1998 B Bonds and Series 2000 A Bonds shall be in substantially the respective forms set forth in EXHIBIT A, EXHIBIT B and EXHIBIT C, attached hereto and incorporated herein by reference, with such necessary and appropriate omissions, insertions and variations as are approved by those officers executing such Bonds on behalf of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval, and the definitive Bonds shall have the form of the opinion of Steptoe & Johnson, as Bond Counsel, attached thereto or printed on the reverse thereof.

Section 3.14. Disposition of Proceeds of Bonds. (A) Upon the issuance and delivery of the Series 1998 A Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

(i) All interest accrued on the Series 1998 A Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 1998 A Bonds Sinking Fund and applied to payment of interest on the Series 1998 A Bonds at the first interest payment date.

(ii) The balance proceeds of the Series 1998 A Bonds shall be deposited in the Escrow Fund.

(B) Upon issuance and delivery of the Series 1998 B Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

(i) All interest accrued on the Series 1998 B Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 1998 B Bonds Sinking Fund and applied to payment of interest on the Series 1998 B Bonds at the first interest payment date.

(ii) An amount of the proceeds of the Series 1998 B Bonds which, together with other moneys or securities deposited therein and the earnings thereon, shall be sufficient to fully fund the Escrow Fund (which amount shall be set forth in the Escrow Agreement) shall be deposited in the Escrow Fund.

(iii) The balance of the proceeds of the Series 1998 B Bonds shall be deposited with the Depository Bank in the Costs of Issuance Fund and shall be drawn out, used and applied by the Issuer solely to pay costs of issuance of the Bonds and miscellaneous costs of refunding the Series 1990 Bonds at the written direction of the Issuer. All such costs of issuance shall be paid within 60 days of the Closing Date. Moneys not to be applied immediately to pay such costs of issuance and refunding may be invested in accordance with this Ordinance, subject however, to applicable yield restrictions as may be in effect under the Code. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to such purpose within 6 months after the Closing Date, such unapplied proceeds shall be transferred by the Issuer to the Escrow Fund. All such proceeds shall constitute a trust fund for such purposes, and there is hereby created a lien upon such moneys until so applied in favor of the Holders of the Series 1998 A and Series 1998 B Bonds.

(C) Upon the issuance and delivery of the Series 2000 A Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

(i) All interest accrued on the Series 2000 A Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 2000 A Bonds Sinking Fund and applied to payment of interest on the Series 2000 A Bonds at the first interest payment date.

(ii) An amount of the proceeds of the Series 2000 A Bonds which, together with other moneys or securities available therefor, shall be sufficient to accomplish the current refunding and defeasance of the Series 1990 Bonds shall be paid to the paying agent for the Series 1990 Bonds.

(iii) An amount of the proceeds of the Series 2000 A Bonds equal to the Series 2000 A Bonds Reserve Requirement shall be remitted to the Bond Commission for deposit in the Series 2000 A Bonds Reserve Account, provided that, to the extent the Series 2000 A Bonds Reserve Requirement is satisfied in whole or in part with a reserve account letter of credit, surety bond or other credit facility, or from proceeds of any fund or account established pursuant to the 1990 Ordinance or other funds of the Issuer, proceeds of the Series 2000 A Bonds shall be deposited in the Series 2000 A Bonds Reserve Account only to the

extent needed to satisfy the balance of the Series 2000 A Bonds Reserve Requirement.

(iv) The balance of the proceeds of the Series 2000 A Bonds shall be deposited with the Depository Bank in the Costs of Issuance Fund and shall be drawn out, used and applied by the Issuer solely to pay costs of issuance of the Series 2000 A Bonds and miscellaneous costs of refunding the Series 1990 Bonds at the written direction of the Issuer. All such costs of issuance shall be paid within 60 days of the Closing Date. Moneys not to be applied immediately to pay such costs of issuance and refunding may be invested in accordance with this Ordinance, subject however, to applicable yield restrictions as may be in effect under the Code. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to such purpose within 6 months after the Closing Date, such unapplied proceeds shall be transferred by the Issuer to the Series 2000 A Bonds Redemption Account. All such proceeds shall constitute a trust fund for such purposes, and there is hereby created a lien upon such moneys until so applied in favor of the Holders of the Series 2000 A Bonds.

Section 3.15. Designation of Bonds as "Qualified Tax-Exempt Obligations". The Issuer hereby designates the Series 2000 A Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Code and covenants that the Series 2000 A Bonds do not constitute private activity bonds as defined in Section 141 of the Code, and that not more than $10,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income tax purposes (excluding, however, obligations issued to currently refund any obligation of the Issuer to the extent the amount of the refunding obligation does not exceed the amount of the refunded obligation and private activity bonds, as defined in Section 141 of the Code, other than qualified 501(c)(3) bonds as defined in Section 145 of the Code), including the Series 2000 A Bonds, have been or shall be issued by the Issuer, including all subordinate entities of the Issuer, during the calendar year 2000.

ARTICLE IV

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 4.01. 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 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;

(3) Costs of Issuance Fund; and

(4) Rebate Fund.

Section 4.02. Establishment of Funds and Accounts with Bond Commission. A. The following special funds or accounts are hereby created with and shall be held by the Bond Commission separate and apart from all other funds or accounts of the Bond Commission and the Issuer and from each other:

(1) Series 1998 A Bonds Sinking Fund; and

(2) Series 1998 B Bonds Sinking Fund.

B. Upon issuance of the Series 2000 A Bonds, the following special funds or accounts are hereby created with and shall be held by the Bond Commission separate and apart from all other funds or accounts of the Bond Commission and the Issuer and from each other:

(1) Series 2000 A Bonds Sinking Fund;

(2) Within the Series 2000 A Bonds Sinking Fund, the Series 2000 A Bonds Reserve Account; and

(3) Within the Series 2000 A Bonds Sinking Fund, the Series 2000 A Bonds Redemption Account.

Section 4.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in

this Ordinance and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in this Ordinance. Until the Series 2000 A Bonds are issued and the Series 1990 Bonds are defeased, neither the Series 1998 A Bonds nor the Series 1998 B Bonds shall be payable from the Net Revenues, and all revenues shall be disposed of in accordance with the provisions of the ordinance pursuant to which the Series 1990 Bonds were issued and any subsequent ordinance authorizing the issuance of additional Bonds. Upon issuance of the Series 2000 A Bonds and defeasance of the Series 1990 Bonds, 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, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the Series 1998 B Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 1998 B 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 1998 B Bonds Sinking Fund and the next ensuing semiannual interest payment date is more or less than 6 months, then such monthly payments shall be decreased or increased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date; provided further that, the initial amount required to be transferred from the Revenue Fund and deposited in the Series 1998 B Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 1998 B Bonds deposited therein; and (ii) commencing 6 months prior to the first interest payment date of the Series 2000 A Bonds, for deposit in the Series 2000 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 2000 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 2000 A Bonds Sinking Fund and the next ensuing semiannual interest payment date is more or less than 6 months, then such monthly payments shall be decreased or increased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date; provided further that, the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2000 A Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2000 A Bonds deposited therein.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the Series 1998 B Bonds Sinking Fund, a sum equal to 1/12th of the

amount of principal which will mature and become due on the Series 1998 B Bonds on the next ensuing annual principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1998 B Bonds Sinking Fund and the next ensuing annual principal payment date is more or less than 12 months, then such monthly payments shall be decreased or increased proportionately to provide, 1 month prior to the next ensuing annual principal payment date, the required amount of principal coming due on such date; and (ii) commencing 12 months prior to the first principal payment date or mandatory Redemption Date of the Series 2000 A Bonds, for deposit in the Series 2000 A Bonds Sinking Fund and in the Series 2000 A Bonds Redemption Account therein in the case of the Term Bonds which are to be redeemed, a sum equal to 1/12th of the amount of principal which will mature or be redeemed and become due on the Series 2000 A Bonds on the next ensuing annual principal payment date or mandatory Redemption Date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2000 A Bonds Sinking Fund and the next ensuing annual principal payment date or mandatory Redemption Date is more or less than 12 months, then such monthly payments shall be decreased or increased proportionately to provide, 1 month prior to the next ensuing annual principal payment date or mandatory Redemption 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 remit to the Bond Commission for deposit in the Series 2000 A Bonds Reserve Account, an amount sufficient to remedy any decrease in value of the Series 2000 A Bonds Reserve Account below the Series 2000 A Bonds Reserve Requirement or any withdrawal from the Series 2000 A Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 2000 A Bonds Reserve Account results in a determination that the amount of moneys and the value of the Qualified Investments deposited to the credit of the Series 2000 A Bonds Reserve Account is less than the Series 2000 A Bonds Reserve Requirement, or (b) any amount is withdrawn from the Series 2000 A Bonds Reserve Account for deposit into the Series 2000 A Bonds Sinking Fund. To the extent Gross Revenues and any other legally available funds are available therefor, the amount so deposited shall be used to restore the amount of moneys on deposit in the Series 2000 A Bonds Reserve Account to an amount equal to the Series 2000 A Bonds Reserve Requirement to the full extent that such Gross Revenues are available; provided however, that if the shortfall in the Series 2000 A Bonds Reserve Account is due to a decrease in value of investments therein, such shortfall shall be replenished by not less than 6 equal monthly payments, and if such shortfall is due to a withdrawal from the Series 2000 A Bonds Reserve Account, such

shortfall shall be replenished by not less than 12 equal monthly payments, and provided further, that no payments shall be required to be made into the Series 2000 A Bonds Reserve Account whenever and as long as the amount on deposit therein shall be equal to the Series 2000 A Bonds Reserve Requirement. Amounts in the Series 2000 A Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2000 A Bonds when due, when amounts in the Series 2000 A Bonds Sinking Fund are insufficient therefor and for no other purpose.

(5) The Issuer shall next, each month from the moneys remaining in the Revenue Fund, transfer from the Revenue Fund 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, 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.

The Series 1998 B Bonds and any other bonds payable from the revenues of the System subsequent to the issuance of the Series 1998 A Bonds and Series 1998 B Bonds, unless otherwise determined, shall, following issuance of the Series 2000 A Bonds, be payable on a parity with the Series 2000 A Bonds, in the same manner and in the order of priority as set forth for the Series 2000 A Bonds in paragraph (2) and (3) of this Section 4.03. The Series 1998 B Bonds may remain Outstanding following issuance of the Series 2000 A Bonds. There shall be no Reserve Account with respect to the Series 1998 B Bonds.

Moneys in the Series 2000 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2000 A Bonds as the same shall become due. Moneys in the Series 2000 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2000 A Bonds, as the same shall come due, when other moneys in the Series 2000 A Bonds Sinking Fund are insufficient therefor, and for no other purpose except for permitted transfers to the Rebate Fund.

Except to the extent transferred to the Rebate Fund at the request of the Issuer, all investment earnings on moneys in the Series 2000 A Bonds Sinking Fund and the Series 2000 A Bonds Reserve Account shall be returned, not less than once each year, by the Bond 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 on the Bonds, and then to the next ensuing principal payments due thereon.

Except with respect to transfers to the Rebate Fund, any withdrawals from the Series 2000 A Bonds Reserve Account which result in a reduction in the balance of the Series 2000 A Bonds Reserve Account to below the Series 2000 A Bonds Reserve Requirement shall be subsequently restored from the first Gross Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate reserve account in an amount equal to the maximum amount of principal and interest which will become due in any year for account of the Bonds of such series, including such additional parity Bonds.

The Issuer shall not be required to make any further payments into the Series 2000 A Bonds Sinking Fund, or into the Series 2000 A Bonds Reserve Account therein when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2000 A Bonds issued pursuant to this Bond Ordinance then Outstanding and all interest to accrue until the respective maturities thereof.

The Bond Commission is hereby designated as the fiscal agent for the administration of the Series 2000 A Bonds Sinking Fund, the Series 2000 A Bonds Reserve Account and the Series 2000 A Bonds Redemption Account created hereunder, and all amounts required for said accounts shall be remitted to the Bond Commission from the Revenue Fund by the Issuer at the times provided herein.

Moneys in the Series 2000 A Bonds Sinking Fund, the Series 2000 A Bonds Reserve Account and the Series 2000 A Bonds Redemption Account shall be invested and reinvested by the Bond Commission in accordance with Section 8.01 hereof.

Except with respect to transfers to the Rebate Fund, the Series 2000 A Bonds Sinking Fund, including the Series 2000 A Bonds Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2000 A Bonds and any additional Bonds ranking on a parity therewith that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

B. The Issuer shall on the first day of each month (if such day is not a business day, then the next succeeding business day) deposit with the Bond Commission the required principal, interest and reserve payments with respect to the Series 2000 A Bonds and all such payments shall be remitted to the Bond Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Ordinance.

C. The Issuer shall remit from the Revenue Fund to the Bond Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Bond 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 any charges and fees then due.

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

E. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 4.03, and the Gross Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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

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

Section 4.04. Reserve Account Letter of Credit or Surety Bond. In lieu of funding the Series 2000 A Bonds Reserve Account with cash or Qualified Investments, the Series 2000 A Bonds Reserve Requirement may be satisfied by the deposit by the Issuer into the Series 2000 A Bonds Reserve Account of a reserve account letter of credit, a surety bond, or other credit facility satisfactory to the Bond Insurer in an amount at least equal to the Series 2000 A Bonds Reserve Requirement. The Issuer hereby authorizes the purchase of a reserve account letter of credit, a surety bond, or other credit facility satisfactory to the Bond Insurer and the execution and delivery of any applicable reimbursement agreement or note in such forms as shall be described in the Supplemental Resolution.

Section 4.05. Payment of Series 1998 A and Series 1998 B Bonds. Until April 1, 2000, the Series 1998 A Bonds, the Series 1998 B Bonds and the interest thereon shall not be payable from the Revenue Fund, the Gross Revenues or the Net Revenues, but shall be payable solely from United States Treasury obligations and/or a guaranteed investment agreement and from cash deposited in the Escrow Fund and earnings thereon. On April 1, 2000, moneys in the Escrow Fund shall be delivered by the Escrow Agent to the Paying Agent of the Series 1998 A Bonds for the special mandatory redemption of the Series 1998 A Bonds and, in accordance with the instructions of the Issuer to the Paying

Agent of the Series 1998 A Bonds, the Paying Agent shall transfer the redemption proceeds of the Series 1998 A Bonds to the Underwriter for the purchase of the Series 2000 A Bonds and thereafter, the proceeds of the Series 2000 A Bonds shall be transferred by the Underwriter to the Paying Agent of the Series 1990 Bonds to currently refund the Series 1990 Bonds and defease the lien of the 1990 Ordinance. On and after April 1, 2000, the Series 1998 B Bonds and the Series 2000 A Bonds will be payable from and secured by a first lien on the Net Revenues derived from the System on a parity with each other.

In the event the Series 2000 A Bonds are not issued, the Series 1998 A Bonds shall be subject to mandatory tender on April 1, 2000, at a price equal to the principal amount thereof, plus interest accrued to such date, such amounts payable solely from funds in the Escrow Fund in accordance with the terms of the Escrow Agreement. In such event, the Series 1990 Bonds and the Series 1998 B Bonds will remain outstanding and will be payable from and secured by a first lien on the Net Revenues derived from the System on a parity with each other.

ARTICLE V

INVESTMENTS; NON-ARBITRAGE; REBATES OF EXCESS INVESTMENT EARNINGS

Section 5.01. Investments. The Issuer shall invest and reinvest, and shall instruct the Bond Commission and the Depository Bank to invest and reinvest, any moneys held as a part of the funds and accounts created by this Ordinance in Qualified Investments to the fullest extent possible under applicable laws, this Ordinance, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this section.

Except as provided below, 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 Issuer 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 Issuer may make any and all investments permitted by this section through the bond department of the Depository Bank. The Depository Bank shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The following specific provisions shall apply with respect to any investments made under this section:

(A) Qualified Investments acquired for the Series 2000 A Bonds Reserve Account shall mature or be subject to retirement at the option of the holder within not more than 5 years from the date of such investment.

(B) The Issuer shall, or shall cause the Bond Commission to semiannually transfer from the Series 2000 A Bonds Reserve Account to the Series 2000 A Bonds Sinking Fund, any earnings on the moneys deposited therein and any other funds in excess of the reserve requirement; provided, however, that there shall at all times remain on deposit in the Series 2000 A Bonds Reserve Account an amount at least equal to reserve requirement.

(C) In computing the amount in any fund or account, Qualified Investments shall be valued at the lower of the cost or the market price, exclusive of accrued interest. Valuation of all funds and accounts shall occur annually, except in the event of a withdrawal from any Reserve Account, whereupon it shall be valued immediately after such withdrawal. If amounts on deposit in the any Reserve Account shall, at any time, be less than the reserve requirement, the Bond Insurer shall be notified immediately of such deficiency and such

deficiency shall be made up from the first available Gross Revenues after required deposits to the any Sinking Fund and otherwise in accordance with Section 4.03 hereof.

(D) All amounts representing accrued and capitalized interest shall be held by the Bond Commission, pledged solely to the payment of interest on the Bonds and invested only in Government Obligations maturing at such times and in such amounts as are necessary to match the interest payments to which they are pledged.

(E) Notwithstanding the foregoing, all moneys deposited in the any Sinking Fund may be invested by the Bond Commission in 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.

Section 5.02. Arbitrage. The Issuer covenants that (i) it will restrict the use of the proceeds of the Series 2000 A Bonds in such manner and to such extent as may be necessary, so that the Series 2000 A Bonds will not constitute "arbitrage bonds" under Section 148 of the Code and Regulations prescribed thereunder, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Series 2000 A Bonds) so that the interest on such 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 5.03. Tax Certificate and Rebate. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Series 2000 A Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2000 A Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Ordinance.

The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder and used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with

Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States at the time and at the address prescribed by the Regulations as the same may be in effect from time to time with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor. The Issuer at its expense, may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer may deem appropriate in order to assure compliance with this Section 5.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 5.03 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay the required rebate amounts and any and all penalties and interest from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Series 2000 A Bonds from gross income for federal income tax purposes.

Section 5.04. Continuing Disclosure Agreement. The Issuer shall deliver a continuing disclosure agreement or certificate in form acceptable to the Original Purchaser sufficient to ensure compliance with SEC Rule 15c2-12, as it may be amended from time to time.

ARTICLE VI

ADDITIONAL COVENANTS OF THE ISSUER

Section 6.01. Covenants Binding and Irrevocable. All the covenants, agreements and provisions of this Ordinance 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, as prescribed by Article VII. In addition to the other covenants, agreements and provisions of this Ordinance, the Issuer hereby covenants and agrees with the Holders of the Bonds, as hereinafter provided in this Article VI. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Bonds or the interest thereon, are Outstanding and unpaid.

Section 6.02. Bonds not to be Indebtedness of the Issuer. The Bonds shall not 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 Net Revenues of the System, all as herein provided. No Holder or Holders of the Bonds issued hereunder 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 6.03. Series 2000 A Bonds Secured by Pledge of Net Revenues. On and after April 1, 2000, the payment of the debt service of all of the Series 1998 B Bonds and the Series 2000 A Bonds shall be secured forthwith equally and ratably on a parity with each other by a first lien on the Net Revenues derived from the System. In the event the Series 2000 A Bonds are not issued, the Series 1998 A Bonds shall be subject to mandatory tender. In such event the Series 1990 Bonds and the Series 1998 B Bonds will remain outstanding and the payment of the debt service of all of the Series 1998 B Bonds and the Series 1990 Bonds shall be secured forthwith equally and ratably on a parity with each other by a first lien on the Net Revenues derived from the System. The Net Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Series 1998 B Bonds and the Series 2000 A Bonds herein authorized, and to make the payments into all funds and accounts, and all other payments provided for in this Ordinance, are hereby irrevocably pledged in the manner provided in this Ordinance to the payment of the principal of and interest on the Series 1998 B Bonds and the Series 2000 A Bonds herein authorized as the same become due and for the other purposes provided in this Ordinance.

Section 6.04. Rates. Prior to the issuance of the Bonds, rates or charges for the use of the services and facilities of the System will be fixed and established, all in the manner and form required by law, and a copy of such rates and charges so fixed and established shall at all times be kept on file in the office of the City Clerk of the Issuer, which copy 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 and accounts created hereunder. Such schedule of rates and charges shall be revised from time to time, 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 120% of the maximum amount required in any year for payment of principal of and interest on the Series 1998 B Bonds and the Series 2000 A Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 1998 B Bonds and the Series 2000 A Bonds; provided however, that so long as the Series 1990 Bonds are outstanding, such coverage must equal at least 125%. All such rates and charges, if not paid when due, shall constitute a lien upon the premises served by the System. For purposes of this test, the terms "Gross Revenues" and "Net Revenues" shall not include proceeds from the sale of capital assets.

The Issuer hereby covenants to commence enactment of such ordinance or ordinances as shall be required to increase the rates and charges for the services and facilities of the System within 30 days following a determination of the Issuer that less than the above-required coverage exists or in the event that the annual audit report shows less than the above-required coverage, such increase to provide rates and charges sufficient to produce such required coverage.

Section 6.05. Operation and Maintenance. The Issuer will operate and maintain the System in good condition and as a revenue-producing enterprise in an efficient and economical manner, making all necessary expenditures for equipment, renewal, repair and replacement. The Issuer will also operate and maintain the System in compliance with all federal and state laws.

Section 6.06. Sale of the System. So long as the Bonds are outstanding and except as otherwise required by law, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds Outstanding, or to effectively defease the pledge created by this Ordinance in accordance with Article IX hereof. 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 Bond Commission for deposit in any Sinking Fund and the Issuer shall direct the Bond Commission to apply such proceeds to the payment of principal of and interest and redemption premium, if any, on the Bonds. Any balance remaining after the payment of all the Bonds and interest and redemption premium, if any, thereon shall be remitted to the Issuer by the Bond 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 Board 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 $50,000, the Board shall, in writing, 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 $50,000 but not in excess of $200,000, the Board shall first, in writing, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and the Council may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public property in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $50,000 and not in excess of $200,000, shall be deposited in the Renewal and Replacement Fund.

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 $200,000 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 6.07. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. The Issuer shall not issue any other obligations whatsoever, except additional parity Bonds provided for in Section 6.08 hereof, payable from the Revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from the Revenues with the Bonds; and all obligations hereafter issued by the Issuer payable from the Revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such Revenues and in all other respects to the Bonds; 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.

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, except with respect to such additional parity Bonds, 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 Ordinance or upon the System or any part thereof.

Section 6.08. Additional Parity Bonds. No Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of any Bonds pursuant to this Ordinance, except under the conditions and in the manner herein provided.

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

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

No Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the City Clerk a written statement by the Independent 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 125%, so long as the Series 1990 Bonds are outstanding and thereafter, 120% 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 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 additional customers to be connected to the System as a result of additions, extensions and improvements thereto, or from 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 Consulting

Engineers, which shall be filed in the office of the City Clerk prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12 consecutive month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent Accountants, as stated in a certificate, on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the time for appeal of which has expired (without successful appeal) prior to issuance of such Parity Bonds. For purposes of this test, the terms "Gross Revenues" and "Net Revenues" shall not include proceeds from the sale of capital assets.

All covenants and other provisions of this Ordinance (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the 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 Ordinance required for and on account of such Parity Bonds, in addition to the payments required for the Bonds theretofore issued pursuant to this Ordinance.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the 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 Bonds.

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

Section 6.09. Insurance and Bonds. The Issuer hereby covenants and agrees, that so long as the Bonds remain Outstanding, the Issuer or the Board will, as an Operating Expense, procure, carry and maintain insurance and bonds and worker's compensation coverage with a reputable insurance carrier or carriers or bonding company or companies covering the following risks and in the following amounts:

A. 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 the event of any damage to or destruction of any portion of the System, the Board will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damages or destroyed portion. The Board will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Board and the Issuer during acquisition and construction of any additions, betterments and improvements to the System in the full insurable value thereof.

B. PUBLIC LIABILITY INSURANCE, with limits of not less than $1,000,000 per occurrence to protect the Issuer and the Board 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 and the Board 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 OR COMPLETION BONDS, such bonds to be in the amounts of not less than 100% of the amount of any construction contract and to be required of each contractor dealing directly with the Board 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 any additions, betterments or improvements to the System in compliance with West Virginia Code, Section 38-2-39.

D. 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.

E. BUSINESS INTERRUPTION INSURANCE, to the extent available at reasonable cost to the Issuer.

F. FIDELITY BONDS will be provided as to every officer, member and employee of the Board or 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.

Section 6.10. Statutory Mortgage Lien. For the further protection of the Holders of the Series 1998 B Bonds and the Series 2000 A 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 on April 1, 2000, immediately upon delivery of the Series 2000 A Bonds.

Section 6.11. Services Rendered to the Board or Issuer. The Board 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 Board or the Issuer, or any department, agency, instrumentality, officer or employee of either 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, the Board, 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 6.12. Enforcement of Collections. The Board 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 and 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 changes, if not paid, 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 or waterworks portion thereof, to all delinquent users of services and facilities of the System and will not restore such services of the System (or waterworks portion thereof) until all bills for charges for the services and facilities of the System, plus reasonable interest penalty charges for the restoration of service, have been fully paid.

Section 6.13. 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 or body, or agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 6.14. Books and Records. The Board will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Board, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds shall have the right at all reasonable times

to inspect the System, and all parts thereof, and all records, accounts and data of the Board relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles, to the extent allowable under and in accordance with the rules and regulations of the Public Service Commission of West Virginia and the Act. Separate control accounting records shall be maintained by the Board. Subsidiary records as may be required shall be kept in the manner, on the forms, in the books and along with other bookkeeping records as prescribed by the Board. The Board 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 Board shall be reported to such agent of the Board as it shall direct.

The Issuer or the Board shall file with the Original Purchaser and the Bond Insurer, within 120 days following the end of each Fiscal Year, and shall mail to any Bondholder requesting the same, an annual report containing the following:

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

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

The Issuer or the Board shall also, at least once a year, cause the books, records and accounts of the System to be completely audited by Independent Accountants, shall mail upon request, and make available generally, the report of said Independent Accountants, or a summary thereof, to any Holder of not less than $100,000 principal amount of Bonds issued pursuant to this Ordinance and shall file said report with the Original Purchaser and the Bond Insurer.

Section 6.15. Operating Budget. The Board shall annually, at least 45 days preceding the beginning of each Fiscal Year, or at such earlier date required by the charter of the Issuer, 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. 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 Board 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 such a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Board shall mail copies of such annual budget and

all resolutions authorizing increased expenditures for operation and maintenance to the Original Purchaser 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 Original Purchaser and to any Bondholder or anyone acting for and in behalf of such Bondholder who requests the same.

Section 6.16. Mandatory Connections. The mandatory use of the sewerage facilities portion of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State 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 sewerage facilities portion of 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 sewerage facilities portion of the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the sewerage facilities portion 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 sewerage facilities portion of 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 6.17. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2000 A Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2000 A Bonds during the term thereof is, under the terms of the Series 2000 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) in the event that both (A) in excess of 5% of the Net Proceeds

of the Series 2000 A Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2000 A Bonds during the term thereof is, under the terms of the Series 2000 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2000 A Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the System, or if the Series 2000 A Bonds are for the purpose of financing more than one project, a portion of the System, and shall not exceed the proceeds used for the governmental use of that portion of the System to which such Private Business Use is related.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 2000 A Bonds 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 2000 A Bonds to be directly or indirectly "federally guaranteed" within the meaning of Section 149(b) of the Code and Regulations promulgated thereunder.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2000 A Bonds and the interest thereon, including without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take all actions that may be required of it so that the interest on the Series 2000 A Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 6.18. Covenants Regarding the Municipal Bond Insurance Policy. The Issuer may apply for a Municipal Bond Insurance Policy for the Bonds. In the event such a Municipal Bond Insurance Policy is obtained, certain additional covenants of the Issuer may be required by the Bond Insurer as a condition to insuring the Bonds. These additional covenants shall be set forth in full in the Supplemental Resolution, shall apply to the Bonds and any other Bonds which may be insured by such Bond Insurer, and shall be controlling in the event any other provisions of this Ordinance may be in conflict therewith.

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Bonds:

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

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part in this Ordinance or any Supplemental Resolution or in the Bonds contained, and such default shall have continued for a period of 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer by any Bondholder; 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 7.02. Enforcement. Upon the happening and continuance of any Event of Default, any Bondholder may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his rights and, in particular:

(A) Bring suit for any unpaid principal or interest then due;

(B) By mandamus or other appropriate proceeding enforce all rights of the Bondholders, including the right to require the Issuer to perform its duties under the Act and this Ordinance;

(C) Bring suit upon the Bonds;

(D) 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 Bondholders; and

(E) By action or bill in equity enjoin any acts in violation of this Ordinance or the rights of the Bondholders.

No remedy by the terms of this Ordinance conferred upon or reserved to the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Bondholders hereunder or now or hereafter existing at law or by statute.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Event of Default hereunder by the Bondholders shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereto.

Section 7.03. Appointment of Receiver. If there be any Event of Default existing and continuing, any Bondholder (or any Bond Insurer if the defaulted Bonds are insured) 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 the principal of and interest on the Bonds, the deposits into the funds and accounts hereby established as herein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other Revenues in conformity with the provisions of this Ordinance and the Act.

The receiver so appointed shall forthwith, directly or by his agents and attorneys, enter into and upon and take possession of all facilities of said System and shall hold, operate, 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 issued pursuant to this Ordinance and interest thereon and under any covenants of this Ordinance for reserve, sinking or other funds and accounts and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the Revenues of the System shall have been paid and made good, and all defaults under the provisions of this Ordinance shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Bondholder shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers hereinabove conferred upon him, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby and a successor receiver 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 the Holders of the Bonds issued pursuant to this Ordinance. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System, for the sole purpose of the protection of both the Issuer and the Bondholders, and the curing and making good of any default under the provisions of this Ordinance, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage or otherwise dispose of any assets of the System.

Section 7.04. Restoration of Issuer and Bondholder. In case any Bondholder shall have proceeded to enforce any right under this Ordinance by the appointment of a receiver, by entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Issuer and such Bondholder shall be restored to their former positions and rights hereunder, and all rights and remedies of such Bondholder shall continue as if no such proceedings had been taken.

ARTICLE VIII

REGISTRAR AND PAYING AGENT

Section 8.01. Appointment of Registrar. The Registrar for the Bonds shall be appointed pursuant to the Supplemental Resolution. The Issuer is hereby authorized and directed to enter into an agreement with the Registrar, the substantial form of which agreement is to be approved by Supplemental Resolution.

Section 8.02. Responsibilities of Registrar. The recitals of fact in the Bonds shall be taken as statements of the Issuer, and the Registrar shall not be responsible for their accuracy. The Registrar shall not be deemed to make any representation as to, and shall not incur any liability on account of, the validity of the execution of any Bonds by the Issuer. Notwithstanding the foregoing, the Registrar shall be responsible for any representation in its Certificate of Authentication and Registration on the Bonds. The Registrar and any successor thereto shall agree to perform all the duties and responsibilities spelled out in this Ordinance and any other duties and responsibilities incident thereto, all as provided by said agreement described in Section 8.01.

Section 8.03. Evidence on Which Registrar May Act. Except as otherwise provided by Section 10.02, the Registrar shall be protected in acting upon any notice, resolution, request, consent, order, certificate, opinion or other document believed by it to be genuine and to have been signed or presented by the proper party or parties. Whenever the Registrar shall deem it necessary or desirable that a fact or matter be proved or established prior to taking or suffering any action, such fact or matter, unless other evidence is specifically prescribed, may be deemed to be conclusively proved and established by a certificate of an Authorized Officer of the Issuer, but in its discretion the Registrar may instead accept other evidence of such fact or matter.

Section 8.04. Compensation and Expenses. The Issuer shall pay to the Registrar from time to time reasonable compensation for all services, including the transfer of registration of Bonds, the first exchange of Bonds and the exchange of Bonds in the event of partial redemption, incurred in the performance of its duties hereunder.

Section 8.05. Certain Permitted Acts. The Registrar may become the owner of or may deal in Bonds as fully and with the same rights it would have if it were not Registrar. To the extent permitted by law, the Registrar may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or effect or aid in any reorganization growing out of the enforcement of the Bonds or this Ordinance, whether or not any such committee shall represent the Holders of a majority in principal amount of the Bonds Outstanding.

Section 8.06. Resignation of Registrar. The Registrar may at any time resign and be discharged of its duties and obligations under this Ordinance by giving not less than 60 days written notice to the Issuer and publishing in an Authorized Newspaper notice (or mailing such notice to each Bondholder in the event all Bonds are fully registered), specifying the date when such resignation shall take effect, within 20 days after the giving of such written notice. A copy of such notice shall also be mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Such resignation shall take effect upon the day specified in such notice unless a successor shall have been previously appointed by the Issuer or Bondholders, in which event such resignation shall take effect immediately; provided that, in no event shall such resignation take effect until a successor has been appointed and has accepted its duties as Registrar.

Section 8.07. Removal. The Registrar may be removed at any time by the Issuer, the Bond Insurer or by the Holders of a majority in principal amount of the Bonds then Outstanding by an instrument or concurrent instruments in writing signed and duly acknowledged by the Issuer, the Bond Insurer or by such Bondholders or their attorneys duly authorized in writing and delivered to the Issuer, as the case may be. Copies of each such instrument shall be delivered by the Issuer to the Registrar. Such removal shall take effect upon the date stated in such instrument; provided that, in no event shall such removal take effect until a successor has been appointed and has accepted its duties as Registrar.

Section 8.08. Appointment of Successor. In case at any time the Registrar shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Registrar or of its property shall be appointed, or if any public officer or court shall take charge or control of the Registrar or of its property or affairs, a successor may be appointed by the Holders of a majority in principal amount of the Bonds then Outstanding by an instrument or concurrent instruments in writing signed by such Bondholders or their attorneys duly authorized in writing and delivered to the Issuer and such successor Registrar, notification thereof being given to the predecessor Registrar. Pending such appointment, the Issuer shall forthwith appoint a Registrar to fill such vacancy until a successor Registrar shall be appointed by such Bondholders. The Issuer shall publish in an Authorized Newspaper (or mail to each Bondholder in the event all Bonds are fully registered) notice of any such appointment within 20 days after the effective date of such appointment. A copy of such notice shall also be mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Any successor Registrar appointed by the Issuer shall, immediately and without further act, be superseded by a Registrar appointed by such Bondholders. If in a proper case no appointment of a successor Registrar shall be made within 45 days after the Registrar shall have given to the Issuer written notice of resignation or after the occurrence of any other event requiring such appointment, the Registrar or any Bondholder may apply to any court of competent jurisdiction to appoint a successor. Any Registrar appointed under the provisions of this section shall be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Ordinance.

Section 8.09. Transfer of Rights and Property to Successor. Any predecessor Registrar or Paying Agent shall pay over, assign and deliver any moneys, books and records held by it to its successor.

Section 8.10. Merger or Consolidation. Any company into which the Registrar may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party, or any company to which the Registrar or any public officer or court may sell or transfer all or substantially all of its corporate trust business, shall be the successor to such Registrar without the execution or filing of any paper or the performance of any further act; provided, however, that such company shall be a bank, trust company or national banking association meeting the requirements set forth in Section 8.08.

Section 8.11. Adoption of Authentication. In case any of the Bonds shall have been authenticated but not delivered, any successor Registrar may adopt a Certificate of Authentication and Registration executed by any predecessor Registrar and deliver such Bonds so authenticated, and, in case any Bonds shall have been prepared but not authenticated, any successor Registrar may authenticate such Bonds in the name of the predecessor Registrar or in its own name.

Section 8.12. Paying Agent. The Registrar may also serve as the Paying Agent. The Registrar's acceptance of the duties and responsibilities of the Registrar expressed in Section 8.02 shall also include the trusts and the duties of Paying Agent. Any alternate Paying Agent must be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Ordinance. Such alternate Paying Agent shall signify its acceptance of the duties and obligations imposed upon it pursuant hereto by executing and delivering to the Issuer a written acceptance thereof. Any successor Paying Agent shall take such actions as may be necessary to ensure that the Bonds shall be and remain DTC-eligible.

Each Paying Agent shall be entitled to payment and reimbursement for reasonable fees for its services rendered hereunder and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by such Paying Agent in connection with such services solely from moneys available therefor.

Any bank, trust company or national banking association with or into which any Paying Agent may be merged or consolidated, or to which the assets and business of such Paying Agent may be sold, shall be deemed the successor of such Paying Agent for the purposes of this Ordinance. If the position of Paying Agent shall become vacant for any reason, the Issuer shall, within 30 days thereafter, appoint a bank, trust company or national banking association located in the same city as such Paying Agent to fill such vacancy; provided, however, that, if the Issuer shall fail to appoint such Paying Agent within said

period, the Bond Commission, a court of competent jurisdiction or a majority of the Bondholders may make such appointment.

The Paying Agents shall enjoy the same protective provisions in the performance of their duties hereunder as are specified in this Article VIII with respect to the Registrar, insofar as such provisions may be applicable.

Notice of the appointment of successor or additional Paying Agents or fiscal agents shall be given in the same manner as provided by Section 8.08 hereof with respect to the appointment of a successor Registrar.

All moneys received by the Paying Agents shall, until used or applied as provided in this Ordinance, be held in trust for the purposes for which they were received.

ARTICLE IX

DEFEASANCE; DISCHARGE OF PLEDGE OF ORDINANCE

Section 9.01. Defeasance; Discharge of Pledge of Ordinance. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all the Bonds the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Ordinance, then this Ordinance and the pledges of the Gross Revenues and other moneys and securities pledged hereunder, and all covenants, agreements and other obligations of the Issuer on behalf of the Holders of the Bonds made hereunder, shall thereupon cease, terminate and become void and be discharged and satisfied, except as may be necessary to assure the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on such Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All 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 Bond Commission or an escrow trustee 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 Bond Commission or said escrow trustee at the same or earlier time shall be sufficient, to pay when due the principal of, any redemption premium on and interest due and to become due on said Bonds on and prior to the maturity date thereof, or if the Issuer irrevocably determines to redeem any of said Bonds prior to the maturity thereof, on and prior to said redemption date. Neither securities nor moneys deposited with the Bond Commission or an escrow trustee 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 of and interest on said Bonds; provided, that any cash received from such principal, redemption premium, if any, and interest payments on such securities deposited with the Bond Commission or said escrow trustee, 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 of and redemption premium, if any, and interest to become due on said Bonds on and prior to such maturity or redemption dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Bond Commission or said escrow trustee, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations, as such term is limited by the

provisions in Section 1.01 hereof or such additional securities as shall be set forth in the Supplemental Resolution.

ARTICLE X

MISCELLANEOUS

Section 10.01. Amendment of Ordinance. Prior to issuance of any series of Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. All provisions required by the Bond Insurer, if any, shall relating to such series of Bonds be set forth in the Supplemental Resolution and to the extent they constitute an amendment or modification of this Ordinance, shall be controlling. Following issuance of the Bonds, this Ordinance and any Supplemental Resolution may be amended or modified without the consent of any Bondholder or other person, solely for the purpose of maintaining the tax-exempt status of the Bonds, provided that, in the event any of the Bonds are insured, no such amendment or modification which adversely affects the security for such Bonds or the rights of the applicable Bond Insurer for such Bonds may be effected without the written consent of such Bond Insurer. Otherwise, no materially adverse amendment or modification to this Ordinance, or of any Supplemental Resolution, may be made without the written consent of the Holders of 60% in aggregate principal amount of the Bonds then Outstanding and affected thereby and the Bond Insurer, which must be filed with the Clerk of the Issuer before any such modification or amendment may be made. No such modification or amendment shall extend the maturity of or reduce the interest rate on, or otherwise alter the terms of payment of the principal of or interest on, any Bond without the express written consent of the Holder of such Bond, nor reduce the percentage of Bonds required for consent to any such modification or amendment.

Section 10.02. Evidence of Signatures of Bondholders and Ownership of Bonds. Any request, consent, revocation of consent or other instrument which this Ordinance may require or permit to be signed and executed by Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders in person or by their attorneys duly authorized in writing. Proof of the execution of any such instrument, or of an instrument appointing or authorizing any such attorney, shall be sufficient for any purpose of this Ordinance if made in the following manner, or in any other manner satisfactory to the Issuer or the Registrar, as the case may be, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

A. The fact and date of the execution by any Bondholder or his attorney of any such instrument may be proved (i) by the certificate of a notary public or other officer authorized to take acknowledgments of deeds to be recorded in the jurisdiction in which he purports to act that the person signing such instrument acknowledged to him the execution thereof, or by the affidavit of a witness of such execution, duly sworn to before such a notary public or other officer or (ii) by the certificate, which need not be acknowledged or verified, of an officer of a bank, a trust company or a financial firm or corporation satisfactory to the

Issuer or the Registrar, as the case may be, that the person signing such instrument acknowledged to such bank, trust company, firm or corporation the execution thereof.

B. The authority of a person or persons to execute any such instrument on behalf of a corporate Bondholder may be established without further proof if such instrument is signed by a person purporting to be the president or treasurer or a vice-president or an assistant treasurer of such corporation with a corporate seal affixed, and is attested by a person purporting to be its secretary or assistant secretary.

C. The amount of fully registered Bonds held by a person executing any instrument as a Bondholder, the date of his holding such Bonds and the numbers and other identification thereof, shall be confirmed by the Bond Register.

Any request, consent or other instrument executed by the Holder of any Bond shall bind all future Holders and owners of such Bond in respect of anything done or suffered to be done hereunder by the Issuer or the Registrar in accordance therewith.

Section 10.03. Preservation and Inspection of Documents. To the extent allowable under law, all reports, certificates, statements and other documents received by the Registrar under the provisions of this Ordinance shall be retained in its possession and shall be available at all reasonable times for the inspection of the Issuer or any Bondholder, and their agents and their representatives, but any such reports, certificates, statements or other documents may, at the election of the Registrar, be destroyed or otherwise disposed of at any time after such date as the pledge created by this Ordinance shall be discharged as provided in Section 9.01.

Section 10.04. Cancellation of Bonds. All Bonds purchased or paid shall, if surrendered to the Issuer, be canceled and delivered to the Registrar, or, if surrendered to the Registrar, be canceled by it. No such Bonds shall be deemed Outstanding under this Ordinance and no Bonds shall be issued in lieu thereof. All such Bonds shall be canceled and upon order of the Issuer shall be destroyed, and a certificate evidencing such destruction shall be delivered to the Issuer.

Section 10.05. Failure to Present Bonds. Anything in this Ordinance to the contrary notwithstanding, any moneys held by the Bond Commission or a Paying Agent in trust for the payment and discharge of any of the Bonds which remain unclaimed for 1 year after the date on which such Bonds have become due and payable, whether by maturity or upon call for redemption, shall at the written request of the Issuer be paid by the Bond Commission or said Paying Agent to the Issuer as its absolute property and free from trust, and the Bond Commission or said Paying Agent shall thereupon be released and discharged with respect thereto, and the Holders of such Bonds shall look only to the Issuer for the payment of such Bonds; provided, however, that, before making any such payment to the Issuer, the Registrar, if so advised by the Bond Commission, or said Paying Agent shall send

to the Holder, at the address listed on the Bond Register, by certified mail, a notice that such moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of such notice is mailed, the balance of such moneys then unclaimed will be returned to the Issuer. If any of said Bonds is a coupon Bond, the Registrar or said Paying Agent shall also publish such notice, not less than 30 days prior to the date such moneys will be returned to the Issuer, in an Authorized Newspaper.

Section 10.06. Notices, Demands and Requests. Unless otherwise expressly provided, all notices, demands and requests to be given or made hereunder to or by the Issuer, the Registrar, the Paying Agent, the Depository Bank or the Original Purchaser shall be in writing and shall be properly made if sent by United States mail, postage prepaid, and addressed as follows or if hand-delivered to the individual to whom such notice, demand or request is required to be directed as indicated below:

ISSUER

City of St. Albans
Post Office Box 1488
St. Albans, West Virginia 25177

REGISTRAR AND PAYING AGENT

[Name(s) and address(es) to be set forth in Supplemental Resolution]

DEPOSITORY BANK

[Name(s) and address(es) to be set forth in Supplemental Resolution]

ORIGINAL PURCHASER

Crews & Associates
2000 Union National Plaza
124 West Capitol
Little Rock, Arkansas 72201

BOND INSURER

[Name(s) and address(es) to be set forth in Supplemental Resolution]

Any party listed above may change such address listed for it at any time upon written notice of change sent by United States mail, postage prepaid, to the other parties.

Section 10.07. No Personal Liability. No member of the Council or officer or employee of the Issuer shall be individually or personally liable for the payment of the principal of or the interest on any Bond, but nothing herein contained shall relieve any such member, official or employee from the performance of any official duty provided by law or this Ordinance.

Section 10.08. Law Applicable. The laws of the State shall govern the construction of this Ordinance and of all Bonds issued hereunder.

Section 10.09. Parties Interested Herein. Nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon, or give to, any person or corporation, other than the Issuer, the Registrar, the Paying Agent, the Holders of the Bonds and the Original Purchaser, any right, remedy or claim under or by reason of this Ordinance. All the covenants, stipulations, promises and agreements contained in this Ordinance by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Registrar, the Paying Agent, the Holders of the Bonds and the Original Purchaser.

Section 10.10. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Ordinance.

Section 10.11. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 10.12. Conflicting Provisions Repealed. All ordinances, orders, resolutions or parts thereof in conflict with the provisions of this Ordinance, are, to the extent of such conflict, hereby repealed; provided however, that the 1990 Ordinance shall remain in effect until the Series 1990 Bonds have been refunded and defeased.

Section 10.13. 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, City Clerk and members of the Council were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

Section 10.14. Effective Date. This Ordinance shall take effect immediately following the public hearing and final reading hereon.

Section 10.15. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance determined by the Council 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 Charleston Gazette and the Charleston Daily Mail, two qualified newspapers of general circulation in the City of St. Albans, there being no qualified newspaper published therein, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Bonds, and that any person interested may appear before the Council upon a date certain, not less than ten days subsequent to the date of the 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 Council for review by interested persons during office hours of the Council. At such hearing, all objections and suggestions shall be heard and the Council shall take such action as it shall deem proper in the premises.

Passed on First Reading:	August 3, 1998
Passed on Second Reading:	August 17, 1998
Passed on Third Reading Following Public Hearing:	September 8, 1998

L. O. Jack Hurst Jr.
Mayor

CERTIFICATION

Certified a true, correct and complete copy of an Ordinance duly enacted by the Council of the CITY OF ST. ALBANS on September 8, 1998.

Dated this 24th day of November, 1998.

[SEAL]

Barbara Cunningham
City Clerk

11/20/98
858350/98002

EXHIBIT A - FORM OF SERIES 1998 A BOND

No. AR-_____ $_____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF ST. ALBANS, WEST VIRGINIA
TAXABLE COMBINED WATERWORKS AND SEWERAGE
SYSTEM REFUNDING REVENUE BOND,
SERIES 1998 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: _____

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF ST. ALBANS, West Virginia, 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 the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on _____ 1 and _____ 1, in each year, beginning _____ 1, 199___ (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date

is provided for. Capitalized terms used and not defined herein shall have the same meanings set forth in the hereinafter described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by _____, _____, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each _____ 15 and _____ 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the City maintained by _____, _____, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $500,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal corporate trust office of the Paying Agent, in _____, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $_____, designated "City of St. Albans, West Virginia Taxable Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1998 A" (the "Bonds" or the "Series 1998 A Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated _____, 1998, the proceeds of which are to be used, together with other funds of the Issuer, to facilitate the subsequent issuance and sale of its Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2000 A (the "Series 2000 A Bonds"), on April 1, 2000, the proceeds of which will be used to currently refund the Issuer's Waterworks and Sewerage System Refunding Revenue Bonds, Series 1990 (the "Series 1990 Bonds"), which were issued to refinance the cost of acquisition and construction of certain additions, betterments and improvements to the combined waterworks and sewerage system of the Issuer.

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 13, Article 2E and Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and an ordinance duly enacted by the council of the Issuer on _____, 1998, as supplemented by a supplemental resolution duly adopted by the council on _____, 1998 (collectively, the "Ordinance"), and is subject to all the terms and conditions of the Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations

of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the City Clerk in the City of St. Albans, West Virginia.

THE BONDS ARE ISSUED ON A PARITY, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S TAXABLE COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1998 B, DATED _____, 199__, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 1998 B BONDS").

The Bonds of this issue are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

(A) Optional Redemption. The Bonds shall not be subject to optional redemption.

(B) Mandatory Sinking Fund Redemption. The Bonds shall not be subject to mandatory sinking fund redemption.

(C) Mandatory Redemption. By its purchase of this Bond, each Bondholder shall unconditionally and irrevocably agree, upon the authentication and issuance of the Series 2000 A Bonds in accordance with the provisions of the Ordinance and delivery of the Series 2000 A Bond Counsel Opinion as provided in the Ordinance, to purchase on April 1, 2000 (the "Series 2000 A Bonds Issuance Date"), Series 2000 A Bonds in a principal amount equal to the then outstanding principal amount of such Bondholder's Series 1998 A Bonds at a purchase price equal to the principal amount thereof (the "Series 2000 A Bonds Purchase Price"). By its purchase of this Bond, each Bondholder irrevocably appoints the Escrow Agent (as defined in the Ordinance) as its agent and attorney in fact and instructs the Escrow Agent on its behalf to transfer the redemption proceeds of this Bond redeemed pursuant to the special mandatory redemption provisions of this Bond, in an amount equal to the principal amount of the Bonds of such Bondholder which are so redeemed, to the Paying Agent for the Bonds, which will transfer such amounts to the Underwriter (as defined in the Ordinance), which will purchase from the Issuer said amount of Series 2000 A Bonds on behalf of such Bondholder, all for the purpose of satisfying such Bondholder's obligation to purchase the Series 2000 A Bonds. Such purchase shall be made by the Underwriter on behalf of the Bondholder (unless enjoined by a court of competent jurisdiction in the event of a bankruptcy or insolvency of a Bondholder or due to other similar circumstances) automatically and without the necessity of any further action on the part of each Bondholder. Each Bondholder, by its purchase of this Bond, pledges to the Escrow Agent and Paying Agent the proceeds of the redemption of this Bond to be applied to the purchase by the Underwriter of a like amount

of Series 2000 A Bonds on behalf of and for the account of such Bondholder. Each Bondholder, by its purchase of this Bond, is deemed to agree to, acknowledge and accept the terms and conditions described above and to be bound by all of the provisions of the Ordinance, without the necessity of any written acknowledgment, acceptance, signature or receipt of a copy of the Ordinance by such Bondholder.

Upon the satisfaction of the conditions set forth in the Ordinance for the issuance of the Series 2000 A Bonds, and upon the performance by the Escrow Agent, on behalf of each Bondholder of such Bondholder's obligation to purchase Series 2000 A Bonds in an amount equal to the then outstanding principal amount of such Bondholder's Bonds, each Bond with respect to which the foregoing conditions have been satisfied shall be subject to mandatory redemption on April 1, 2000, without notice, at a price equal to the principal amount thereof, plus accrued interest thereon to and including the date fixed for redemption. In the event the conditions set forth in the Ordinance for the issuance of the Series 2000 A Bonds are satisfied, but the Escrow Agent is prevented by a court of competent jurisdiction from performing on behalf of a Bondholder its obligation to purchase a corresponding amount of Series 2000 A Bonds, as set forth above, then this Bond shall not be subject to mandatory redemption and will instead be subject to mandatory tender as described below.

(D) Mandatory Tender. In the event the Series 2000 A Bonds are not issued on April 1, 2000, this Bond shall be subject to mandatory tender to the Escrow Agent, at which time the Escrow Agent will apply cash and securities held by the Escrow Agent toward the purchase of this Bond at a price equal to the principal amount thereof, plus accrued interest to and including April 1, 2000. This Bond shall be deemed paid in such event and will no longer be outstanding.

With respect to the mandatory redemption of this Bond, in the event Series 2000 A Bonds have been issued and delivered, within ten (10) business days following such issuance and delivery, the Paying Agent will mail to the persons who were Series 1998 A Bondholders immediately prior to the Series 2000 A Bonds Issuance Date by first class mail, postage prepaid, at the address of each Bondholder shown on the Bond Register whose Bond has been redeemed under the mandatory redemption provisions of the Ordinance and for whom a corresponding Series 2000 A Bond has been purchased under the Ordinance, a notice setting forth the information provided in the Ordinance with respect to the Bonds redeemed and advising such holder that upon the surrender of such holder's Bonds to the Paying Agent, the Paying Agent will deliver to such Bondholder the Series 2000 A Bonds purchased on its behalf. Such notice shall provide the address of the Paying Agent to which this Bond is to be presented.

With respect to the mandatory tender of this Bond, in the event the Series 2000 A Bonds are not issued on the Series 2000 A Bonds Issuance Date, the Paying Agent shall deliver to the Escrow Agent a written certificate stating such and on the Series 2000 A Bonds Issuance Date, the Paying Agent will mail to the Bondholders by first class mail,

postage prepaid, at the address of each Bondholder shown on the Bond Register, a notice stating that the Series 2000 A Bonds were not issued on the Series 2000 A Bonds Issuance Date and will not be issued under the Ordinance, and that such Bondholders are no longer obligated to purchase such Series 2000 A Bonds and that this Bond is no longer subject to redemption pursuant to the mandatory redemption provisions of the Ordinance, but are subject to mandatory tender for purchase by the Escrow Agent from funds and securities on deposit in the Escrow Fund at a price equal to the principal amount thereof, plus accrued interest to and including April 1, 2000.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Bond.

The Bonds and the interest thereon are payable only from and are secured by the securities and cash deposited in the Escrow Fund (as defined in the Ordinance) and earnings thereon, which shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from such Escrow Fund. 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 Ordinance. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All moneys received from the sale of the Bonds except for accrued interest thereon, shall be applied solely to the purchase of securities to be deposited in the Escrow Fund, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the Registered Owners of the Bonds.

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 funds has been pledged to and will be set aside in the Escrow Fund by the Issuer for the prompt payment of the principal of and interest on the Bonds of which this Bond is one.

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 be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the Ordinance.

This Bond is, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof, except inheritance, estate and transfer taxes.

This Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance and the 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 ST. ALBANS, WEST VIRGINIA, has caused this Bond to be signed by its Mayor, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Bond to be dated as of the Bond Date specified above.

[SEAL]

(Manual or Facsimile Signature)
Mayor

ATTEST:

(Manual or Facsimile Signature)
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the fully registered Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Bonds.

Dated: _____.

_____,
as Registrar

By _____
Its Authorized Officer

ASSIGNMENT

Social Security or Other Identifying Number of Assignee _____
_____

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

Dated: _____, _____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

EXHIBIT B - FORM OF SERIES 1998 B BOND

No. BR-_____ $_____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF ST. ALBANS, WEST VIRGINIA
TAXABLE COMBINED WATERWORKS AND SEWERAGE
SYSTEM REFUNDING REVENUE BOND,
SERIES 1998 B

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: _____

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF ST. ALBANS, West Virginia, 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 the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on _____ 1 and _____ 1, in each year, beginning _____ 1, 199___ (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date

is provided for. Capitalized terms used and not defined herein shall have the same meanings set forth in the hereinafter described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by _____, _____, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each _____ 15 and _____ 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the City maintained by _____, _____, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $200,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal corporate trust office of the Paying Agent, in _____, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $_____, designated "City of St. Albans, West Virginia Taxable Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1998 B" (the "Bonds" or the "Series 1998 B Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated _____, 1998, the proceeds of which are to be used, together with other funds of the Issuer, to facilitate the subsequent issuance and sale of its Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2000 A (the "Series 2000 A Bonds"), on April 1, 2000, the proceeds of which will be used to currently refund the Issuer's Waterworks and Sewerage System Refunding Revenue Bonds, Series 1990 (the "Series 1990 Bonds"), which were issued to refinance the cost of acquisition and construction of certain additions, betterments and improvements to the combined waterworks and sewerage system of the Issuer and to pay costs of issuance of the Bonds and the Series 1998 A Bonds hereinafter described.

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 13, Article 2E and Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and an ordinance duly enacted by the council of the Issuer on _____, 1998, as supplemented by a supplemental resolution duly adopted by the council on _____, 1998 (collectively, the "Ordinance"), and is subject to all the terms and conditions of the Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may

be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the City Clerk in the City of St. Albans, West Virginia.

THE BONDS ARE ISSUED ON A PARITY, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S TAXABLE COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1998 A, DATED _____, 199__, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 1998 A BONDS").

IF THE SERIES 2000 A BONDS ARE ISSUED ON APRIL 1, 2000, THE BONDS SHALL ON AND AFTER SUCH DATE BE ON A PARITY, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE SERIES 2000 A BONDS.

IF THE SERIES 2000 A BONDS ARE NOT ISSUED ON APRIL 1, 2000, THE BONDS SHALL ON AND AFTER SUCH DATE BE ON A PARITY, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE SERIES 1990 BONDS.

The Bonds of this issue are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

(A) Optional Redemption. The Bonds shall be subject to optional redemption in whole or in part on and after April 1, 2000, at a redemption price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption.

(B) Mandatory Sinking Fund Redemption. The Bonds shall not be subject to mandatory sinking fund redemption.

In the event of any redemption of less than all outstanding Bonds, Bonds shall be selected for redemption by lot or in such other manner deemed appropriate by the Paying Agent. If less than all the Bonds are to be redeemed, the Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Bond, unless waived, shall be given by the Registrar on behalf of the Issuer by mailing an official redemption notice by first class mail not less than 30 days nor more than 60 days prior to the date fixed for redemption to the

Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Registrar. Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the redemption price therein specified, and from and after such date (unless the Issuer shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Bond.

The Bonds and the interest thereon are payable only from and are secured by the securities and cash deposited in the Escrow Fund (as defined in the Ordinance) and earnings thereon, which shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from such Escrow Fund. If the Series 2000 A Bonds are issued on April 1, 2000, the Bonds shall on and after such date be payable from and secured by a first lien on the Net Revenues (as defined in the Ordinance) to be derived from the System on a parity with the lien of the Series 2000 A Bonds. If the Series 2000 A Bonds are not issued on April 1, 2000, the Bonds shall on and after such date be payable from and secured by a first lien on the Net Revenues derived from the System on a parity with the lien of the Series 1990 Bonds. The Issuer has entered into certain further covenants with the Registered Owners of the Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All moneys received from the sale of the Bonds except for accrued interest thereon, shall be applied solely to the purchase of securities to be deposited in the Escrow Fund, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the Registered Owners of the Bonds.

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 funds has been pledged to and will be set aside in the Escrow Fund and upon the issuance of the Series 2000 A Bonds, a sufficient amount of Net Revenues will be pledged to and set aside in a special fund by the

Issuer for the prompt payment of the principal of and interest on the Bonds of which this Bond is one.

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 be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the Ordinance.

This Bond is, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof, except inheritance, estate and transfer taxes.

This Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance and the 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 ST. ALBANS, WEST VIRGINIA, has caused this Bond to be signed by its Mayor, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Bond to be dated as of the Bond Date specified above.

[SEAL]

(Manual or Facsimile Signature)
Mayor

ATTEST:

(Manual or Facsimile Signature)
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the fully registered Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Bonds.

Dated: _____.

_____,
as Registrar

By _____
Its Authorized Officer

ASSIGNMENT

Social Security or Other Identifying Number of Assignee _____
_____

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

Dated: _____, _____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

EXHIBIT C - FORM OF SERIES 2000 A BOND

No. AR-_____ $_____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF ST. ALBANS, WEST VIRGINIA
COMBINED WATERWORKS AND SEWERAGE
SYSTEM REFUNDING REVENUE BOND,
SERIES 2000 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: _____

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF ST. ALBANS, West Virginia, 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 the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on _____ 1 and _____ 1, in each year, beginning _____ 1, 2000 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is

provided for. Capitalized terms used and not defined herein shall have the same meanings set forth in the hereinafter described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by _____, _____, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each _____ 15 and _____ 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the City maintained by _____, _____, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $500,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal corporate trust office of the Paying Agent, in _____, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $_____, designated "City of St. Albans, West Virginia Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2000 A" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated _____, 2000, the proceeds of which are to be used, together with other funds of the Issuer, to currently refund the Waterworks and Sewerage System Refunding Revenue Bonds, Series 1990, of the Issuer, outstanding in the total aggregate principal amount of $_____ (the "Series 1990 Bonds"), which were issued to refinance the cost of acquisition and construction of certain additions, betterments and improvements to the combined waterworks and sewerage system of the Issuer.

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 13, Article 2E and Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and an ordinance duly enacted by the council of the Issuer on _____, 199__, as supplemented by a supplemental resolution duly adopted by the council on _____, 199__ (collectively, the "Ordinance"), and is subject to all the terms and conditions of the Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Bonds and the Registered Owners of any subsequently issued

additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the City Clerk in the City of St. Albans, West Virginia.

THE BONDS ARE ISSUED ON A PARITY, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S TAXABLE COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1998 B, DATED _____, 199__, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 1998 B BONDS") AND _____.

The Bonds of this issue are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

(A) Optional Redemption. The Bonds shall not be subject to optional redemption.

(B) Mandatory Sinking Fund Redemption. The Bonds maturing April 1, 2013, shall be subject to mandatory sinking fund redemption on April 1, in the years and amounts (with the Bonds to be redeemed being selected by lot) and at the price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption as follows:

Year (April 1)	Principal Amount
2008	$210,000
2009	220,000
2010	230,000
2011	240,000
2012	250,000
2013 (Maturity)	265,000

In the event of any redemption of less than all outstanding Bonds, Bonds shall be selected for redemption by lot or in such other manner deemed appropriate by the Paying Agent. If less than all the Bonds are to be redeemed, the Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Bond, unless waived, shall be given by the Registrar on behalf of the Issuer by mailing an official redemption notice by first class mail not less than 30 days nor more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Registrar. Notice of redemption having been given as aforesaid, the Bonds or portions of

Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the redemption price therein specified, and from and after such date (unless the Issuer shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Bond.

The Bonds and the interest thereon are payable only from and are secured by (i) the Net Revenues (as defined in the Ordinance) to be derived from the System, (ii) all moneys in the Series 2000 A Bonds Sinking Fund and the Series 2000 A Bonds Reserve Account established under the Ordinance and (iii) the unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, 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 2000 A Bonds Sinking Fund and the Series 2000 A Bonds Reserve Account and unexpended proceeds of the Bonds. Under the Ordinance, the Issuer has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System and to revise the same from time to time as will always be sufficient to pay all operating expenses of the System and to leave a balance each year equal to at least 120% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds. 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 Ordinance. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All moneys received from the sale of the Bonds except for accrued interest, if any, thereon, shall be applied solely to refund the Series 1990 Bonds and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the Registered Owners of the Bonds.

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

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 be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the Ordinance.

This Bond is, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof, except inheritance, estate and transfer taxes.

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

This Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance and the 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 ST. ALBANS, WEST VIRGINIA, has caused this Bond to be signed by its Mayor, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Bond to be dated as of the Bond Date specified above.

[SEAL]

(Manual or Facsimile Signature)
Mayor

ATTEST:

(Manual or Facsimile Signature)
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the fully registered Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Bonds.

Dated: _____.

_____,
as Registrar

By _____
Its Authorized Officer

ASSIGNMENT

Social Security or Other Identifying Number of Assignee _____
_____

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

Dated: _____, _____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

CITY OF ST. ALBANS, WEST VIRGINIA

TAXABLE COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1998 A, TAXABLE COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1998 B AND WHEN, AS AND IF ISSUED COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2000 A

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO AMOUNTS, MATURITIES, INTEREST RATES, REDEMPTION PROVISIONS, PURCHASE PRICES AND OTHER DETAILS OF THE TAXABLE COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1998 A AND SERIES 1998 B, AND TAX-EXEMPT COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2000 A, OF THE CITY OF ST. ALBANS; AUTHORIZING AND APPROVING A CONTRACT OF PURCHASE, A REGISTRAR AND PAYING AGENT AGREEMENT, AN ESCROW AGREEMENT, AN OFFICIAL STATEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER INSTRUMENTS RELATING TO THE BONDS; APPOINTING AN ESCROW AGENT, REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS AND THE REFUNDING.

WHEREAS, the City of St. Albans (the "Issuer"), in the County of Kanawha, State of West Virginia, is a municipal corporation of said State, the governing body of which is its Council (the "Council");

WHEREAS, the Council duly enacted on September 8, 1998, an ordinance (the "Ordinance") entitled:

AN ORDINANCE AUTHORIZING THE REFUNDING OF THE WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1990, OF THE CITY OF ST. ALBANS, WEST VIRGINIA; THE ISSUANCE OF TAXABLE COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1998 A, OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $3,000,000, TAXABLE COMBINED WATERWORKS AND SEWERAGE REFUNDING REVENUE BONDS, SERIES 1998 B, OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $200,000 AND TAX-EXEMPT COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2000 A, OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $3,000,000, THE PROCEEDS OF WHICH, TOGETHER WITH OTHER FUNDS OF THE CITY, SHALL BE EXPENDED FOR SUCH REFUNDING AND TO PAY COSTS IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF AN ESCROW AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND PROVISIONS FOR BOND INSURANCE; AND ENACTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

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

WHEREAS, the Ordinance provided generally for the issuance of the Issuer's Taxable Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1998 A (the "Series 1998 A Bonds"), in an aggregate principal amount not to exceed $3,000,000, Taxable Combined Waterworks and Sewerage Refunding Revenue Bonds, Series 1998 B (the "Series 1998 B Bonds"), in an aggregate principal amount not to exceed $200,000 (the Series 1998 A Bonds and the Series 1998 B Bonds are collectively referred to

as the "Series 1998 Bonds"), and Tax-Exempt Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2000 A (the "Series 2000 A" Bonds"), in an aggregate principal amount not to exceed $3,000,000 (the Series 1998 A Bonds, the Series 1998 B Bonds and the Series 2000 A Bonds are collectively referred to as the "Bonds"), for the purposes of paying a portion of the costs of refunding the Issuer's outstanding Waterworks and Sewerage System Refunding Revenue Bonds, Series 1990 (the "Series 1990 Bonds"); funding a reserve account for the Series 2000 A Bonds; and paying costs of issuance thereof, all in accordance with Chapter 8, Article 20 and Chapter 13, Article 2E, of the West Virginia Code of 1931, as amended (collectively, the "Act");

WHEREAS, the Ordinance further provided that the exact principal amounts of the Bonds to be sold and the dates, maturities, interest rates, redemption provisions, price and other terms of the Bonds should be established, that an Escrow Agent, Registrar and Paying Agent be designated, that an Escrow Agreement and Registrar and Paying Agent Agreement be approved, and that other matters pertaining to the Bonds be provided for by resolution of the Council upon receipt of a Contract of Purchase acceptable to the Council;

WHEREAS, the Bonds are proposed to be purchased by Crews & Associates, Inc. (the "Original Purchaser"), pursuant to a Contract of Purchase dated the date of adoption hereof (the "Contract of Purchase"); and

WHEREAS, the Council deems it essential and desirable that this Resolution be adopted and that the Contract of Purchase, the Escrow Agreement, the Continuing Disclosure Agreement and the Registrar and Paying Agent Agreement hereinafter provided for be entered into by the Issuer, that the Official Statement relating to the Bonds, hereinafter described, be approved, that the dates and prices of the Bonds, the maturity dates and amounts, the redemption provisions, the interest rates, and the exact principal amounts of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for, all in accordance with the Ordinance;

NOW, THEREFORE, THE COUNCIL OF THE CITY OF ST. ALBANS HEREBY RESOLVES:

Section 1. Pursuant to the Ordinance and the Act, this Resolution is adopted and there are hereby authorized and ordered to be issued the Bonds. The Series 1998 A Bonds shall be dated November 1, 1998, upon original issuance, shall be issued in the aggregate principal amount, bear interest payable semiannually on April 1 and October 1 of each year, commencing April 1, 1999, shall mature on April 1 in such years and shall have such redemption provisions as are set forth in EXHIBIT A - BOND TERMS,

attached hereto and incorporated by reference herein. The Series 1998 B Bonds shall be dated November 1, 1998, upon original issuance, shall be issued in the aggregate principal amount, bear interest payable semiannually on April 1 and October 1 of each year, commencing April 1, 1999, shall mature on April 1 in such years and shall have such redemption provisions as are set forth in EXHIBIT A - BOND TERMS, attached hereto and incorporated by reference herein. The Series 2000 A Bonds shall be dated April 1, 2000, upon original issuance, shall be issued in the aggregate principal amount, bear interest payable semiannually on April 1 and October 1 of each year, commencing October 1, 2000, shall mature on April 1 in such years and shall have such redemption provisions as are set forth in EXHIBIT A - BOND TERMS, attached hereto and incorporated by reference herein. Except as otherwise set forth herein, all other provisions relating to the Bonds shall be as provided in the Ordinance, and the Bonds shall be in substantially the respective forms provided in the Ordinance.

By its purchase of a Series 1998 A Bond, each Series 1998 A Bondholder shall unconditionally and irrevocably agree, upon the authentication and issuance of the Series 2000 A Bonds in accordance with the provisions of the Ordinance and delivery of the Series 2000 A Bond Counsel Opinion as provided in the Ordinance, to purchase on April 1, 2000 (the "Series 2000 A Bonds Issuance Date"), Series 2000 A Bonds in a principal amount equal to the then Outstanding principal amount of such Bondholder's Series 1998 A Bonds at a purchase price equal to the principal amount thereof (the "Series 2000 A Bonds Purchase Price"). By its purchase of a Series 1998 A Bond, each Series 1998 A Bondholder irrevocably appoints the Escrow Agent as its agent and attorney in fact and instructs the Escrow Agent on its behalf to transfer the redemption proceeds of its Series 1998 A Bonds redeemed pursuant to the special mandatory redemption provisions of the Series 1998 A Bonds, in an amount equal to the principal amount of the Series 1998 A Bonds of such Series 1998 A Bondholder which are so redeemed, to the Paying Agent for the Series 1998 A Bonds, which will transfer such amounts to the Underwriter, which will purchase from the Issuer said amount of Series 2000 A Bonds on behalf of such Series 1998 A Bondholder, all for the purpose of satisfying such Series 1998 A Bondholder's obligation to purchase the Series 2000 A Bonds. Such purchase shall be made by the Underwriter on behalf of the Series 1998 A Bondholder (unless enjoined by a court of competent jurisdiction in the event of a bankruptcy or insolvency of a Series 1998 A Bondholder or due to other similar circumstances) automatically and without the necessity of any further action on the part of each Series 1998 A Bondholder. Each Series 1998 A Bondholder, by its purchase of a Series 1998 A Bond, pledges to the Escrow Agent and Paying Agent the proceeds of the redemption of the Series 1998 A Bond to be applied to the purchase by the Underwriter of a like amount of Series 2000 A Bonds on behalf of and for the account of such Series 1998 A Bondholder. Each Series 1998 A Bondholder, by its purchase of a Series 1998 A Bond, is deemed to agree to, acknowledge and accept the terms and conditions described above and to be bound by all of the provisions of the Ordinance and this Resolution, without the necessity of any written acknowledgment, acceptance, signature or receipt of a copy of the Ordinance by such Series 1998 A Bondholder.

The Issuer hereby agrees to issue and sell the Series 2000 A Bonds on the Series 2000 A Bonds Issuance Date, at the Series 2000 A Bonds Purchase Price, to the Series 1998 A Bondholders as their names appear on the Bond Register maintained by the Paying Agent, as of the Series 2000 A Bonds Issuance Date. The Issuer also agrees to take all lawful action within its control, if any, which may be required between the date of the Ordinance and the Series 2000 A Bonds Issuance Date to validly issue the Series 2000 A Bonds with the Series 2000 A Bond Counsel Opinion on the Series 2000 A Bonds Issuance Date upon payment of the Series 2000 A Bonds Purchase Price. To that end, the Issuer covenants and agrees to file such reports and information returns, hold such public hearings and otherwise conduct its affairs as may be required to enable Bond Counsel to deliver the Series 2000 A Bond Counsel Opinion.

In the event of any changes in facts or changes in federal or state law, court decisions, pending litigation directly and materially affecting the delivery of the Series 2000 A Bonds, regulations, proposed regulations or rulings of administrative agencies occurring or in effect on or prior to the Series 2000 A Bonds Issuance Date which relate solely to the state income tax treatment of interest on the Series 2000 A Bonds or the federal income tax treatment of the Series 2000 A Bonds (including any changes which indicate that interest on the Series 2000 A Bonds may be includable in gross income for purposes of any alternative minimum tax provisions of the Code, which changes will be permitted in the opinion), but which do not result in the inclusion of interest on the Series 2000 A Bonds in the gross income of the Bondholders thereof (except with respect to "substantial users" of the Project or "related persons, as such terms are defined in the Code, or with respect to the application of any alternative minimum tax provisions of the Code), the Issuer will nonetheless be obligated to issue the Series 2000 A Bonds with the Series 2000 A Bond Counsel Opinion, as modified by Bond Counsel to appropriately reflect the changes, and each Series 1998 A Bondholder agrees to accept and purchase the Series 2000 A Bonds with the redemption proceeds of its Series 1998 A Bonds.

Notwithstanding the forgoing, the Issuer will be relieved of its obligation to issue the Series 2000 A Bonds and to obtain delivery of the Series 2000 A Bond Counsel Opinion if there shall have been enacted, adopted, proposed, promulgated or endorsed after the date of the Ordinance any provisions of or interpretation of any statute, regulation, ruling or revenue procedure, or any decision of any court or administrative body or agency that adversely affects the validity of the Series 2000 A Bonds, the exclusion from gross income of interest on the Series 2000 A Bonds for federal income tax purposes of the Code, or the Issuer's obligations under applicable securities laws, and the Issuer shall have determined in good faith that compliance therewith would impose a substantial and material economic or administrative burden on the Issuer or otherwise substantially adversely affect the Issuer; provided, however, that a change in market interest rates will, among other things, not be treated as being an economic or administrative burden, or as having an adverse effect, for the purposes of relieving the Issuer of its obligation to issue the Series 2000 A Bonds. Any such determination made by the Issuer will be conclusive, final and binding on the Series 1998 A

Bondholders, the Escrow Agent and the Paying Agent and will not be subject to review of any kind or nature whatsoever.

If the Series 2000 A Bonds are not issued on the Series 2000 A Bonds Issuance Date, the Series 1998 A Bonds will be subject to mandatory tender to the Escrow Agent, at which time the Escrow Agent will apply cash and securities held by the Escrow Agent toward the purchase of the tendered Series 1998 A Bonds and the Series 1998 A Bonds will not be subject to redemption pursuant to the special mandatory redemption provisions and in such event, no Series 2000 A Bonds will be issued and neither the Escrow Agent, the Paying Agent nor the Issuer will have any liabilities to or be subject to any claim by any Series 1998 A Bondholder, and each Series 1998 A Bondholder by accepting a Series 1998 A Bond agrees to such provisions.

Section 2. The Contract of Purchase between the Original Purchaser and the Issuer, dated the date of adoption of this Resolution, substantially in the form submitted to this meeting, and the execution and delivery (in multiple counterparts) by the Mayor on this day of the Contract of Purchase on behalf of the Issuer are hereby authorized, approved, and directed. The Mayor shall execute and deliver the Contract of Purchase with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Contract of Purchase by the Mayor shall be conclusive evidence of any approval required by this Section, and authorization of any action required by the Contract of Purchase relating to the issuance and sale of the Bonds, including the payment of all necessary fees and expenses in connection therewith. The price of the Series 1998 A Bonds, pursuant to the Contract of Purchase, shall be $2,452,534.72 ($2,500,000 par amount, less $56,250 Underwriter's Discount), plus accrued interest of $8,784.72 from the date of the Series 1998 A Bonds to the date of delivery of the Series 1998 A Bonds, expected to be on or about November 24, 1998 (the "Closing Date"). The price of the Series 1998 B Bonds, pursuant to the Contract of Purchase, shall be $166,772.36 ($170,000 par amount, less $3,825 Underwriter's Discount), plus accrued interest of $597.36 from the date of the Series 1998 B Bonds to the date of delivery of the Series 1998 B Bonds, expected to be on or about the Closing Date. The price of the Series 2000 A Bonds, pursuant to the Contract of Purchase, shall be $2,500,000 (par amount).

Section 3. The Escrow Agreement between the Issuer and the West Virginia Municipal Bond Commission, as Escrow Agent, to be dated the Closing Date, substantially in the form submitted to this meeting, and the execution and delivery (in multiple counterparts) by the Mayor shall be and the same are hereby authorized, approved and directed. The Mayor shall execute and deliver the Escrow Agreement with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Escrow Agreement by the Mayor shall be conclusive evidence of any approval required by this Section.

Section 4. The Continuing Disclosure Agreement between the Issuer and Bank One, West Virginia, NA, Charleston, West Virginia, as the Dissemination Agent, to be dated the Closing Date, substantially in the form submitted to this meeting, and the execution and delivery (in multiple counterparts) by the Mayor shall be and the same are hereby authorized, approved and directed. The Mayor shall execute and deliver the Continuing Disclosure Agreement with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Continuing Disclosure Agreement by the Mayor shall be conclusive evidence of any approval required by this Section.

Section 5. The Official Statement dated the date of adoption of this Resolution, to be substantially in the form of the Preliminary Official Statement described below (with such changes, insertions and omissions as may be necessary or advisable in the opinion of the Mayor), and the distribution of counterparts or copies thereof by the Original Purchaser are hereby authorized, approved and directed. The Mayor shall execute and deliver the Official Statement with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Official Statement by the Mayor shall be conclusive evidence of any approval required by this Section. The distribution by the Original Purchaser of the Preliminary Official Statement dated November 13, 1998 (which is a "deemed final" official statement in accordance with SEC Rule 15c2-12), substantially in the form submitted to this meeting is hereby ratified and approved.

Section 6. The Registrar and Paying Agent Agreement between the Issuer and the Registrar and Paying Agent designated herein, to be dated the Closing Date, substantially in the form submitted to this meeting, and the execution and delivery (in multiple counterparts) by the Mayor shall be and the same are hereby authorized, approved and directed. The Mayor shall execute and deliver the Registrar and Paying Agent Agreement with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Registrar and Paying Agent Agreement by the Mayor shall be conclusive evidence of any approval required by this Section.

Section 7. Pursuant to Section 10.01 of the Ordinance, the following sections of the Ordinance shall be amended and the Ordinance shall be conformed to reflect such amendments, as follows:

The following definition in Section 1.01 of the Ordinance shall be amended as follows:

"Series 2000 A Bonds Reserve Requirement" means~~, as of any date of calculation, the lesser of~~ a sum of $125,000, which is less than (i) 10% of the original stated principal amount of the Series 2000 A Bonds; (ii) the maximum amount of principal and interest which will become due on the Series 2000 A Bonds in any year; ~~or~~ and (iii) 125% of the average amount of principal and interest which will become due on the Series 2000 A Bonds.

Section 3.14(C) of the Ordinance shall be amended as follows:

(C) Upon the issuance and delivery of the Series 2000 A Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

(i) All interest accrued on the Series 2000 A Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 2000 A Bonds Sinking Fund and applied to payment of interest on the Series 2000 A Bonds at the first interest payment date.

(ii) An amount of the proceeds of the Series 2000 A Bonds which, together with other moneys or securities available therefor, shall be sufficient to accomplish the current refunding and defeasance of the Series 1990 Bonds shall be paid to the paying agent for the Series 1990 Bonds.

~~(iii) An amount of the proceeds of the Series 2000 A Bonds, if any, which may be necessary to refund the Series 1998 B Bonds or portion thereof (to the extent moneys in the Escrow Fund are insufficient therefor) shall be paid to the paying agent for the Series 1998 B Bonds.~~

~~(iv)~~(iii) An amount of the proceeds of the Series 2000 A Bonds equal to the Series 2000 A Bonds Reserve Requirement shall be remitted to the Bond Commission for deposit in the Series 2000 A Bonds Reserve Account, provided that, to the extent the Series 2000 A Bonds Reserve Requirement is satisfied in whole or in part with a reserve account letter of credit, surety bond or other credit facility, or from proceeds of any fund or account established pursuant to the 1990 Ordinance or other funds of the Issuer, proceeds of the Series 2000 A Bonds shall be deposited in the Series 2000 A Bonds Reserve Account only to the extent needed to satisfy the balance of the Series 2000 A Bonds Reserve Requirement.

~~(v)~~(iv) The balance of the proceeds of the Series 2000 A Bonds shall be deposited with the Depository Bank in the Costs of Issuance Fund and shall be drawn out, used and applied by the Issuer solely to pay costs of issuance

of the Series 2000 A Bonds and miscellaneous costs of refunding the Series 1990 Bonds at the written direction of the Issuer. All such costs of issuance shall be paid within 60 days of the Closing Date. Moneys not to be applied immediately to pay such costs of issuance and refunding may be invested in accordance with this Ordinance, subject however, to applicable yield restrictions as may be in effect under the Code. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to such purpose within 6 months after the Closing Date, such unapplied proceeds shall be transferred by the Issuer to the Series 2000 A Bonds Redemption Account. All such proceeds shall constitute a trust fund for such purposes, and there is hereby created a lien upon such moneys until so applied in favor of the Holders of the Series 2000 A Bonds.

Section 4.03A of the Ordinance shall be amended as follows:

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 Issuer and the Depository Bank and used only for the purposes and in the manner provided in this Ordinance. Until the Series 2000 A Bonds are issued and the Series 1990 Bonds are defeased, neither the Series 1998 A Bonds nor the Series 1998 B Bonds shall be payable from the ~~Gross~~ Net Revenues, and all revenues shall be disposed of in accordance with the provisions of the ordinance pursuant to which the Series 1990 Bonds were issued and any subsequent ordinance authorizing the issuance of additional ~~Combined Waterworks and Sewerage System Revenue~~ Bonds. Upon issuance of the Series 2000 A Bonds and defeasance of the Series 1990 Bonds, all revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority.

~~(4)~~(1) The Issuer shall ~~next~~ first, each month, pay from the Revenue Fund the Operating Expenses of the System.

~~(1)~~(2) The Issuer shall ~~first~~ next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the Series 1998 B Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 1998 B 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 1998 B Bonds Sinking Fund and the next ensuing semiannual interest payment date is more or less than 6 months, then such monthly payments shall be decreased or increased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date; provided further that, the initial amount required to be transferred from the Revenue Fund and deposited in the Series 1998 B Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 1998 B Bonds deposited therein; and (ii) commencing 6 months prior to the first interest payment date of the Series 2000 A Bonds, ~~transfer from the Revenue Fund and remit to the Bond Commission~~ for deposit in the Series 2000 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 2000 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 2000 A Bonds Sinking Fund and the next ensuing semiannual interest payment date is more or less than 6 months, then such monthly payments shall be decreased or increased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date; provided further that, the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2000 A Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2000 A Bonds deposited therein.

~~(2)~~(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the Series 1998 B Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on the Series 1998 B Bonds on the next ensuing annual principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1998 B Bonds Sinking Fund and the next ensuing annual principal payment date is more or less than 12 months, then such monthly payments shall be decreased or increased proportionately to provide, 1 month prior to the next ensuing annual principal payment date, the required

amount of principal coming due on such date; and (ii) commencing 12 months prior to the first principal payment date or mandatory Redemption Date of the Series 2000 A Bonds, ~~transfer from the Revenue Fund and remit to the Bond Commission~~ for deposit in the Series 2000 A Bonds Sinking Fund and in the Series 2000 A Bonds Redemption Account therein in the case of the Term Bonds which are to be redeemed, a sum equal to 1/12th of the amount of principal which will mature or be redeemed and become due on the Series 2000 A Bonds on the next ensuing annual principal payment date or mandatory Redemption Date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2000 A Bonds Sinking Fund and the next ensuing annual principal payment date or mandatory Redemption Date is more or less than 12 months, then such monthly payments shall be decreased or increased proportionately to provide, 1 month prior to the next ensuing annual principal payment date or mandatory Redemption Date, the required amount of principal coming due on such date.

~~(3)~~(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Bond Commission for deposit in the Series 2000 A Bonds Reserve Account, an amount sufficient to remedy any decrease in value of the Series 2000 A Bonds Reserve Account below the Series 2000 A Bonds Reserve Requirement or any withdrawal from the Series 2000 A Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 2000 A Bonds Reserve Account results in a determination that the amount of moneys and the value of the Qualified Investments deposited to the credit of the Series 2000 A Bonds Reserve Account is less than the Series 2000 A Bonds Reserve Requirement, or (b) any amount is withdrawn from the Series 2000 A Bonds Reserve Account for deposit into the Series 2000 A Bonds Sinking Fund. To the extent Gross Revenues and any other legally available funds are available therefor, the amount so deposited shall be used to restore the amount of moneys on deposit in the Series 2000 A Bonds Reserve Account to an amount equal to the Series 2000 A Bonds Reserve Requirement to the full extent that such Gross Revenues are

available; provided however, that if the shortfall in the Series 2000 A Bonds Reserve Account is due to a decrease in value of investments therein, such shortfall shall be replenished by not less than 6 equal monthly payments, and if such shortfall is due to a withdrawal from the Series 2000 A Bonds Reserve Account, such shortfall shall be replenished by not less than 12 equal monthly payments, and provided further, that no payments shall be required to be made into the Series 2000 A Bonds Reserve Account whenever and as long as the amount on deposit therein shall be equal to the Series 2000 A Bonds Reserve Requirement. Amounts in the Series 2000 A Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2000 A Bonds when due, when amounts in the Series 2000 A Bonds Sinking Fund are insufficient therefor and for no other purpose.

(5) The Issuer shall next, each month from the moneys remaining in the Revenue Fund, transfer from the Revenue Fund 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, 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.

~~(6)~~ The Series 1998 B Bonds and any other bonds payable from the revenues of the System subsequent to the issuance of the Series 1998 A Bonds and Series 1998 B Bonds, unless otherwise determined, shall, following issuance of the Series 2000 A Bonds, be payable on a parity with the Series 2000 A Bonds, in the same manner and in the order of priority as set forth for the Series 2000 A Bonds in paragraph ~~(1)~~(2) and ~~(2)~~(3) of this Section 4.03. The Series 1998 B Bonds may remain Outstanding following issuance of the

Series 2000 A Bonds. There shall be no Reserve Account with respect to the Series 1998 B Bonds.

Section 4.05 of the Ordinance shall be amended as follows:

~~The~~ Until April 1, 2000, the Series 1998 A Bonds, the Series 1998 B Bonds and the interest thereon shall not be payable from the Revenue Fund, the Gross Revenues or the Net Revenues, but shall be payable solely from ~~proceeds of the Series 1998 A Bonds and Series 1998 B Bonds~~ United States Treasury obligations and/or a guaranteed investment agreement and from cash deposited in the Escrow Fund and earnings thereon ~~and, to the extent such funds are not sufficient, from proceeds of the Series 2000 A Bonds. In the event the Series 2000 A Bonds are not issued on or before April 1, 2000, the Series 1990 Bonds will not be refunded and the amounts then on deposit in the Escrow Fund shall be applied to redemption of the Series 1998 A and Series 1998 B Bonds~~. On April 1, 2000, moneys in the Escrow Fund shall be delivered by the Escrow Agent to the Paying Agent of the Series 1998 A Bonds for the special mandatory redemption of the Series 1998 A Bonds and, in accordance with the instructions of the Issuer to the Paying Agent of the Series 1998 A Bonds, the Paying Agent shall transfer the redemption proceeds of the Series 1998 A Bonds to the Underwriter for the purchase of the Series 2000 A Bonds and thereafter, the proceeds of the Series 2000 A Bonds shall be transferred by the Underwriter to the Paying Agent of the Series 1990 Bonds to currently refund the Series 1990 Bonds and defease the lien of the 1990 Ordinance. On and after April 1, 2000, the Series 1998 B Bonds and the Series 2000 A Bonds will be payable from and secured by a first lien on the Net Revenues derived from the System on a parity with each other.

In the event the Series 2000 A Bonds are not issued, the Series 1998 A Bonds shall be subject to mandatory tender on April 1, 2000, at a price equal to the principal amount thereof, plus interest accrued to such date, such amounts payable solely from funds in the Escrow Fund in accordance with the terms of the Escrow Agreement. In such event, the Series 1990 Bonds and the Series 1998 B Bonds will remain outstanding and will be payable from and secured by a first lien on the Net Revenues derived from the System on a parity with each other.

Section 6.02 of the Ordinance shall be amended as follows:

The Bonds shall not 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 ~~Gross~~ Net Revenues of the System, all as herein provided. No Holder or Holders of the Bonds issued hereunder 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 6.03 of the Ordinance shall be amended as follows:

Series 2000 A Bonds Secured by Pledge of ~~Gross~~ Net Revenues. On and after April 1, 2000, the payment of the debt service of all of the Series 1998 B Bonds and the Series 2000 A Bonds ~~issued hereunder~~ shall be secured forthwith equally and ratably on a parity with each other by a first lien on the ~~Gross~~ Net Revenues derived from the System. In the event the Series 2000 A Bonds are not issued, the Series 1998 A Bonds shall be subject to mandatory tender. In such event the Series 1990 Bonds and the Series 1998 B Bonds will remain outstanding and the payment of the debt service of all of the Series 1998 B Bonds and the Series 1990 Bonds shall be secured forthwith equally and ratably on a parity with each other by a first lien on the Net Revenues derived from the System. The ~~Gross~~ Net Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Series 1998 B Bonds and the Series 2000 A Bonds herein authorized, and to make the payments into all funds and accounts, and all other payments provided for in this Ordinance, are hereby irrevocably pledged in the manner provided in this Ordinance to the payment of the principal of and interest on the Series 1998 B Bonds and the Series 2000 A Bonds herein authorized as the same become due and for the other purposes provided in this Ordinance.

The first paragraph of Section 6.04 of the Ordinance shall be amended as follows:

Prior to the issuance of the Bonds, rates or charges for the use of the services and facilities of the System will be fixed and established, all in the manner and form required by law, and a copy of such rates and charges so fixed and established shall at all times be kept on file in the office of the City Clerk of the Issuer, which copy 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 and accounts created hereunder. Such schedule of rates and charges shall be revised from time to time, 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 120% of the maximum amount required in any year for payment of principal of and interest on the Series 1998 B Bonds and the Series 2000 A Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 1998 B Bonds and the Series 2000 A Bonds; provided however, that so long as the Series 1990 Bonds are outstanding, such coverage must equal at least 125%. All such rates and charges, if not paid when due, shall constitute a lien upon the premises served by the System. For purposes of this test, the terms "Gross Revenues" and "Net Revenues" shall not include proceeds from the sale of capital assets.

The fourth paragraph of Section 6.08 of the Ordinance shall be amended as follows:

No Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the City Clerk a written statement by the Independent 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 125%, so long as the Series 1990 Bonds are outstanding and thereafter, 120%, 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 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.

Section 6.10 of the Ordinance shall be amended as follows:

For the further protection of the Holders of the Series 1998 B Bonds and the Series 2000 A 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 on April 1, 2000, immediately upon delivery of the Series 2000 A Bonds.

Section 6.17 of the Ordinance shall be amended as follows:

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 2000 A Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2000 A Bonds during the term thereof is, under the terms of the Series 2000 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2000 A Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2000 A Bonds during the term thereof is, under the terms of the Series 2000 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for

said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2000 A Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the System, or if the Series 2000 A Bonds are for the purpose of financing more than one project, a portion of the System, and shall not exceed the proceeds used for the governmental use of that portion of the System to which such Private Business Use is related.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 2000 A Bonds 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 2000 A Bonds to be directly or indirectly "federally guaranteed" within the meaning of Section 149(b) of the Code and Regulations promulgated thereunder.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2000 A Bonds and the interest thereon, including without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take all actions that may be required of it so that the interest on the Series 2000 A Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 10.12 of the Ordinance shall be amended as follows:

All ordinances, orders, resolutions or parts thereof in conflict with the provisions of this Ordinance, are, to the extent of such conflict, hereby repealed; provided however, that the 1990 Ordinance shall remain in effect until the Series 1990 Bonds have been refunded and defeased.

Section 8. Based upon the actual principal amounts, maturity schedules and interest rates for the Series 2000 A Bonds, as set forth in EXHIBIT A - BOND TERMS, attached hereto, it is hereby determined that the Series 2000 A Bonds show a net savings to the Issuer after deducting all expenses of the refunding. Prior to delivery of the Series 2000 A Bonds, the Issuer shall have obtained from Smith, Cochran & Hicks, P.L.L.C., Charleston, West Virginia or such other independent certified public accountant acceptable to the Mayor, a certification that the amount of savings stated to be achieved by

the refunding shall in fact be correct, based upon their review, comparison and analysis of the net interest cost in dollars of the Series 2000 A Bonds and the net interest cost in dollars of the Series 1990 Bonds. The Mayor are hereby authorized and directed to employ Smith, Cochran & Hicks, P.L.L.C., Charleston, West Virginia or such other independent certified public accountant satisfactory to Bond Counsel to supply the certification required herein and to take other actions required in connection with the refunding.

Section 9. The Issuer does hereby appoint and designate Bank One, West Virginia, NA, Charleston, West Virginia, for the purpose of serving in the capacities of Registrar and Paying Agent.

Section 10. The Issuer does hereby appoint and designate One Valley Bank, National Association, St. Albans, West Virginia, for the purpose of serving in the capacity of Depository Bank.

Section 11. The firm of Steptoe & Johnson, Clarksburg, West Virginia, is hereby appointed bond counsel to the Issuer in connection with the issuance of the Bonds.

Section 12. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission for the purpose of serving in the capacity of Escrow Agent under the Escrow Agreement.

Section 13. The firm of Smith, Cochran & Hicks, P.L.L.C., Charleston, West Virginia, is hereby engaged as verification agent for the purpose of verifying yield, savings and sufficiency of the Escrow Fund.

Section 14. The notice addresses for the Registrar, Paying Agent, Depository Bank, Escrow Agent, Original Purchaser and Bond Insurer shall be as follows:

REGISTRAR AND PAYING AGENT

Bank One, West Virginia, NA
Bank One Plaza
Charleston, West Virginia 25301
Attention: Corporate Trust Department

DEPOSITORY BANK

One Valley Bank, National Association
6th Avenue and 5th Street
St. Albans, West Virginia 25177
Attention: Corporate Trust Department

ESCROW AGENT

West Virginia Municipal Bond Commission
812 Quarrier Street, Suite 300
Charleston, West Virginia 25301
Attention: Executive Director

ORIGINAL PURCHASER

Crews & Associates
2000 Union National Plaza
124 West Capitol
Little Rock, Arkansas 72201
Attention: Public Finance

Section 15. The Mayor and City Clerk are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds, including, but not limited to, subscription forms for the purchase of United States Treasury Obligations, to the end that the Bonds may be delivered on a timely basis to the Original Purchaser pursuant to the Contract of Purchase.

Section 16. Under the provisions of the Act, and as provided in the Ordinance and the Bonds, the Bonds and the interest thereon do not constitute indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, but shall be payable solely from the moneys in the Escrow Fund established by the Escrow Agreement, and neither the credit nor the taxing power of the Issuer is pledged for, and no tax shall ever be levied for, payment of the Bonds and the interest thereon.

Section 17. This Resolution shall be effective immediately.

Adopted this 16th day of November, 1998.

[SEAL]

L. O. "Jack" Hurst Jr.
Mayor

CERTIFICATION

Certified a true, correct and complete copy of a Supplemental Resolution duly adopted by the City Council of the CITY OF ST. ALBANS at a special meeting of the City Council held on November 16, 1998, pursuant to proper notice, at which meeting a quorum was present and acting throughout.

Dated this 24th day of November, 1998.

[SEAL]

Barbara Cunningham
City Clerk

11/16/98
858350/98002

EXHIBIT A - BOND TERMS

City of St. Albans, West Virginia
Taxable Combined Waterworks and Sewerage
System Refunding Revenue Bonds, Series 1998 A

CUSIP	Bond No.	Maturity (April 1)	Amount	Interest Rate
787175 BK3	AR-1	2002	$160,000	5.500%
787175 BL1	AR-2	2003	170,000	5.500
787175 BM9	AR-3	2004	175,000	5.500
787175 BN7	AR-4	2005	185,000	5.500
787175 BP2	AR-5	2006	195,000	5.500
787175 BQ0	AR-6	2007	200,000	5.500
787175 BR8	AR-7	2013	1,415,000	5.500

City of St. Albans, West Virginia
Taxable Combined Waterworks and Sewerage
System Refunding Revenue Bonds, Series 1998 B

CUSIP	Bond No.	Maturity (April 1)	Amount	Interest Rate
787175 BS6	BR-1	2001	$170,000	5.500%

City of St. Albans, West Virginia
Combined Waterworks and Sewerage
System Refunding Revenue Bonds, Series 2000 A

CUSIP	Bond No.	Maturity (April 1)	Amount	Interest Rate
787175 BU1	AR-1	2002	$160,000	4.100%
787175 BV9	AR-2	2003	170,000	4.150
787175 BW7	AR-3	2004	175,000	4.250
787175 BX5	AR-4	2005	185,000	4.350
787175 BY3	AR-5	2006	195,000	4.450
787175 BZ0	AR-6	2007	200,000	4.500
787175 CA4	AR-7	2013	1,415,000	4.700

Optional Redemption

The Series 1998 A Bonds shall not be subject to optional redemption. The Series 1998 B Bonds shall be subject to optional redemption in whole or in part on and after April 1, 2000, at a redemption price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption.

If fewer than all of the Series 1998 B Bonds shall be called for optional redemption, the particular maturities of the Series 1998 B Bonds to be redeemed shall be selected by the Issuer in such manner as it shall determine.

The Series 2000 A Bonds shall not be subject to optional redemption.

Mandatory Sinking Fund Redemption

The Series 1998 A Bonds and the Series 1998 B Bonds shall not be subject to mandatory sinking fund redemption.

The Series 2000 A Bonds maturing April 1, 2013, shall be subject to mandatory sinking fund redemption on April 1, in the years and amounts (with the Series 2000 A Bonds to be redeemed being selected by lot) and at the price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption as follows:

Year (April 1)	Principal Amount
2008	$210,000
2009	220,000
2010	230,000
2011	240,000
2012	250,000
2013 (Maturity)	265,000

Mandatory Redemption of Series 1998 A Bonds

Upon the satisfaction of the conditions set forth in the Ordinance for the issuance of the Series 2000 A Bonds, and upon the performance by the Escrow Agent, on behalf of each Series 1998 A Bondholder of such Series 1998 A Bondholder's obligation to purchase Series 2000 A Bonds in an amount equal to the then Outstanding principal amount of such Series 1998 A Bondholder's Series 1998 A Bonds, each Series 1998 A Bond with respect to which the foregoing conditions have been satisfied shall be subject to mandatory redemption on April 1, 2000, without notice, at a price equal to the principal amount thereof, plus accrued interest thereon to and including the date fixed for redemption. In the event the conditions set forth in the Ordinance for the issuance of the Series 2000 A Bonds are satisfied, but the Escrow Agent is prevented by a court of competent jurisdiction from performing on behalf of a Series 1998 A Bondholder its obligation to purchase a corresponding amount of Series 2000 A Bonds, as set forth above, then such Series 1998 A Bonds shall not be subject to mandatory redemption and will instead be subject to mandatory tender as described below.

Mandatory Tender of Series 1998 A Bonds

In the event the Series 2000 A Bonds are not issued on April 1, 2000, the Series 1998 A Bonds shall be subject to mandatory tender to the Escrow Agent, at which time the Escrow Agent will apply cash and securities held by the Escrow Agent toward the purchase of the tendered Series 1998 A Bonds at a price equal to the principal amount thereof, plus accrued interest to and including April 1, 2000. The Series 1998 A Bonds shall be deemed paid in such event and will no longer be outstanding.