

DECLARATION OF CONSIDERATION OR VALUE:

In accordance with the provisions of Article 22 of Chapter 11 of the West Virginia Code, GRANTOR declares that the transfer made and effected by this DEED is exempt from the applicable excise taxes on the basis that the City is a political subdivision of the State of West Virginia.

WITNESS the following signature and seal:

THE CITY OF MORGANTOWN  
a municipal corporation and political  
subdivision of the State of West Virginia

By: \_\_\_\_\_  
Jeff Mikorski

Its: City Manager

STATE OF WEST VIRGINIA  
COUNTY OF MONONGALIA, to wit:

I, \_\_\_\_\_, a Notary Public in and for the County and State aforesaid do certify that \_\_\_\_\_, who signed the foregoing writing bearing date the \_\_\_\_ day of \_\_\_\_\_ 2016, for THE CITY OF MORGANTOWN, a municipal corporation and political subdivision of the State of West Virginia, has this day in my said County before me acknowledged the said writing to be the act and deed of said corporation.

Given under my hand and notarial seal this \_\_\_\_ day of \_\_\_\_\_ 2016.

{seal}

My commission expires: \_\_\_\_\_.

\_\_\_\_\_  
Notary Public

Prepared by: Ryan P. Simonton (WVSB #11152), City of Morgantown, 389 Spruce Street,  
Morgantown, WV 26505.

DRAFT

## MEMORANDUM

TO: City Council  
Jeff Mikorski, City Manager

FROM: Timothy L. Ball, General Manager, MUB

DATE: December 28, 2015

SUBJECT: **PRESENTATION TO COUNCIL**  
**January 5, 2016**

This will serve as a read ahead to help you prepare for the first reading of the four bond ordinances during January 5 Council meeting. As you know, the debt authorized by these ordinances will fund two critical water and sewer infrastructure projects necessary to support the health and growth of our community.

A separate and related Authorizing Ordinance will be necessary, but may follow the schedule of the Rate Ordinances, and be introduced on January 19. The authorizing ordinance explicitly expresses your formal approval of the projects. Arguably, that approval is implicit in the bond ordinances, but the DEP's bond counsel insists on an explicit ordinance.

Please recall that I appeared before the Committee of the Whole on September 29 and November 24 to discuss improvement projects proposed by MUB for the water and sewer systems. The appearance on Nov 24 included a detailed public presentation, a summary of the feedback received from two months of public meetings, a public Q&A session, and submission of draft bond and rate ordinances. While many details of these projects continue to be refined, the objectives and general plans remain unchanged from these earlier discussions.

Since then, we have also conducted a special meeting of the MUB Board, for a guided tour and walk through of the proposed dam site and nearby portions of the proposed pipeline route. That meeting was well attended with about 15 members of the public (including many residents of the Cobun Creek valley), MUB's Chairman and two other Directors, 6 MUB staff persons, and a City Council member. That group spent over two hours walking the site and discussing the project.

Please recall that our objectives are to secure a reliable and robust secondary water supply and to meet regulatory and operational needs at our main wastewater plant. The resulting project plans include a new raw water reservoir and other water improvements totaling \$31.5 million, and an expansion and upgrade of the Wastewater Treatment Plant (at Star City) and other sewer improvements totaling \$90 million. The total proposed new investment in our water infrastructure is \$121.5 million.

The proposed improvements will require adjustments to the existing utility rates as follows:

Water: 33%

Sewer: 87.5%

Combined: 62.8% (example based on average residential use of 4,000 gal/month)

We do not take lightly the fact that water and sewer rates will need to be adjusted to fund these critical community projects, and we are constantly focused upon our strategic mission of protecting public health and safety at the lowest possible cost. That's why the outreach efforts have been so important.

Through the public outreach, we have:

- Described details of what is proposed
- Explained why it is needed
- Described scope and costs of alternatives considered and selected
- Conducted Q&A
- Solicited and received public comment

The outreach has included presentations and discussion at public meetings, as follows:

Sept 29	City Council Committee of Whole to announce and describe the campaign
Oct 22	Public meeting— presentation sponsored by MUB
Oct 29	Public meeting— presentation sponsored by Morgantown Green Team
Nov 2	Public meeting— presentation sponsored by MUB
Nov 9	Public meeting— presentation sponsored by Neighborhood Coordinating Council
Nov 10	Public presentation at MUB Board meeting
Nov 24	Public presentation at City Council Committee of Whole
Dec 8	Special Meeting and onsite walk at proposed reservoir

We have supplemented this meeting schedule with media interviews, a talk radio appearance, press releases, a meeting with the Dominion Post editorial board, and other appropriate outreach activities. By doing so, we have demonstrated total transparency, and have to the greatest extent possible, worked to ensure that the public is fully educated and informed about the proposed projects.

A summary of the comments that have been received is attached for your review.

You will note that there is broad support for these projects. The only concerns expressed are regarding local impacts of the reservoir project, voiced by several neighbors of our proposed reservoir property. One resident of the city also spoke in support of the Cobun Creek neighbors, stating she understands the need for the new reservoir but wants to ensure the impacts on those living in the Cobun Creek valley are negligible.

We have responded directly to these concerns; we have assured the residents of our dedication to their safety and convenience, and that we will continue to provide appropriate attention to the issues they have identified.

We suspect that two particular concerns will be expressed as you consider our requests:

First, certain downstream property owners may question the need for the raw water pipeline. The proposed raw water pipeline is important for several reasons:

- The pipeline will protect and preserve water quality, which would be at greater risk of contamination in the stream.
- The pipeline will protect and preserve water quantity, which would be at greater risk of loss in the stream.
- The pipeline, by virtue of the related permanent right of way which will be required for its route, will better ensure MUB's access to and utilization of the water, as compared to the stream and the various properties through which it meanders.

- The pipeline will better protect and preserve the stream from erosion and related sediment contamination, which might otherwise be exacerbated by MUB's releases from the reservoir to the stream.
- The pipeline (which will normally remain filled) will provide immediate, on demand delivery of water to the plant, versus varying conveyance time being required for water released from the reservoir if conveyed via the stream.

Because the proposed raw water pipeline makes the secondary water supply more reliable and responsive to the needs of our ratepayers, and best protects the water environment, it is clearly worth the investment. The main opposition to it derives from a desire by certain property owners to avoid the temporary inconvenience of its construction.

Second, others may seek to ensure recreational opportunities at the proposed reservoir. Some of the Cobun Creek property owners prefer that public recreation not be pursued there. Please recall that, although MUB may not spend ratepayer money on recreation, it is not opposed to such opportunities and is willing to delegate that function to BOPARC. MUB is even willing to pursue planning and design with BOPARC so that opportunities can be identified where reservoir features might be built in such a way as to benefit BOPARC without adding to MUB's project cost. An example might be to conduct site excavation in a way that a parking area is cleared and leveled in preparation for BOPARC's completion. Lack of funding available to BOPARC to complete or operate and maintain recreation facilities may frustrate achievement of such goals.

Pursuit of the recreational opportunities, as described above, may be worthwhile. But uncertainties about them should not impact the approval of the reservoir project. Most recreational aspects can be addressed at any point in time, even following construction of the reservoir. But the reservoir is urgently needed today, regardless of what is ever decided about recreation there.

We respectfully propose the following schedule for the Ordinances:

- First Reading Bond Ordinances: January 5
- Second Reading Bond Ordinances: January 19
- First Reading Rate Ordinances and Authorizing Ordinance: January 19
- Third Reading & Public Hearing Bond Ordinances: February 2
- Second Reading & Public Hearing Rate Ord's and Authorizing Ordinance: February 2

Because the Bond Ordinances require 3 public readings, we suggest that their schedule begin one Council meeting earlier than the Rate Ordinances and the Authorizing Ordinance. Doing so will synchronize their public hearings and final votes.

We appreciate the opportunity to provide this information. I look forward to the Council meeting, and always welcome your questions in support of your deliberations regarding these important decisions.

## **Input received during public meetings and responses**

### **Who 'owns' MUB?**

As the state's largest publicly owned utility, MUB is essentially owned by the people of Morgantown. MUB is governed by a five member board of directors that is appointed by Morgantown City Council. The City possesses municipal oversight of MUB and retains authority to set rates and issue public debt via the ordinance process.

### **How much water does MUB treat a day?**

On average, we treat and distribute 11 million gallons of water a day.

### **How much sewage does MUB treat a day?**

On average, we treat and distribute 11 million gallons of sewage a day. However, this amount can increase substantially during period of rainfall.

### **What areas does MUB serve?**

We serve more than 25,000 customer directly. Indirectly, through various public service districts, we provide service to most of the 100,000-plus residents of Monongalia County.

### **Where does our water come from?**

On average, 85% of Morgantown's water comes from the Monongahela River while an additional 15% comes from the Cobun Creek Reservoir.

### **What is MUB currently doing to protect our drinking water?**

We have been engaged in a host of activities. This includes everything from regular testing, monitoring of the MIP gas wells (LINK), and a very active and comprehensive source water protection program. In the near future, we'll be making public various components of the source water protection program.

You may also recall that during the last few years we upgraded our water treatment plant. We incorporated a world-class membrane filtration system, installed more efficient pumps, increased the plant's capacity to meet future growth needs, and designed the plant for easy future upgrades.

### **What is the size of Morgantown's watershed?**

Our watershed is 1.6 million acres spread across 11 West Virginia counties.

### **What are the threats to Morgantown's water resources?**

Morgantown Utility Board, along with its partner Downstream Strategies, has mapped more than 16,000 Potential Significant Contaminant Sources (PSCSs) in our watershed. You can view this map along with a host of related information by visiting [mub.org/BeTheSolution](http://mub.org/BeTheSolution) and following the links.

All of these PSCSs are included in a Threat Matrix which scores each according to toxicity of what's stored, amount of chemicals stored, proximity to our water treatment plant, the time it will take for a spill to reach our water treatment plant, and more.

It's important to understand that our watershed includes two zones. The first, the Zone of Critical Concern (ZCC), is the area in which a substance will reach our water treatment plant in five hours or less. Our ZCC is 12,500 acres in size.

The other component of our watershed is defined as the Zone of Peripheral Concern (ZPC). This is comprised of an area in which a substance will reach our water treatment plant in five to ten hours. This is roughly 13,400 acres.

Also, the reliability of the electrical grid itself has decreased. Power outages to our water treatment plant are increasing in frequency, a trend that is likely to continue.

In the event of a longer term power outage (whether man-made or natural disaster) our present plan involves importing large generators from the Pittsburgh area. This presents a variety of practical issues that make it a questionable alternative. This is a real challenge that must be addressed.

A final issue facing our raw water resources has to do with the capacity of our Star City wastewater treatment plant. This plant, built in the 1960s with upgrades in the 1980s and 1990s, contains a variety of dated treatment processes and unserviceable equipment.

What's more, the plant treats an average of 11 million gallons per day. This means the plant runs uncomfortably close to its operational capacity of 12 million gallons per day. And given the growth of the Morgantown area, the plant's capacity will be eclipsed in the near future.

However, one of the greatest challenges facing our community is the tightening of federal regulations regarding Combined Sewer Overflows (CSOs). These are antiquated systems where stormwater runoff is combined with raw sewage flows during periods of significant rainfall. Local CSOs are located along the Monongahela River and other streams, with a significant number being located along Deckers Creek.

The best solution would be to completely replace the CSO system. Unfortunately, with a price tag easily exceeding \$300,000,000, this is not a practical solution. Therefore, our goal is to decrease CSO activation by increasing the capacity of our current wastewater treatment plant.

Part of the wastewater treatment system is the Poponoe Run Interceptor. This is a box culvert that runs from Krepps Park to behind where the now closed Shoney's and Econolodge are located along University Avenue. This box culvert was constructed during the Franklin Roosevelt era and is in extremely poor condition. The system requires frequent unplanned maintenance and our staff is required to walk the length of it during every rainfall. The system has simply reached its useful life and requires replacement.

**Exactly what improvements is MUB proposing in relation to current rate adjustments?**

Our planning is extremely diverse and provides a number of solutions. Below is a list of the solutions included in the proposed improvements:

**Construct a new water reservoir farther up Cobun Creek from the existing reservoir.**

While we are fortunate to have a secondary raw water source in the current Cobun Creek Reservoir, the capacity of the reservoir can provide only three days of water if used exclusively. This means, if a water contamination event occurs lasting for more than three days, we would be unable to meet the water needs of area residents. When you consider that the event in Charleston, WV lasted more than a month, the need for an expanded raw water source is critical.

Keep in mind that the current reservoir was constructed in the 1950s. At that time, it contained sufficient capacity to meet the water needs of Morgantown for about 19 days if used exclusively. However, over the past 65 years the capacity of the reservoir has been reduced via normal sedimentation. This, along with the dramatic increase in population, underscores the need for a new reservoir.

By constructing this reservoir we can increase available raw water storage to more than 30 days. This is sufficient to meet both the current emergency needs and the projected needs of the area for the next 30 years.

Capacity of current reservoir: 38 million gallons  
Capacity of new reservoir: 370 million gallons

#### Install Generator

Installing an independent power source is integral to protecting our water system and public health. In fact, we view the generator as being as essential as the new reservoir.

#### Poponoe Run Interceptor

Our plan is to replace the interceptor with a new, larger buried one.

#### Upgrade the Star City Wastewater Treatment Plant

The goal is to increase the capacity of the wastewater treatment plant from 12 million gallons per day to 20.8 million gallons per day. This will not only provide Morgantown with room to grow but greatly reduce CSO activation.

The upgrades will make the plant more efficient, include new odor containment, and include state-of-the-art treatment processes that will permit easy upgrades in the future.

#### **What's the timespan you've designed these proposed systems for?**

We expect the systems to be functional over the course of the next 25 to 30 years.

#### **Will MUB be asking for additional rate increases if this one is approved?**

We honestly cannot say because we cannot predict what future federal regulatory criteria will be imposed upon us. Our best guess is that any changes in the regulatory system is at least five to ten years out or more. Of course, occasional future increases may be necessary to offset the effects of inflation on operational and maintenance costs.

#### **Can't the capacity of the current reservoir simply be increased without building a new one?**

Unfortunately, it cannot. When we evaluated the feasibility of increasing the capacity of the current reservoir, two things became apparent. The first is that there simply isn't enough room to create the kind of volume to meet our area's emergency needs. Second, enlarging the reservoirs banks and dredging the bottom would cost more (on a per unit basis) than building the new reservoir. This is especially true given that we own the property on which most of the reservoir will sit was purchased by MUB's predecessor organization more than 60 years ago.

#### **Will the new reservoir include public access for recreational use?**

It's important to understand that our intent on constructing the reservoir is to better secure our area's public water supply. That's it.

Any recreational use of the reservoir would be managed by Morgantown Board of Parks and Recreation (BOPARC). We have spoken with BOPARC about this matter and they are evaluating the impact it would have on their resources. Again, we would not be involved in any recreational use of the reservoir.

However, if it is determined that public recreational use will be made available, we will insist on the follow: (1) No night time activities; (2) No use of motorized watercraft.

**What type of dam will be built for the new reservoir and how high will it be?**

We will construct an earthen dam about 70 feet high with a normal water depth of 48.5 feet..

**Will the reservoir include fencing and lights?**

No. The only exception will be the dam area. It will include lights and fencing for facility security and public safety.

**What will be the environmental impact of the new reservoir?**

We will limit the impact on wildlife by not installing fencing or lighting. While some wildlife will naturally be displaced by the reservoir, the slow process of filling it will provide ample opportunity for wildlife to relocate.

**Are the roads sufficient to support the moving of heavy machinery into and out of the site?**

There are a couple of things to understand about the construction phase as it concerns the moving of equipment and machinery. First, because we will be using earth from within the dam area, the amount of truck traffic on the road will be significantly reduced. Traffic will mostly be limited to moving equipment into and out of the construction area. Also, because we are using an earthen dam rather than a concrete dam, large amounts of concrete will not be required. This will tremendously reduce construction related traffic flow.

**How might construction deteriorate the roads?**

We will restore the roads to their current state and ensure the roads remain as useable as they are today.

**Are area bridges sufficient to support heavy machinery?**

MUB is currently coordinating with the West Virginia Department of Highways to confirm the applicable weight limits. During construction, MUB will closely manage the contractor to ensure that weight limits are obeyed. Any exceptional loads that cannot meet posted local bridge limits will be required to use a route avoiding those bridges. We have confirmed that such a route does exist.

**Will Cobun Creek go dry during the filling of the reservoir?**

No, we are required by law to ensure that we maintain a continuous stream flow.

**Will the new reservoir increase the likelihood of flooding of Cobun Creek?**

No, if anything it could alleviate the potential for flooding by holding back and slowly releasing water in smaller storms. The dam will provide no impact in reducing flow during larger storms.

**Will the new reservoir increase the likelihood of Cobun Creek running dry?**

Through managed releases, and as long as the reservoir has water stored within it, we can and will ensure continued stream flow, even during periods when Mother Nature would have allowed the stream to go dry.

**Why install a pipeline? Why not just use the natural stream?**

The proposed raw water pipeline is important for several reasons:

- The pipeline will protect and preserve water quality, which would be at greater risk of contamination in the stream.
- The pipeline will protect and preserve water quantity, which would be at greater risk of loss in the stream.
- The pipeline, by virtue of the related permanent right of way which will be required for its route, will better ensure MUB's access to and utilization of the water, as compared to the stream and the various properties through which it meanders.
- The pipeline will better protect and preserve the stream from erosion, which might otherwise be exacerbated by MUB's releases from the reservoir to the stream.
- The pipeline (which will normally remain filled) will provide immediate delivery of water to the plant (on demand), versus varying conveyance time being required for water released from the reservoir if conveyed via the stream.

**How long will the pipeline need to be?**

The pipeline will extend a little more than 3.8 miles from the reservoir to the water treatment plant.

**As a property owner near the new reservoir, I am concerned about the impact on my property.**

We will work with nearby property owners as much as possible to accomplish two things. The first is to minimize disruptions to your normal use of the property. Second, we will restore the property to the condition at which it was prior to construction. This includes everything from grass to fencing. While we cannot tell you that there will be no inconveniences- because there will be- we will do everything in our power to minimize issues.

**What will happen during periods of flooding such as that seen in the 1980s? At least during that period the water had to field to pool in. Now, that field will be the reservoir.**

The reservoir is not intended to serve as a flood control mechanism. However, in the event of mild flooding potential, we could do two things. The first is to fill the reservoir. The second is to move water through the pipeline to bypass the stream.

**What if the dam breaks?**

The dam is being built to current engineering specifications. A dam failure is highly unlikely. Our staff will constantly monitor the dam and if any issues are discovered, repairs will be made immediately and downstream properties will be notified.

**Will the Star City wastewater treatment plant upgrades require the purchase of additional land?**

No. We will construct the upgrades within the same footprint of the current system.

### **Why is MUB proposing these projects now, all of a sudden?**

For us, this was not a sudden process. The planning for this literally goes back decades when we purchased the property on which the new reservoir is proposed to be built. The Wastewater Treatment Plant improvements are similarly part of our long-term control plan, first published in 2001. Below are examples of the build-up to the current proposals as well as some drivers:

#### Water Treatment Plant Upgrade

Upgrading the water treatment plant was critical for two reasons. First, it established the foundation for providing Morgantown with world-class treatment processes. Also, it established the capacity benchmark and timetable for upgrading our systems.

When we complete the next round of upgrades, Morgantown can say that it has world-class treatment systems at both ends of town. This is a tremendous benefit to the city and its residents.

#### Monongahela River Sewage Force Mains

During the upgrade of the water treatment plant, we installed a new, higher capacity pipeline that runs along the river from the water treatment plant to the Star City wastewater treatment plant. This saved considerable time and money, set the stage for today's proposals and recovered capacity that was previously consumed in the gravity interceptors that remain located nearby.

#### Freedom Industries Chemical Leak

The 2014 Freedom Industries chemical spill in Charleston certainly plays a role in this process. It set new standards for source water protection and what we need to do to truly protect public safety. This is especially true given the threats that exist within our watershed.

#### Rail and Roadway Threats

Every day, tens of thousands of pounds of hazardous materials are shipped along the river. Similarly, tens of thousands of pounds are shipped across our roadways and bridges. As we saw with the train derailment in Fayette County, WV in February 2015, these events can happen suddenly and at any location. What's more, because the contents of materials traveling by rail are often not disclosed, we must be prepared to move from our primary intake (the Monongahela River) to our secondary intake (Cobun Creek) for an extended period.

#### Manmade Threats

The world in which we live is much different than it was years ago. Today, we must incorporate as many common-sense approaches to water protection and emergency water response as possible. It would be irresponsible not to do so.

#### Natural Disasters

Given the growing unreliability of our power grid and the growing intensity of weather patterns, we must protect ourselves. This means positioning ourselves to operate as self-sufficiently for as long a duration as possible.

#### Lifespan Use

Many of these structures have simply reached the end of their functional life. The Pocono Run Interceptor is a good example. So are the electrical and some mechanical processes at the Star City wastewater treatment plant. Parts are often no longer available and have to be fabricated or salvaged.

Federal Requirements

Federal requirements are constantly increasing. New environmental restrictions require that we conduct various upgrades and meet very specific thresholds. We either meet these requirements on our timetable and according to our priorities or we have them impose upon us by federal regulations. There is no alternative or negotiating these.

**What is the impact on rates?**

Because the proposed projects are rate supported, they will naturally require an upward adjustment in customer fees. Below is a look at current rates versus adjusted rates for a typical residential user (4,000 gallons a month)—

<b>Water</b>	<b>Sewer</b>	<b>Total</b>	
Current Rates:	\$15.48	\$18.64	\$34.12
Increase:	\$5.12	\$16.32	\$21.44
Percent	33%	87.5%	62.8%
New Rates:	\$20.60	\$34.96	\$55.56

Naturally, the impact of these rate adjustments will depend on water use. The below table provides an example of these impacts on various water use scenarios.

	1000 gal/mo		2000 gal/mo		3000 gal/mo		4000 gal/mo	
	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed
<b>Water</b> <b>33%</b>	\$3.87	\$5.15	\$7.74	\$10.30	\$11.61	\$15.45	\$15.48	\$20.60
<b>Sewer</b> <b>87.5%</b>	\$4.66	\$8.74	\$9.32	\$17.48	\$13.98	\$26.22	\$18.64	\$34.96
<b>Combined</b> <b>62.8%</b>	\$8.53	\$13.89	\$17.06	\$27.78	\$25.59	\$41.67	\$34.12	\$55.56
<b>Increase</b>		\$5.36		\$10.72		\$16.08		\$21.44

**When will the rates take affect?**

The new rates will begin July 1, 2016.

**MUB claims it’s a well-run organization yet we continue to see rate increase after rate increase.**

We have the lowest rates in the state and we take great pride in our ability to deliver world-class water protection, water treatment, and wastewater services to the Morgantown area. Even after these increases, our rates are far less than nearly every other community on our state. What’s more, when these upgrades are completed, Morgantown will have two world-class facilities while still maintaining some of the lowest rates in the state.

**How does MUB maintain such low rates?**

Foremost, we invest in our systems in a way that makes sense now and into the future. For example, we will buy a top-of-the-line pump that may initially cost more but it will last decades. Such decisions are critical. Second, we maintain a staff pf professional engineers. This also saves significant dollars since we

can do many things in-house. Third, our community continues to grow. And as it does per-customer costs become increasingly shared. This plays an important role in keeping costs low.

**Why do I pay more (or less) than other MUB customers for services?**

MUB employs cost-of-service ratemaking. This means that we assign responsibility for costs arising from customer service demands to the customers making those demands. This is accomplished by assigning responsibility for every dollar spent on operations, maintenance and capital improvements to the customers served by that expenditure.

Our cost allocation accounting methods meet and exceed industry standards, are audited annually, and have been reviewed and approved by the Public Service Commission of West Virginia.

In the case of Cheat Lake sewer service, that enterprise is physically separate and distinct from the sewer system served by the Star City treatment plant. While the Cheat Lake customers enjoy some savings by sharing the cost of common management operations with customers served by the Star City plant, the cost of building and operating the Cheat Lake system is otherwise wholly and solely the responsibility of the customers using that service.

Conversely, the cost of the pending Star City plant upgrades, required by law and the necessary retirement of obsolete equipment, will be borne wholly by those customers enjoying service provided by that facility. In other words, the Cheat Lake sewer customers will have no rate increase or other responsibility for the Star City project.

Water rates are also based upon cost of service. If you live in an area served by a Public Service District (PSD), your water rates will likely be higher than those paid by MUB customers. This is because PSDs purchase water from MUB at our tariff rate and then resell the purchased water to their customers. The additional and separate costs of PSD operations, maintenance, capital improvements and business management are solely the responsibility of the PSD customers. PSD rates must meet the approval of the West Virginia Public Service Commission.

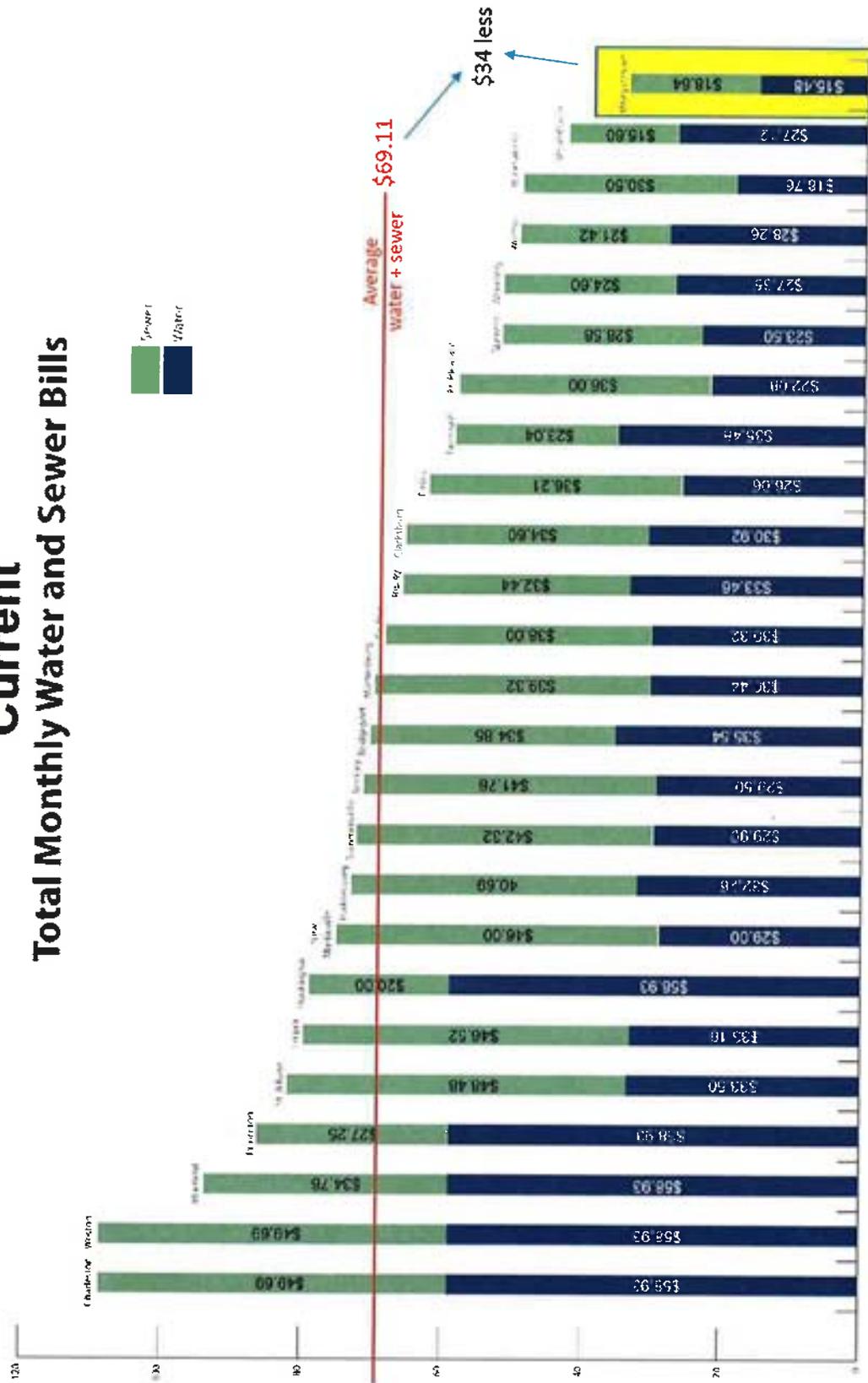
**MUB prices are high because they are way overstaffed with engineers.**

MUB's engineers are an important reason we are able to keep our rates so low. We save ratepayers considerable dollars every year because we are able to perform a lot of work "in-house" that would otherwise be contracted. Similarly, our engineers are a terrific resource to our customers. They are able to help diagnose issues and formulate solutions to a variety of problems.

As for rates, the diagrams provided below show that we are currently the lowest priced water and sewer utility in the state and will continue to be one of the lowest even if the proposed increases occur.

You'll note that even if the ordinances pass, our rates will still be \$13.55 below the average water and sewer bill in West Virginia and far below other major cities within the state. And unlike the rest, we will continue to have low rates with world-class water treatment and wastewater treatment facilities. We will also be positioned to meet the needs of our growing community for the next 25 to 30 years.

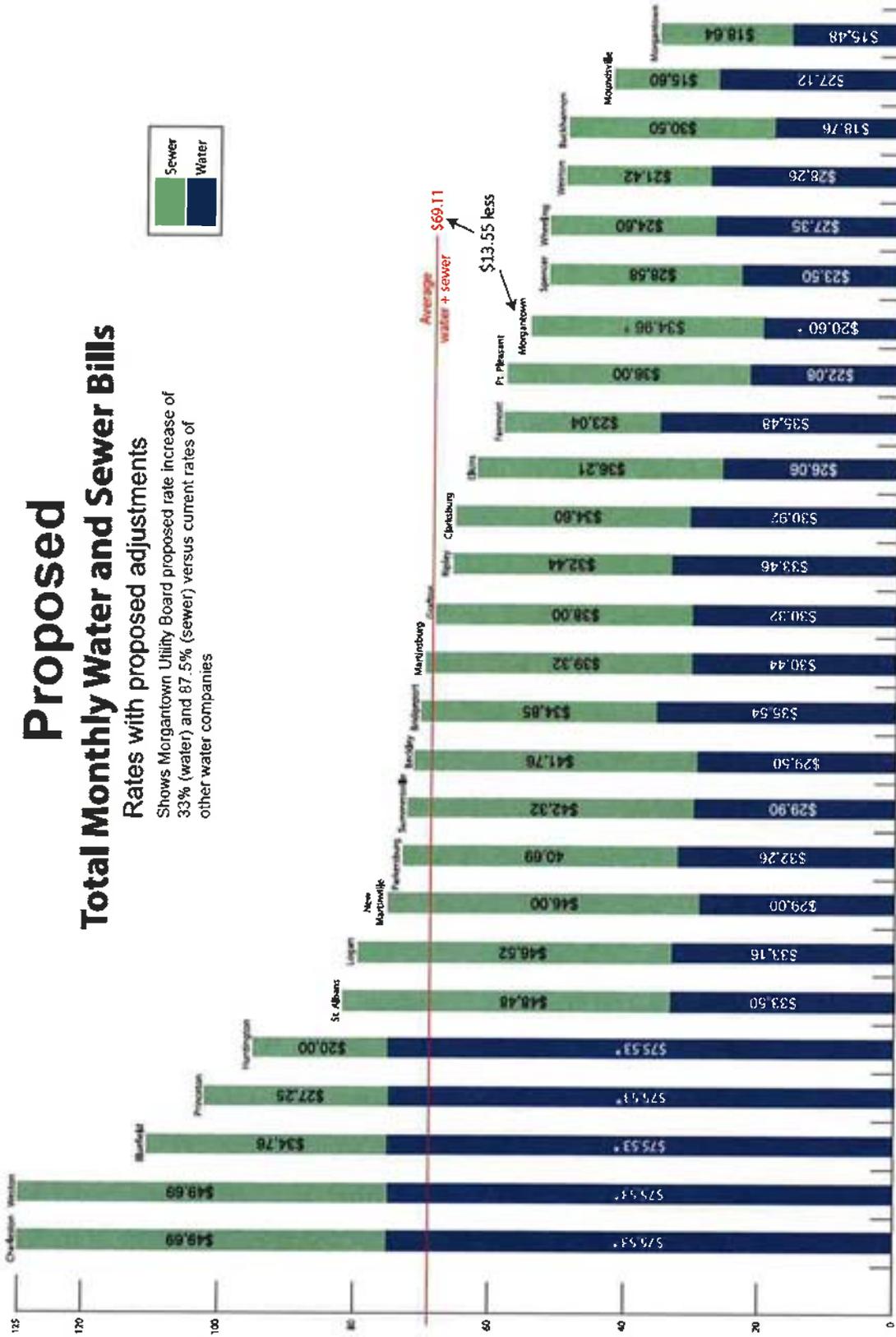
# Current Total Monthly Water and Sewer Bills



# Proposed Total Monthly Water and Sewer Bills

Rates with proposed adjustments

Shows Morgantown Utility Board proposed rate increase of 33% (water) and 87.5% (sewer) versus current rates of other water companies



**Is this process being rushed along?**

Not at all. We have held six public meetings across two months and continue to seek input. Additionally, the public will have the opportunity of providing input during the public readings of the related ordinances.

**What is the best way to keep up on news of these projects?**

The best source is to go to [mub.org/BeTheSolution](http://mub.org/BeTheSolution) or follow us on Facebook or Twitter (@MUBWater).

**If I have questions, who do I contact?**

All questions or comments can be directed to our customer service representatives by calling 304.292.8443. You can also email questions or comments to [mubmail@mub.org](mailto:mubmail@mub.org).

**Sewage Treatment Plant Upgrade Project**

**THE CITY OF MORGANTOWN, WEST VIRGINIA**

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SANITARY SEWER PORTION OF THE EXISTING COMBINED UTILITY SYSTEM OF THE CITY OF MORGANTOWN AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN \$100,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2016 A (TAX EXEMPT); PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS RELATING TO THE BONDS; AND ENACTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

WHEREAS, The City of Morgantown (the "Issuer" or the "City") presently owns and operates, through The City of Morgantown Utility Board (the "Board"), a public combined waterworks, sewerage and stormwater system (collectively, the "System") and has heretofore financed the acquisition and construction of the System and certain additions, betterments and improvements thereto through the issuance of several series of bonds or refunding bonds, of which there are presently outstanding the Prior Bonds, as hereinafter defined.

WHEREAS, all of the Prior Bonds were issued pursuant to ordinances of the Issuer previously enacted (such ordinances, as so amended and supplemented, collectively herein called the "Prior Ordinances");

WHEREAS, under the provisions of Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), the Issuer is authorized and empowered to acquire, construct and operate extensions, additions, betterments and improvements for the System;

WHEREAS, the Issuer has determined, and does hereby affirm, that the acquisition and construction of certain extensions, additions, betterments and improvements to the sanitary sewerage collection and treatment portion of the System (collectively, the "Sanitary Sewerage System"), is necessary, appropriate, useful and desirable for the health, safety, and welfare of the inhabitants of the Issuer and surrounding areas;

WHEREAS, the Issuer has determined that the aforementioned acquisition and construction of extensions, additions, betterments and improvements to the Sanitary Sewerage System (further defined herein as the "Sewer Treatment Plant Project") should be financed, as provided under the Act, in whole or in part, from the proceeds of multiple series of combined utility system revenue bonds to be issued by the Issuer, to pay all or any portion of the costs thereof, as well as the costs of issuance of such bonds;

WHEREAS, the Issuer has determined to initially finance the costs of the Sewer Treatment Plant Project through the simultaneous issuance of three series of combined utility system revenue bonds designated, and in the not to exceed amounts, as follows:

The City of Morgantown, Combined Utility System Revenue Bonds, Series 2016 A (Tax Exempt), in the aggregate principal amount of not more than \$100,000,000 (the "Series 2016 A Bonds");

The City of Morgantown, Combined Utility System Revenue Bonds, Series 2016 B (Tax Exempt – Extraordinary Optional Call), in the aggregate principal amount of not more than \$30,000,000 (the "Series 2016 B Bonds"); and

The City of Morgantown, Combined Utility System Revenue Bonds, Series 2016 C (West Virginia SRF Program), in the aggregate principal amount of not more than \$10,000,000 (the "Series 2016 C Bonds," and collectively with the Series 2016 A Bonds and the Series 2016 B Bonds, the "Sewer Treatment Plant Project Bonds").

WHEREAS, the Issuer has determined to enact this Ordinance to authorize the issuance of the Series 2016 A Bonds (the "Series 2016 A Ordinance"), such Series 2016 A Bonds to have such security and such other terms and provisions as are hereinafter provided, all in the manner set forth herein;

WHEREAS, the Issuer is, simultaneously with the enactment of this Series 2016 A Ordinance, considering separate Ordinances to approve, respectively, the issuance of the Series 2016 B Bonds (the "Series 2016 B Ordinance") and the Series 2016 C Bonds (the "Series 2016 C Ordinance" and, collectively with the Series 2016 A Ordinance and the Series 2016 B Ordinance, the "Sewer Treatment Plant Project Bond Ordinances");

WHEREAS, the Issuer has determined that the design, acquisition and construction of certain extensions, betterments and improvements to the potable water raw water supply and storage, treatment, treated water storage and distribution system (the "Potable Water System"), specifically including, but not limited to, the design, acquisition and construction of a new water reservoir and the installation of emergency generators to serve certain facilities in the Potable Water System, and all necessary appurtenances (collectively, the "Water Reservoir Project"), is necessary, appropriate, useful and desirable for the health, safety, and welfare of the inhabitants of the Issuer and surrounding areas;

WHEREAS, the Issuer has determined to finance all or a portion of the costs of the Water Reservoir Project through the issuance of its The City of Morgantown, Combined Utility System Revenue Bonds, Series 2016 D (Tax Exempt), in the aggregate principal amount of not more than \$40,000,000 (the "Series 2016 D Bonds"), to be issued either simultaneously with, or after, the issuance of the Sewer Treatment Plant Project Bonds, pursuant to an ordinance of the Issuer (the "Series 2016 D Ordinance") enacted simultaneously with the enactment of the Sewer Treatment Plant Project Bond Ordinances;

The Series 2016 A Bonds, the Series 2016 B Bonds, the Series 2016 C Bonds and the Series 2016 D Bonds (collectively, the "Series 2016 Bonds") will be issued on a parity with one another, the Prior Bonds, and any Additional Parity Bonds (as hereinafter defined) with respect to their lien on and security interest in the Gross Revenues of the System, and the Series 2016 A Bonds shall contain such other terms and provisions as are hereinafter provided, all in the manner set forth herein; and

WHEREAS, the Issuer has determined and hereby determines that it is in the best interest of the residents of the City that its Series 2016 A Bonds be sold to the Original Purchaser (as hereinafter defined) thereof pursuant to the terms and provisions of a bond purchase agreement, (the "Bond Purchase Agreement") between the Issuer and the Original Purchaser, hereinafter defined;

NOW, THEREFORE, THE COUNCIL OF THE CITY OF MORGANTOWN 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 Chapter 8, Article 20 of the West Virginia Code of 1931, as amended and in effect on the Closing Date for the Series 2016 A 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.

"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" shall mean The City of Morgantown Utility Board, created by an ordinance of the Issuer, or any successor thereto, the authorized officer for which will be the Board's General Manager.

"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" means 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 PLLC, Charleston, West Virginia.

"Bondholder," "Holder," "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 with respect to the Series 2016 A Bonds, shall initially mean the bond insurer or bond insurers, if any, named in the Supplemental Resolution.

"Bond Register" means the books of the Issuer maintained by the Registrar for the registration and transfer of Series 2016 A Bonds.

"Bond Year" means with respect to each series of Series 2016 A Bonds 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 2016 A Bonds, the Series 2016 B Bonds, the Series 2016 C Bonds, the Series 2016 D Bonds, the Prior 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, West Virginia banking corporations or the New York Stock Exchange are authorized by law to remain closed.

"Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Series 2016 A Bonds in substantially the form set forth in "EXHIBIT A – FORM OF SERIES 2016 A BONDS," attached hereto.

"City" or "Issuer" means The City of Morgantown, a municipal corporation and political subdivision of the State of West Virginia, in Monongalia County thereof, and, where appropriate, the Council, the Board and any successor thereto.

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

"City Manager" means the City Manager of the Issuer.

"Closing Date" means the date upon which there is an exchange of the 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.

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

"Consulting Engineers" means any independent qualified engineer or engineers or firm or firms of engineers that shall at any time now or hereafter be retained by the Board 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 those costs set forth in Section 1.02C.

"Council" means the City Council of the Issuer or any other governing body of the Issuer that succeeds to the functions of the Council as presently constituted.

"Debt Service" with reference to a specified period, means the amount of principal, including any sinking fund payments, and interest payable with respect to the Bonds during such period.

"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" means The Depository Trust Company, New York, New York, or its successor thereof.

"DTC-eligible" means, with respect to the Series 2016 A Bonds, meeting the qualifications prescribed by DTC.

"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" shall have the meaning set forth in the Supplemental Resolution.

"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) or any Tap Fees (as hereinafter defined).

"Independent Accountant" means the West Virginia State Tax Department or 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 said System in the normal operations of its business and affairs, and specifically shall not include any certified public accountant who is an employee of either the City or the Board.

"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.

"Maximum Annual Debt Service" means, at the time of computation, the greatest amount of Debt Service required to be paid on Bonds for the then current or any succeeding Fiscal Year.

"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 Series 2016 A Bonds, insuring the timely payment of the principal of and interest on all or any of the Series 2016 A Bonds, in accordance with the terms thereof.

"Net Proceeds" means the face amount of the Series 2016 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, on such issue, and less proceeds deposited in the Series 2016 A Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2016 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

"Net Revenues" means Gross Revenues less Operating Expenses.

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds of the Series 2016 A Bonds and is not acquired in order to carry out the governmental purpose of the Series 2016 A 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, 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.

"Ordinance" or "Bond Ordinance" regardless of whether preceded by the article "the" or "this," means this Ordinance, as it may hereafter from time to time be amended or supplemented, by ordinance or by resolution.

"Original Purchaser" means the investment banking firm or firms, bank or banks or such other entity or entities as shall purchase the Series 2016 A Bonds directly from the Issuer, as determined by a resolution supplemental hereto.

"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 monies, 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 for the purpose of consents, notices and the like, any Bond registered to the Issuer. 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 such Bond Insurer has been reimbursed in full.

"Paying Agent" means, initially, the West Virginia Municipal Bond Commission and any other paying agent for the Series 2016 A Bonds which may be appointed by a resolution supplemental hereto, all in accordance with Section 8.12 hereof.

"Prior Bonds" means, collectively, the Series 1995 Bonds, Series 2000 A Bonds, Series 2000 B Bonds, Series 2001 A Bonds, Series 2006 A Bonds, Series 2007 A Bonds, Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2010 F Bonds, Series 2012 A Bonds, Series 2012 C Bonds, Series 2013 A Bonds, Series 2014 B Bonds, Series 2015 A Bonds, Series 2015 B Bonds, Series 2015 C Bonds, Series 2015 D Bonds, and Series 2015 E Bonds.

"Prior Ordinances" means, collectively, the ordinances of the Issuer authorizing the issuance of the Prior Bonds.

"Private Business Use" means use directly or indirectly in a 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.

"Purchase Price" for the purpose of computation of the Yield of the Series 2016 A Bonds, has the same meaning as the term "issue price" in Sections 1273(b) and 1274 of the Code, and, in general, means the initial offering price of the Series 2016 A Bonds to the public (not including bond houses and brokers, or similar persons or organizations acting

in the capacity of underwriters or wholesalers) at which price a substantial amount of the Bonds of each maturity is sold or, if the Series 2016 A Bonds are privately placed, the price paid by the first buyer of the Series 2016 A Bonds or the acquisition cost of the first buyer. "Purchase Price," for purposes of computing Yield of Nonpurpose Investments, means the fair market value of the Nonpurpose Investments on the date of use of Gross Proceeds of the Series 2016 A Bonds for acquisition thereof, or if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Series 2016 A Bonds.

"Qualified Investments" means and includes the investments set forth in the Supplemental Resolution and designated as such.

"Record Date" means the date or dates which shall be so stated in the Series 2016 A Bonds, regardless of whether such day is a Saturday, Sunday or legal holiday.

"Redemption Date" means the date fixed for redemption of Bonds subject to redemption in any notice of redemption published or mailed in accordance herewith.

"Redemption Price" means the price at which any of the Bonds may be called for redemption and includes the principal amount of the Bonds to be redeemed, plus the 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 Series 2016 A 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.

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

"Sanitary Sewerage System" means, collectively, the sanitary sewerage collection and treatment portion of the System.

"Series 1995 Bonds" means the Combined Utility System Revenue Bonds, Series 1995 (West Virginia SRF Program), of the Issuer, dated April 27, 1995, issued in the original aggregate principal amount of \$1,601,477.

"Series 2000 A Bonds" means the Combined Utility System Revenue Bonds, Series 2000 A (West Virginia SRF Program), of the Issuer, dated February 29, 2000, issued in the original aggregate principal amount of \$7,842,000.

“Series 2000 B Bonds” means the Combined Utility System Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), of the Issuer, dated February 29, 2000, issued in the original aggregate principal amount of \$2,488,000.

“Series 2001 A Bonds” means the Combined Utility System Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), of the Issuer, dated February 8, 2001, issued in the original aggregate principal amount of \$3,812,470.

“Series 2006 A Bonds” means the Combined Utility System Revenue Bonds, Series 2006 A (West Virginia SRF Program), of the Issuer, dated June 30, 2006, issued in the original aggregate principal amount of \$6,410,191.

“Series 2007 A Bonds” means the Combined Utility System Revenue Bonds, Series 2007 A (West Virginia SRF Program), of the Issuer, dated August 14, 2007, issued in the original aggregate principal amount of \$8,500,000.

“Series 2010 A Bonds” means the Combined Utility System Revenue Bonds, Series 2010 A (Direct Payment Build America Bonds), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of \$37,950,000.

“Series 2010 B Bonds” means the Combined Utility System Revenue Bonds, Series 2010 B (West Virginia SRF Program/ARRA), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of \$81,600.

“Series 2010 C Bonds” means the Combined Utility System Revenue Bonds, Series 2010 C (West Virginia SRF Program), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of \$15,380,227.

“Series 2010 D Bonds” means the Combined Utility System Revenue Bonds, Series 2010 D (West Virginia DWTRF Program), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of \$9,317,286.

“Series 2010 E Bonds” means the Combined Utility System Revenue Bonds, Series 2010 E (West Virginia DWTRF Program/ARRA), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of \$100,000.

“Series 2010 F Bonds” means the Combined Utility System Revenue Bonds, Series 2010 F (Bank Qualified), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of \$7,250,000.

“Series 2012 A Bonds” means the Combined Utility System Revenue Bonds, Series 2012 A (West Virginia DWTRF Program), of the Issuer, dated August 24, 2012, issued in the original aggregate principal amount of \$570,000.

“Series 2012 C Bonds” means the Combined Utility System Revenue Bonds, Series 2012 C (Bank Qualified), of the Issuer, dated October 5, 2012, issued in the original aggregate principal amount of \$2,330,000.

“Series 2013 A Bonds” means the Combined Utility System Revenue Bonds, Series 2013 A (West Virginia Infrastructure Fund), of the Issuer, dated August 22, 2013, issued in the original aggregate principal amount of \$4,605,260.

“Series 2014 B Bonds” means the Combined Utility System Revenue Bonds, Series 2014 B, of the Issuer, dated July 13, 2014, issued in the original aggregate principal amount of \$505,421.

“Series 2015 A Bonds” means the Combined Utility System Revenue Bonds, Series 2015 A (West Virginia Water Development Authority), of the Issuer, dated March 31, 2015 issued in the original aggregate principal amount of \$137,568..

“Series 2015 B Bonds” means the Combined Utility System Revenue Bonds, Series 2015 B (West Virginia Water Development Authority), of the Issuer, dated March 31, 2015, issued in the original aggregate principal amount of \$4,586.

“Series 2015 C Bonds” means the Combined Utility System Revenue Bonds, Series 2015 C (West Virginia SRF Program), of the Issuer, dated March 31, 2015 issued in the original aggregate principal amount of \$8,111,813.

“Series 2015 D Bonds” means the Combined Utility System Revenue Bonds, Series 2015 D (West Virginia SRF Program), of the Issuer, dated March 31, 2015 issued in the original aggregate principal amount of \$1,688,394.

“Series 2015 E Bonds” means the Combined Utility System Revenue Bonds, Series 2015 E (West Virginia SRF Program), of the Issuer, dated June 11, 2015 issued in the original aggregate principal amount of \$662,300.

“Series 2016 Bonds” means collectively, the Series 2016 A Bonds, Series 2016 B Bonds, Series 2016 C Bonds and, if issued, the Series 2016 D Bonds.

“Series 2016 A Bonds” means the Combined Utility System Revenue Bonds, Series 2016 A of the Issuer, originally authorized to be issued pursuant to this Ordinance and the Supplemental Resolution.

"Series 2016 A Bonds Construction Fund" means the Series 2016 A Bonds Construction Fund created by Section 4.01 hereof.

"Series 2016 A Bonds Costs of Issuance Fund" means the Costs of Issuance Fund created by Section 4.01 hereof.

"Series 2016 A Bonds Redemption Account" means the Redemption Account created in the Series 2016 A Bonds Sinking Fund by Section 4.02 hereof.

"Series 2016 A Bonds Reserve Account" means the Series 2016 A Bonds Reserve Account created in the Series 2016 A Bonds Sinking Fund by Section 4.02 hereof.

"Series 2016 A Bonds Sinking Fund" means the Series 2016 A Bonds Sinking Fund created by Section 4.02 hereof.

"Series 2016 A Bonds Reserve Account Requirement" means an amount equal to the lesser of (i) 10% of the original principal amount of the Series 2016 A Bonds, (ii) Maximum Annual Debt Service at the time of original issuance of the Series 2016 A Bonds, or (iii) 125% of average annual Debt Service at the time of original issuance of the Series 2016 A Bonds.

"Series 2016 B Bonds" means the Combined Utility System Revenue Bonds, Series 2016 B (Tax Exempt – Extraordinary Optional Call), issued contemporaneously with the issuance of the Series 2016 A Bonds, in the aggregate principal amount of not more than \$30,000,000, the proceeds of which will be used to finance a portion of the costs of the Sewer Treatment Plant Project.

"Series 2016 C Bonds" means the Combined Utility System Revenue Bonds, Series 2016 C (West Virginia SRF Program), issued contemporaneously with the issuance of the Series 2016 A Bonds, in the aggregate principal amount of not more than \$10,000,000, the proceeds of which will be used to finance a portion of the costs of the Sewer Treatment Plant Project.

"Series 2016 D Bonds" means the Combined Utility System Revenue Bonds, Series 2016 D (Tax-Exempt), to be issued either simultaneously with, or after, the issuance of the Sewer Treatment Plant Project Bonds, in the aggregate principal amount of not more than \$40,000,000, the proceeds of which will be used to finance the costs of the Water Reservoir Project.

"Sewer Treatment Plant Project" means, collectively, the acquisition and construction of certain additions, betterments and improvements to the System, including the design, acquisition and construction of improvements to the wastewater treatment plant located in Star City which is part of the Sanitary Sewer System.

“Sewer Treatment Plant Project Bonds” means, collectively, the Series 2016 A Bonds, the Series 2016 B Bonds and the Series 2016 C Bonds.

“Sewer Treatment Plant Project Bond Ordinances” means, collectively, the ordinances authorizing the Sewer Treatment Plant Project Bonds.

"State" means the State of West Virginia.

"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 or Resolutions to be adopted by the Issuer following enactment of this Ordinance, setting forth the final amounts, maturities, interest rates, redemption provisions, Bond Insurer provisions (if any) and other terms of the Series 2016 A Bonds and authorizing the sale of the Series 2016 A 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.

“Surplus Revenues” means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Series 2016 Bonds, the Prior Bonds or any other obligations of the Issuer, including, without limitation, the Depreciation Fund, the Sinking Funds and the Reserve Accounts.

"System" means the complete existing combined municipal waterworks, sewerage and stormwater system of the Issuer, as presently existing in its entirety or any integral part thereof and shall include the Sewer Treatment Plant Project and shall include any additions, betterments and improvements thereto hereafter acquired or constructed for said municipal waterworks, sewerage and stormwater system from any sources whatsoever, both within and without the Issuer.

"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 Monongalia County of said State.

B. The Issuer presently owns and operates, through the Board, a public combined waterworks, sewerage, and stormwater system. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer, and for the improvement of the water environment of the City and specifically of the Sewer Treatment Plant Project area, that there be acquired and constructed certain extensions, additions, betterments and improvements to the System, specifically including, but not limited to, the rehabilitation and improvement of the wastewater treatment plant located in Star City, and all necessary appurtenances; (collectively, the "Sewer Treatment Plant Project") in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications are on file with the Board.

C. It is deemed necessary for the Issuer to issue its Combined Utility System Revenue Bonds, Series 2016 A, in the aggregate principal amount of not more than \$100,000,000, to permanently finance a portion of the costs of acquisition and construction of the Sewage Treatment Plant Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2016 A Bonds prior to and during acquisition or construction and for a period not exceeding 6 months after completion of acquisition and construction of the Sewer Treatment Plant Project; amounts which may be deposited in the Series 2016 A Bonds Reserve Account; underwriter's discount, 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; premiums for municipal bond insurance policy, debt service reserve account insurance policy or debt service reserve account surety bond; letter of credit fees; discount; initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2016 A Bonds and such other expenses as may be necessary or incidental to the financing

herein authorized; the acquisition and construction of the Sewage Treatment Plant 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 2016 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Sewage Treatment Plant Project, as hereinafter defined.

D. The period of usefulness of the System after completion of the Sewage Treatment Plant Project is not less than 30 years.

E. It is in the best interests of the Issuer that the Series 2016 A Bonds be sold to the Original Purchaser pursuant to the terms and provisions of a bond purchase agreement to be entered into by and between the Issuer and the Original Purchaser, as shall be approved by supplemental resolution of the Issuer.

F. There are or will be outstanding obligations of the Issuer which will rank on a parity with the Series 2016 A Bonds as to liens, pledge, source of and security for payment, being the Issuer's Prior Bonds, and the Issuer's Series 2016 B Bonds and Series 2016 C Bonds, to be issued contemporaneously with the issuance of the Series 2016 A Bonds, and the Issuer's Series 2016 D Bonds, which will be issued either contemporaneously with, or after, the issuance of the Series 2016 A Bonds.

Prior to the issuance of the Series 2016 Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met, and (ii) the written consent of the Holders of the Series 1995 Bonds, Series 2000 A Bonds, Series 2000 B Bonds, Series 2001 A Bonds, Series 2006 A Bonds, Series 2007 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2012 A Bonds, Series 2013 A Bonds, Series 2015 A Bonds, Series 2015 B Bonds, Series 2015 C Bonds, Series 2015 D Bonds and Series 2015 E Bonds to the issuance of the Series 2016 Bonds on a parity with the Series 1992 Bonds, Series 1995 Bonds, Series 2000 A Bonds, Series 2000 B Bonds, Series 2001 A Bonds, Series 2006 A Bonds, Series 2007 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2012 A Bonds, Series 2013 A Bonds, Series 2015 A Bonds, Series 2015 B Bonds, Series 2015 C Bonds, Series 2015 D Bonds and Series 2015 E Bonds. The Series 2010 A Bonds, Series 2010 F Bonds, Series 2012 C Bonds and Series 2014 B Bonds do not require written consent from the holders thereof.

Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with all the covenants of the Prior Bonds and the Prior Ordinances.

Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

G. The Issuer intends to issue the Series 2016 A Bonds and to pledge for payment thereof, from the Gross Revenues of the System, on a parity with one another and on a parity with such pledge in favor of the Holders of the Series 2016 B Bonds, the Series 2016 C Bonds, the Series 2016 D Bonds, and the Prior Bonds.

H. The estimated revenues to be derived in each year after the date hereof from the operation of the System will be sufficient, to provide for the repair, maintenance and operation of the System, to pay the Series 2016 A Bonds, the Series 2016 B Bonds, the Series 2016 C Bonds, the Series 2016 D Bonds and the Prior Bonds, to pay the principal on the Series 2016 A Bonds, Series 2016 B Bonds, Series 2016 C Bonds and Series 2016 D Bonds and the Prior Bonds as and when it becomes due and reasonable reserves therefor, to provide an adequate renewal and replacement fund, as hereinafter provided, and to make all other payments provided for in this Ordinance.

I. It is in the best interests of the Issuer, and the residents thereof, that the Issuer issue the Series 2016 A Bonds, and secure the Series 2016 A Bonds by a pledge and assignment of the Gross Revenues derived from the operation of the System, the monies in the Series 2016 A Bonds Sinking Fund, including the Series 2016 A Bonds Reserve Account therein, unexpended proceeds of the Series 2016 A Bonds and as further set forth herein.

J. The Series 2016 A Bonds and the Certificate of Authentication and Registration to be endorsed thereon are to be in substantially the forms set forth in EXHIBIT A – FORM OF SERIES 2016 A BONDS 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.

K. All things necessary to make the Series 2016 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 hereby to the payment of the principal of and interest on the Series 2016 A Bonds, will be timely done and duly performed.

L. The enactment of this Ordinance, the execution and issuance of the Series 2016 A Bonds and the amendment, 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.

M. Prior to construction, the Issuer will have complied with all requirements of West Virginia law relating to authorization of the acquisition, construction and operation of the Water Reservoir Project and the System and issuance of the Series 2016 A Bonds including but not limited to Chapter 24, Article 2, Paragraph 11 (l).

Section 1.04. Ordinance Constitutes Contract. In consideration of the acceptance of the Series 2016 A 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 the legal Holders of any and all of such Series 2016 A Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Series 2016 A Bond and any other Series 2016 A Bond, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

## **ARTICLE II**

### **AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE SEWER TREATMENT PLANT PROJECT**

Section 2.01 Authorization of Acquisition and Construction of the Sewer Treatment Plant Project. There is hereby authorized and ordered the acquisition and construction of the Sewer Treatment Plant Project, at an estimated cost of not more than \$140,000,000, of which up to \$100,000,000 will be obtained from the proceeds of the Series 2016 A Bonds, up to \$30,000,000 will be obtained from the proceeds of the sale of the Series 2016 B Bonds and up to \$10,000,000 will be obtained from the proceeds of the sale of the Series 2016 C Bonds.

## **ARTICLE III**

### **THE SERIES 2016 A BONDS**

Section 3.01 Form and Payment of Bonds. No Series 2016 A Bond shall be issued pursuant to this Ordinance except as provided in this Article III. Any Series 2016 A Bonds issued pursuant to this Ordinance may be issued only as fully registered Series 2016 A Bonds without coupons, in the denomination of \$5,000 or any integral multiple thereof for any year of maturity. All Series 2016 A Bonds shall be dated as of the date provided in a Supplemental Resolution applicable to such series. All Series 2016 A 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 Series 2016 A Bonds has been paid, from the date thereof; provided, however, that, if, as shown by the records of the Registrar, interest on such Series 2016 A Bonds shall be in default, Bonds issued in exchange for Series 2016 A Bonds surrendered for transfer or exchange shall bear

interest from the date to which interest has been paid in full on the initial Series 2016 A Bonds surrendered.

The principal of and the premium, if any, on the Series 2016 A 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 Series 2016 A 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 \$1,000,000 or more of the Series 2016 A Bonds, by wire transfer to a domestic bank account specified in writing at least 5 days prior to such interest payment date by such Registered Owner.

In the event any Series 2016 A 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 Series 2016 A Bond in the principal amount of said 2016 A Bond then Outstanding.

Section 3.02. Execution of Bonds. The Series 2016 A 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 Series 2016 A 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 Series 2016 A Bonds 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 Series 2016 A 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 Series 2016 A Bond, substantially in the form set forth in EXHIBIT A – FORM OF SERIES 2016 A BONDS attached hereto and incorporated herein by reference with respect to the Series 2016 A Bonds, shall have been duly manually executed by the Registrar. Any such manually executed Certificate of Authentication and Registration upon any such Series 2016 A 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 Series 2016 A 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 Series 2016 A Bonds issued hereunder.

Section 3.04. Negotiability and Registration. Subject to the requirements for transfer set forth below, the Series 2016 A 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 Series 2016 A Bonds remains Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Series 2016 A Bonds. The Series 2016 A 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 Series 2016 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, Series 2016 A 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 Series 2016 A Bond is exercised, Bonds shall be delivered in accordance with the provisions of this Ordinance. All Series 2016 A Bonds surrendered in any such transfer or exchange shall forthwith be canceled by the Registrar. Transfers of Series 2016 A 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 Series 2016 A Bonds, the Registrar may impose a service charge. For every such transfer or exchange of Series 2016 A 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 Series 2016 A Bonds that have been called for redemption.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2016 A 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 Series 2016 A 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 as part of the Series 2016 A Bonds pursuant to this Ordinance, the following provisions shall apply:

1. The amounts to be deposited, apportioned and set apart by the Issuer from the Revenue Fund and into the Series 2016 A Bonds Redemption Account in accordance with Section 4.03 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 (or, if the Series 2016 A Bonds mature semiannually rather than annually, that month which is 6 months prior to the first mandatory redemption date of said Term Bonds, a sum equal to 1/6th 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.

2. 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.

3. 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.

4. 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 monies in the Series 2016 A Bonds 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.

5. 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 Series 2016 A Bonds Sinking Fund), as will exhaust as nearly as practicable such Series 2016 A Bonds Redemption Account payment designated to be made in accordance with paragraph (A)(1) 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 Series 2016 A 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 applicable Bond Insurer and the registered owner of the Series 2016 A 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 Bond Registrar.

So long as DTC (as CEDE & CO.) is the registered Owner of the Series 2016 A Bonds, the Registrar shall send all notices of redemption to DTC and shall verify that DTC has received notice. Copies of all redemption notices shall also be posted on EMMA.

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 Series 2016 A 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 monies with the Paying Agent on or before the Redemption Date. If such monies are not so deposited, the Registrar shall notify all holders of Series 2016 A Bonds called for redemption of such fact.

Official notice of redemption having been given as aforesaid, the Series 2016 A Bonds, or portions of the Series 2016 A 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 Series 2016 A 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 unpaid principal of such Bond. All Series 2016 A Bonds which have been redeemed shall be canceled and destroyed by the Bond 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 Series 2016 A Bonds, and failure to mail 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 (except as provided in Section 6.18) 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. Series 2016 A Bonds. For the purposes of paying a portion of the costs of the Sewage Treatment Plant Project, capitalizing interest on the Series 2016 A Bonds, paying the premium for a municipal bond insurance policy, funding the Series 2016 A Bonds Reserve Account with proceeds of the Series 2016 A Bonds or paying the premium for a municipal bond debt service reserve insurance policy, in a amount equal to the Series 2016 A Bonds Debt Service Reserve Requirement and paying costs in connection with the issuance of the Series 2016 A Bonds, there shall be issued the Series 2016 A Bonds of the Issuer, in an aggregate principal amount of not more than \$100,000,000. Said Series 2016 A Bonds shall be designated "Combined Utility System Revenue Bonds, Series 2016

A (Tax Exempt)" or such other designation as may be appropriate for the year and sequence of the issue, as may be set forth in one or more Supplemental Resolution(s), and shall be issued in fully registered form, in the denomination of \$5,000 or any integral multiple thereof for any period of maturity, not exceeding the aggregate principal amount of Series 2016 A Bonds maturing in the period of maturity for which the denomination is to be specified. The Series 2016 A Bonds shall be numbered from AR-1 consecutively upward. The Series 2016 A Bonds shall be dated; shall be in such aggregate principal amount (not to exceed \$100,000,000); shall bear interest at such rate or rates, (not to exceed 8%), payable semiannually on such dates; shall mature on such dates (which may be annual or semi-annual) (not to exceed 35 years) 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 Series 2016 A Bonds. A. The

Series 2016 A Bonds shall each initially be issued in the form of one fully-registered bond for the aggregate principal amount of the Series 2016 A 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 Series 2016 A 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 Series 2016 A Bonds be registered in the name of a different nominee, the Registrar shall exchange all or any portion of the Series 2016 A 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 Series 2016 A Bond or any other evidence of ownership of the Series 2016 A 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 Series 2016 A 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 Series 2016 A 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 Series 2016 A 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 Series 2016 A 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 Series 2016 A Bonds to the extent of the sum or sums so paid. In the event of the redemption of less than all of the Series 2016 A

Bonds Outstanding of any maturity, the Registrar shall not require surrender by DTC of the Series 2016 A Bonds so redeemed, but DTC may retain such Series 2016 A Bonds and make an appropriate notation on the Series 2016 A Bonds 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 Series 2016 A 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 Series 2016 A 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 Series 2016 A Bonds, selecting the Series 2016 A 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 Series 2016 A 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 Series 2016 A 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 Series 2016 A 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 Series 2016 A 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 Series 2016 A 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 Series 2016 A Bonds may be discontinued at any time if either: (i) DTC determines to resign as securities depository for the Series 2016 A 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 Series 2016 A Bonds. In either of such events (unless in the case described in clause (iii) above, the Issuer appoints a successor securities depository), the Series 2016 A 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 Series 2016 A Bonds.

Section 3.12. Delivery of Series 2016 A Bonds. A. The Issuer shall execute and deliver the Series 2016 A Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2016 A Bonds to the Original Purchaser upon receipt of the documents set forth below:

(1) If not registered in the name of DTC or its nominee, a list of the names in which the Series 2016 A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Registrar may reasonably require;

(2) A request and authorization to the Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2016 A Bonds to DTC for the benefit of the Original Purchaser;

(3) Copies, certified by the City Clerk, of this Ordinance and the Supplemental Resolution;

(4) The unqualified approving opinion upon the Series 2016 A Bonds by Bond Counsel; and

(5) Such other opinions, certificates and documents as shall be reasonably requested by the Original Purchaser.

Section 3.13. Form of Series 2016 A Bonds. The definitive Series 2016 A Bonds shall be in substantially the form set forth in EXHIBIT A – FORM OF SERIES 2016 A BONDS attached hereto and incorporated herein by reference, with such necessary and appropriate omissions, insertions and variations as are approved by those officers executing such Series 2016 A Bonds on behalf of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval, and the definitive Series 2016 A Bonds shall have the form of the opinion of Steptoe & Johnson PLLC, as Bond Counsel, attached thereto or printed on the reverse thereof.

Section 3.14. Disposition of Proceeds of Series 2016 A Bonds. Upon the issuance and delivery of the Series 2016 A Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

1. All interest accrued on the Series 2016 A Bonds from the date thereof to the date of delivery thereof, if any, shall be deposited in the Series 2016 A Bonds Sinking Fund and applied to payment of interest on the Series 2016 A Bonds at the first interest payment date.

2. if a Municipal Bond Insurance Policy has been obtained to secure the payment of the principal of, and interest on, the Series 2016 A Bonds, the premium for such Municipal Bond Insurance Policy shall be paid to the Bond Insurer.

3. An amount of the proceeds of the Series 2016 A Bonds equal to the amount, if any, set forth in the Supplemental Resolution shall be remitted to the Bond Commission for deposit in the Series 2016 A Bonds Reserve Account; provided, that to the extent the Series 2016 A Bonds Reserve Requirement is satisfied in whole or in part from a municipal bond debt serve reserve insurance polity, letter of credit, surety bond or other credit facility, proceeds of the Series 2016 A Bonds shall be deposited in the Series 2016 A Bonds Reserve Account only to the extent needed to satisfy the balance of the Series 2016 A Bonds Reserve Requirement.

4. The amount of Series 2016 A Bond proceeds which, together with other monies or securities deposited therein shall be equal to the Costs of Issuance of the Series 2016 A Bonds shall be deposited with the Depository Bank in the Series 2016 A Bonds Costs of Issuance Fund and shall be drawn out, used and applied by the Issuer solely to pay costs of issuance of the Series 2016 A Bonds at the written direction of the Issuer. Monies not to be applied immediately to pay such costs of issuance 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 120 days following the Closing Date for the Series 2016 A Bonds, such unapplied proceeds shall be transferred by the Issuer to the Series 2016 A Bonds Sinking Fund established in Section 4.01 hereof and applied to the next ensuing payment of interest on the Series 2016 A Bonds. All such proceeds shall constitute a trust fund for such purposes, and there hereby is created a lien upon such monies until so applied in favor of the Holders of the Series 2016 A Bonds from which such proceeds are derived.

5. The balance of Series 2016 A Bonds proceeds, if any, shall be deposited in the Series 2016 A Bonds Construction Fund and disbursed as provided in Section 3.15 hereof.

Section 3.15. Disbursements from the Series 2016 A Bonds Construction Fund. Disbursements from the Series 2016 A Bonds Construction Fund, except for payment of Costs of Issuance of the Series 2016 A Bonds in excess of the monies available in the Costs of Issuance Fund which shall be made upon request of the Utility, shall be made only for design, acquisition and construction of capital improvements, repairs and replacements for the Sewer Treatment Plant Project, including all necessary engineering and other professional services relating thereto. Pending such application, monies in the Series 2016 A Bonds Construction Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Utility.

#### **ARTICLE IV**

#### **SYSTEM REVENUES; FUNDS AND ACCOUNTS**

Section 4.01. Establishment of Funds and Accounts with Depository Bank. Pursuant to this Article IV, the following special funds are created with (or continued if previously established by Prior Ordinances), and shall be held by, the Depository Bank, segregated from all other funds and accounts of the Depository Bank or the Issuer and from each other (except as set forth in this Section 4.01), and used solely for the purposes provided herein:

- (1) Revenue Fund (established by the Prior Ordinances);
- (2) Depreciation Fund (established by the Prior Ordinances);
- (3) Operation and Maintenance Fund (established by the Prior Ordinances); and
- (4) Series 2016 A Bonds Construction Fund.

Section 4.02. Establishment of Funds and Accounts with Bond Commission. The following special funds or accounts are hereby created (or continued is established by Prior Ordinances or the Sewer Treatment Plant Project Bond Ordinances) with and shall be held by the Bond Commission, separate and apart from all other funds or accounts of the Bond Commission or the Issuer and from each other:

- (1) Series 1992 Bonds Sinking Fund (established by Prior Ordinances);
- (2) Series 1992 Bonds Reserve Account established by Prior Ordinances);
- (3) Series 1995 Bonds Sinking Fund (established by Prior Ordinances);
- (4) Series 1995 Bonds Reserve Account established by Prior Ordinances);
- (5) Series 2000 A Bonds Sinking Fund (established by Prior Ordinances);
- (6) Series 2000 A Bonds Reserve Account established by Prior Ordinances);
- (7) Series 2000 B Bonds Sinking Fund (established by Prior Ordinances);

- (8) Series 2000 B Bonds Reserve Account established by Prior Ordinances);
- (9) Series 2001 A Bonds Sinking Fund (established by Prior Ordinances);
- (10) Series 2001 A Bonds Reserve Account established by Prior Ordinances);
- (11) Series 2006 A Bonds Sinking Fund (established by Prior Ordinances);
- (12) Series 2006 A Bonds Reserve Account established by Prior Ordinances);
- (13) Series 2007 A Bonds Sinking Fund (established by Prior Ordinances);
- (14) Series 2007 A Bonds Reserve Account established by Prior Ordinances);
- (15) Series 2010 A Bonds Sinking Fund (established by Prior Ordinances);
- (16) Series 2010 A Bonds Reserve Account (established by Prior Ordinances);
- (17) Series 2010 C Bonds Sinking Fund (established by Prior Ordinances);
- (18) Series 2010 C Bonds Reserve Account (established by Prior Ordinances);
- (19) Series 2010 D Bonds Sinking Fund (established by Prior Ordinances);
- (20) Series 2010 D Bonds Reserve Account (established by Prior Ordinances);
- (21) Series 2010 E Bonds Sinking Fund (established by Prior Ordinances);

- (22) Series 2010 E Bonds Reserve Account (established by Prior Ordinances);
- (23) Series 2010 F Bonds Sinking Fund (established by Prior Ordinances);
- (24) Series 2010 F Bonds Reserve Account (established by Prior Ordinances);
- (25) Series 2012 A Bonds Sinking Fund (established by Prior Ordinances);
- (26) Series 2012 A Bonds Reserve Account (established by Prior Ordinances);
- (29) Series 2012 C Bonds Sinking Fund (established by Prior Ordinances);
- (30) Series 2012 C Bonds Reserve Account (established by Prior Ordinances);
- (27) Series 2013 A Bonds Sinking Fund (established by Prior Ordinances);
- (28) Series 2013 A Bonds Reserve Account (established by Prior Ordinances);
- (29) Series 2014 B Bonds Sinking Fund (established by Prior Ordinances);
- (30) Series 2014 B Bonds Reserve Account (established by Prior Ordinances);
- (31) Series 2015 A Bonds Sinking Fund (established by Prior Ordinances);
- (32) Series 2015 A Bonds Reserve Account (established by Prior Ordinances);
- (33) Series 2015 B Bonds Sinking Fund (established by Prior Ordinances);

- (34) Series 2015 B Bonds Reserve Account (established by Prior Ordinances);
- (35) Series 2015 C Bonds Sinking Fund (established by Prior Ordinances);
- (36) Series 2015 C Bonds Reserve Account (established by Prior Ordinances);
- (35) Series 2015 D Bonds Sinking Fund (established by Prior Ordinances);
- (36) Series 2015 D Bonds Reserve Account (established by Prior Ordinances);
- (37) Series 2015 E Bonds Sinking Fund (established by Prior Ordinances);
- (38) Series 2015 E Bonds Reserve Account (established by Prior Ordinances);
- (39) Series 2016 B Bonds Sinking Fund (established by Sewer Treatment Plant Project Bond Ordinances);
- (40) Series 2016 B Bonds Reserve Account (established by Sewer Treatment Plant Project Bond Ordinances);
- (41) Series 2016 C Bonds Sinking Fund (established by Sewer Treatment Plant Project Bond Ordinances);
- (42) Series 2016 C Bonds Reserve Account (established by Sewer Treatment Plant Project Bond Ordinances);
- (43) Series 2016 D Bonds Sinking Fund (established by ordinance authorizing the Series 2016 D Bonds);
- (44) Series 2016 D Bonds Reserve Account (established by ordinance authorizing the Series 2016 D Bonds);
- (45) Series 2016 A Bonds Sinking Fund; and
- (46) Series 2016 A Bonds Reserve Account

Section 4.03. System Revenues and Application Thereof. So long as any of the Series 2016 A Bonds shall be Outstanding and unpaid, the Issuer covenants as follows:

A. The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited by the Issuer in the Revenue Fund. The Revenue Fund shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided. All Revenues at any time remaining on deposit in the Revenue Fund shall be disposed of only in the following manner and order of priority:

(1) The Issuer shall first, from the monies in the Revenue Fund, on the first day of each month, simultaneously remit to the Bond Commission (i) the amounts required by the Prior Ordinances to for payment of interest on the Series 1995 Bonds, Series 2001 A Bonds, Series 2006 A Bonds, Series 2007 A Bonds, Series 2010 A Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2010 F Bonds, Series 2012 A Bonds, Series 2012 C Bonds, Series 2014 B Bonds, Series 2015 A Bonds; (ii) the amounts required by the ordinances authorizing the Series 2016 B Bonds, the Series 2016 C Bonds and the Series 2016 D Bonds to be deposited into the respective sinking funds for the payment of interest on the Series 2016 B Bonds, Series 2016 C Bonds and Series 2016 D Bonds; and (iii) beginning on the first day of that month which is 6 months prior to the first interest payment date on the Series 2016 A Bonds, apportion and set apart out of the Revenue Fund and deposit in the Series 2016 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 2016 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 2016 A Bonds Sinking Fund and the next ensuing semiannual interest payment date is less than or greater than 6 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date, and provided further, that the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2016 A Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2016 A Bonds deposited therein and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2016 A Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2016 A Bonds Sinking Fund.

(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) the amounts required by the Prior Ordinances to be deposited in the Prior Bonds Sinking Funds for payment of principal on the Prior Bonds; (ii) the amounts required by the ordinances authorizing the Series 2016 B Bonds, the Series 2016 C Bonds and the Series 2016 D Bonds to be deposited into the respective sinking funds for the payment of principal on the Series 2016 B Bonds, Series 2016 C Bonds and Series 2016 D Bonds; and (iii) for deposit in the Series 2016 A Bonds Sinking Fund (and in the Series 2016 A Bonds Redemption Account therein in the