

COOPERATIVE AGREEMENT FOR CONSTRUCTION, MAINTENANCE
AND OPERATION OF STATE WATER OR SEWER PROJECT

LOAN ADVANCE PROGRAM

THIS AGREEMENT made and entered into as of the date specified on Schedule I hereto (the "Term Sheet," which is fully incorporated herein and made a part hereof) as the "Agreement Date," by and between the OHIO WATER DEVELOPMENT AUTHORITY, a body corporate and politic organized and existing under the provisions of Chapter 6121 of the Revised Code of Ohio (hereinafter referred to as the "OWDA") and the governmental body specified as the "LGA" on the Term Sheet (hereinafter referred to as the "LGA"), a governmental body organized and existing under the laws of the State of Ohio and acting pursuant to an ordinance or a resolution passed by the legislative authority thereof on the date specified on the Term Sheet as the Resolution Date;

WITNESSETH:

WHEREAS, the OWDA has been created, among other reasons, to carry forward the declared public policy of the State of Ohio to preserve, protect, upgrade, conserve, develop, utilize and manage the water resources of the state, to prevent or abate the pollution of water resources, to promote the beneficial use of waters of the state for the protection and preservation of the comfort, health, safety, convenience, and welfare, and the improvement of the economic and general welfare and employment opportunities of and the creation of jobs for the people of the state, and to assist and cooperate with other governmental agencies in achieving such purposes through the establishment, operation and maintenance of water development projects pursuant to Chapter 6121 of the Revised Code; and

WHEREAS, the LGA desires to plan, design, acquire, improve or construct waste water treatment facilities, interceptor sewer facilities, sewage collection facilities or appurtenant sewerage facilities necessary for the effective operation thereof, or water supply facilities, water distribution facilities and appurtenant water facilities necessary for the effective operation thereof (the "Project"); and

WHEREAS, the LGA has received a letter of commitment (the "Commitment Letter") from the United States of America (the "Government"), a copy of which is attached hereto as Exhibit A, providing for the Government to provide the Federal Assistance (as hereinafter defined) to the LGA for payment of costs incurred in connection with the Project at such time as the Government determines that the conditions set forth for disbursement of funds under the Commitment Letter have been met; and

WHEREAS, in order to finance the costs of the Project pending receipt of the proceeds of the Federal Assistance, the LGA desires to enter into a loan agreement with the OWDA whereby the LGA borrows the funds needed for payment of such costs from the OWDA Loan Advance Loan and agrees to the assignment to the OWDA of the proceeds of the Federal Assistance; and

WHEREAS, pursuant to Resolution No. 08-96 and No. 88-96 adopted by the OWDA on January 25, 1996, the OWDA has authorized the establishment of the Loan Advance Program whereby the OWDA has established a fund (the "Loan Advance Program Fund") from which the OWDA will make the Loan Advance to the LGA, which Loan shall mature on a date specified on the Term Sheet and hereinafter referred to as the "Loan Maturity Date," which shall in no event be later than two years from the date thereof; and

WHEREAS, the LGA is willing to make provision for the repayment of its Loan Advance Loan from other sources identified herein, and, in the event and to the extent that the proceeds of the Federal Assistance are not obtained and available at least ninety days before the Loan Maturity Date, to borrow the moneys required for that purpose from the OWDA under the OWDA's Fresh Water Program or a successor program thereto (the "Fresh Water Program"), and the OWDA is willing to cooperate with the LGA by providing contingency financing for the repayment of the LGA's Loan Advance Loan from moneys available in the Fresh Water Program, adopted by the OWDA pursuant to Resolution No. 57-92 (the "Fresh Water Program"), and to make a loan for that purpose pursuant to a cooperative agreement with the LGA under the Fresh Water Program (the "Fresh Water Loan"); and

WHEREAS, the LGA has given the OWDA reasonable assurances that the LGA will take all necessary actions to comply with the conditions set forth in the Commitment Letter and make the payments of the charges hereinafter provided for and will fulfill its other obligations hereunder; and

WHEREAS, the OWDA and the LGA have determined to enter into this Agreement to set forth their respective obligations with respect to the financing of the Project;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereto do hereby agree as follows:

ARTICLE I - DEFINITIONS

Except where the context clearly indicates otherwise, the following terms as used in this Agreement shall have the meaning ascribed to them in this Article:

DEFINITIONS RELATING TO PHYSICAL FACILITIES

(a) "Approved Loan Advance Program Loan Application" means the application of the LGA dated as of the date specified on the Term Sheet as the "LGA Application Date," submitted to the OWDA, together with the Commitment Letter and all other attachments, supporting documentation, amendments and supplements thereto as approved by the OWDA on the date specified on the Term Sheet as the "OWDA Application Approval Date," together with any amendments thereto approved by the LGA and the OWDA after the date of this Agreement.

(b) "Project" means the planning, designing, acquiring, improving or constructing of waste water treatment facilities, interceptor sewer facilities, sewage collection facilities or appurtenant sewerage facilities necessary for the effective operation thereof, or water supply facilities, water distribution facilities and appurtenant water facilities necessary for the effective operation thereof as described generally in Exhibit A attached hereto and made a part hereof and more particularly described in the Approved Loan Advance Program Loan Application together with any changes therein made pursuant to Article III hereof.

(c) "Project Site" means all land, rights-of-way, property rights, easements, franchise rights or other interests in real estate necessary for the construction and operation of the Project.

DEFINITIONS RELATING TO COSTS

(d) "Eligible Project Costs" shall include, whether incurred before or after the date of this Agreement (but if incurred prior to the date hereof, subject to the restrictions set forth in the first proviso below), the following costs of the Project, but only if and to the extent that such costs are properly payable from proceeds of the Federal Assistance: the purchase price of the Project Site when acquired by purchase, or the value thereof when appropriated as found by the jury, together with the costs of the proceedings and the damages assessed in favor of any owner of the adjoining lands and interests therein, subject to the second proviso set forth below; the cost of demolishing or removing any buildings or structures on the Project Site, including the cost of acquiring any lands to which such buildings or structures may be removed, subject to the second proviso set forth below; the cost of diverting highways, interchange of highways, and access roads to private property, including the cost of easements therefor, subject to the second proviso set forth below; the costs of construction of the Project including, but not limited to, the cost of all machinery, furnishings and equipment included therein; engineering expenses for the Project including, but not limited to, the cost of preliminary and other surveys, the cost of preparing plans, estimates and specifications, the cost of all necessary soil and other investigations and laboratory testing, and resident engineering and inspection fees; the cost of printing and publishing the notices and legislation required; legal expenses; administrative expenses of the OWDA in the amount of 0.35% of all Eligible Project Costs other than such administrative expenses, or \$400, whichever is the greater; and any other necessary miscellaneous expenditures; provided, however, that Eligible Project Costs shall include costs incurred prior to the date hereof only if and to the extent that, in the opinion of nationally recognized bond counsel satisfactory to the OWDA, the payment of such costs by the OWDA would not cause the interest on any debt obligations of the OWDA to cease to be excluded from gross income for purposes of federal income taxation; and provided further, however, that Eligible Project Costs shall include costs for the acquisition of real property or interests therein (other than easements) only if the OWDA shall have received from the LGA reasonably sufficient assurances as to environmental matters related to such real property. Notwithstanding anything contained herein to the contrary, Eligible Project Costs shall not include any commissions, fees and/or expenses which may be owed by the LGA to a broker or finder as a result of or in connection with the OWDA's agreement to pay the Eligible Project Costs to the LGA as provided herein.

(e) "Fresh Water Loan Application" means an application by the LGA to the OWDA for a loan under the Authority's Fresh Water Program in the form required by the OWDA for loans under that Program and together with all attachments, supporting documentation, amendments and supplements thereto as required by the OWDA, which application may be required to be submitted by the LGA to the OWDA under Section 4.1 hereof.

DEFINITIONS RELATING TO PARTICIPATION IN COSTS

(f) "Federal Assistance" means federal financial assistance from the United States of America, United States Department of Agriculture, Rural Economic and Community Development Services, to a Local Governmental Agency whether in the form of a Federal Grant, a Federal Loan or a combination of a Federal Grant and a Federal Loan.

(g) "Federal Grant" means federal financial assistance from the United States of America, United States Department of Agriculture, Rural Economic and Community Development Services, to a Local Governmental Agency in the form of a grant, which assistance is evidenced by a Commitment Letter.

(h) "Federal Loan" means federal financial assistance from the United States of America, United States Department of Agriculture, Rural Economic and Community Development Services, to a Local Governmental Agency in the form of a loan, which assistance is evidenced by a Commitment Letter.

(i) "Project Participation Principal Amount" means those Eligible Project Costs that are paid with moneys disbursed out of funds of the OWDA, which costs shall in no event exceed the amount specified on the Term Sheet as the "Maximum Project Participation Principal Amount."

(j) "Contract Interest Rate" means the rate specified as such on the Term Sheet.

(k) "Contract Term" means the period specified as the Contract Term in the Term Sheet.

(l) "Default Rate" means a rate equal to the Contract Interest Rate plus three percentage points.

(m) "Pledged Revenues" means (a) the Federal Assistance amounts received by the OWDA with respect to the Project, either directly from the United States of America or indirectly through the LGA pursuant to its contractual obligation with the OWDA to pay such amounts to the OWDA, (b) all the proceeds of any Fresh Water Loan made by the OWDA to the LGA pursuant to Section 4.1 hereof for the purpose of funding the LGA's payments due to the OWDA under the Loan Advance Program if and to the extent not funded by the proceeds of Federal Assistance, and (c) the revenues derived by the LGA from the ownership and operation of the Project, net of the costs of operating and maintaining the Project and paying all amounts required to be paid under any mortgage,

indenture of mortgage, trust agreement or other instrument heretofore or hereafter entered into by the LGA to secure debt obligations heretofore or hereafter issued or incurred by the LGA for the Project.

(n) "Special Assessment Funds" mean the proceeds from the special assessments to be hereafter levied, if any, by the LGA to pay all or a portion of the cost of the Project.

ARTICLE II - PROPERTY INTERESTS IN PROJECT SITE AND PROJECT AND RIGHTS OF ACCESS THERETO

Section 2.1. All real estate and interests in real estate and all personal property constituting the Project and the Project Site shall be acquired by and shall be the property of the LGA.

Section 2.2. The LGA agrees that the OWDA and its duly authorized agents shall have the right at all reasonable times to enter upon the Project Site to examine and inspect the same.

ARTICLE III - ACQUISITION OF PROJECT SITE, CONSTRUCTION OF PROJECT AND PAYMENT OF COSTS THEREOF

PARTICULAR COVENANTS AND AGREEMENTS OF LGA IN ARTICLE III MAY BE DELETED UPON DETERMINATION OF THE EXECUTIVE DIRECTOR THAT THEY ARE NOT NECESSARY FOR THE PROTECTION OF THE INTERESTS OF THE OWDA IN THE CONTEXT OF THE LOAN ADVANCE LOAN ADVANCE PROGRAM

Section 3.1. Subject to the terms and conditions of this Agreement, the LGA shall do all things necessary to construct the Project on the Project Site (which the LGA hereby represents has been or is being acquired by the LGA). The LGA shall use its best efforts to cause the Project to be fully operational by the date specified on the Term Sheet as the "Operational Date."

In connection with the construction of the Project, the LGA agrees that:

(a) The construction contract(s) will provide that the representatives of the OWDA will have access to the work whenever it is in preparation or progress and that the contractor will provide proper facilities for such access and inspection.

(b) The construction of the Project on the Project Site will be performed in compliance with all applicable federal, state and local environmental laws and regulations in effect as of the date hereof.

(c) All laborers and mechanics employed on the Project shall be paid at the prevailing rates of wages of laborers and mechanics for the class of work called for by the Project, which wages shall be determined in accordance with the requirements of Chapter 4115, Ohio Revised Code, for determination of prevailing wage rates.

(d) Each construction contract and contractor's estimate form will be prepared so that materials and equipment furnished to the LGA may be readily itemized.

(e) All requests submitted by the LGA for the payment or reimbursement of incurred Eligible Project Costs shall include evidence of the costs incurred and will be prepared so that such costs may be readily itemized.

(f) Any change or changes in a construction contract, regardless of cost, that would substantially modify the processes contemplated to be performed by the Project will be submitted to the OWDA for prior approval.

(g) Notification of all change orders not requiring prior approval of the OWDA will be submitted to the OWDA within one (1) month of the time at which they are ordered by the resident or consulting engineer of the LGA.

(h) The construction of the Project, including the letting of contracts in connection therewith, will conform to applicable requirements of federal, state and local laws, ordinances, rules and regulations.

(i) The LGA will proceed expeditiously with, and complete, the Project in accordance with the Approved Application and any surveys, plans, profiles, cross sections and specifications or amendments thereto approved by the Director of Environmental Protection of Ohio.

(j) Notwithstanding anything contained herein to the contrary, the obligation of the OWDA to pay Eligible Project Costs pursuant to the terms and conditions of this Agreement shall expire at the end of the Contract Term. Upon the expiration of the aforesaid period, the OWDA shall not be obligated to pay any additional Eligible Project Costs to the LGA hereunder. In the event that the OWDA, in its sole discretion, decides to pay additional Eligible Project Costs after the expiration of its obligation to do so hereunder, it shall so notify the LGA. No such decision by the OWDA to pay any additional Eligible Project Costs hereunder shall be deemed to constitute an extension of its obligation to pay Eligible Project Costs hereunder.

Section 3.2. In connection with the construction of the Project, the LGA agrees that notwithstanding anything contained herein to the contrary, the obligation of the OWDA to pay Eligible Project Costs pursuant to the terms and conditions of this Agreement (i) shall not commence unless the LGA shall have obtained the Commitment Letter; and (ii) shall expire upon the earliest of (a) the Loan Maturity Date, (b) receipt of the total amount of Federal Assistance proceeds due or (c) receipt of the entire Projection Participation Principal Amount. Upon the expiration of the aforesaid term, the OWDA shall not be obligated to pay any additional Eligible Project Costs to the LGA hereunder. In the event that the OWDA, in its sole discretion, decides to pay additional Eligible Project Costs after the expiration of its obligation to do so hereunder, it shall so notify the LGA. No such decision by the OWDA to pay any additional Eligible Project Costs hereunder shall be deemed to constitute an extension of its obligation to pay Eligible Project Costs hereunder.

Section 3.3. The LGA shall require that each construction contractor shall furnish a performance and payment bond in an amount at least equal to one hundred percent (100%) of the contractor's contract price as security for the faithful performance of the contractor's contract.

Section 3.4. The LGA shall require that each of its contractors and all subcontractors maintain during the life of their contracts Workers' Compensation Insurance, Public Liability, Property Damage, and Vehicle Liability Insurance, in amounts and on terms that comply with all applicable legal requirements and that are commercially reasonable. Until the Project is completed and accepted by the LGA, the LGA or (at the option of the LGA) the contractor shall maintain Builders Risk Insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project for the benefit of the OWDA, the LGA, the prime contractor, and all subcontractors, as their respective interests may appear.

Section 3.5. The LGA shall provide and maintain competent and adequate resident engineering services satisfactory to the OWDA covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of ensuring that construction conforms with the approved surveys, plans, profiles, cross sections and specifications and certifying to the OWDA and the LGA at the completion of construction that construction is in accordance with the approved surveys, plans, profiles, cross sections and specifications or approved amendments thereto.

Section 3.6. Subject to the terms and conditions of this Agreement, the Eligible Project Costs shall be paid by the OWDA. In the event this Agreement is terminated by the OWDA pursuant to, and not in breach of, the provisions of this Agreement, or by subsequent agreement of the parties, or in the event this Agreement is terminated by the LGA, whether or not in breach of the Agreement, the Eligible Project Costs incurred prior to the date of the commencement of the construction of the Project or the date of such termination, whichever is earlier, shall be paid by the LGA. If such termination takes place following the date of the commencement of the construction of the Project, all Eligible Project Costs incurred following such commencement date and prior to the date of termination, with the exception of all costs attributable to the acquisition of the Project Site, shall be borne by: (1) the LGA if this Agreement is terminated at such time by the LGA; or (2) by the OWDA if this Agreement is terminated at such time by the OWDA, but in any event, all costs attributable to the acquisition of the Project Site shall be borne by the LGA. Any moneys paid by either party hereto pursuant to this Agreement which become the obligation of the other party under the provisions of this Section shall be repaid in not more than three (3) years after termination with interest on the outstanding balances at the Contract Interest Rate.

Section 3.7. The OWDA may decline to deliver any further certificates of availability of funds pursuant to Section 3.8 hereof from and after any determination by the OWDA that any information furnished to the OWDA, in writing or otherwise, in connection with the LGA's application for the transactions contemplated by this Agreement was false or misleading in any material respect or that such information omitted any other information needed to make the information furnished not false or misleading in any material respect.

Section 3.8. Subject to Section 3.7 hereof, the OWDA shall deliver to the LGA a certificate signed by the appropriate officer of the financial institution that holds the LOAN ADVANCE LOAN Program Fund, certifying that moneys in the amount necessary to pay the Eligible Project Costs obligated or to be obligated up to the Maximum Project Participation Principal Amount are available or are in the process of collection and have been encumbered by the Trustee or such financial institution to pay such Eligible Project Costs. When such Eligible Project Costs have been incurred and payment requested from the OWDA by the LGA in form and detail satisfactory to the OWDA, the OWDA shall cause to be delivered checks of the Trustee or such financial institution in payment of the invoices, demands for payment, approved contractors' estimates or other evidence of cost incurrence to the persons or entities entitled to payment in conformity with the encumbrance of funds set forth to pay such obligated Eligible Project Costs.

Section 3.9. Upon completion of the Project, the LGA shall make a full and complete accounting to the OWDA of the final Eligible Project Costs.

Section 3.10 Except as otherwise provided in this Agreement, the LGA shall have the sole and exclusive charge of all details of the construction of the Project.

Section 3.11. The LGA shall keep accurate records of the Eligible Project Costs. The LGA shall permit the OWDA, acting by and through the Executive Director of the OWDA or his authorized representatives, to inspect all books, documents, papers and records relating thereto at any and all reasonable times for the purpose of audit and examination, and the LGA shall submit to the OWDA such documents and information as they may reasonably require in connection therewith.

Section 3.12. Upon completion of the Project, the LGA shall make a full and complete accounting to the OWDA of the final Eligible Project Costs.

ARTICLE IV - PARTICIPATION PAYMENTS BY LGA

Section 4.1. Subject to the further provisions hereinafter set forth, the LGA agrees to and shall pay on the Loan Maturity Date to the OWDA, but solely from the Pledged Revenues, the Project Participation Principal Amount plus interest thereon at the Contract Interest Rate from the respective dates of disbursement of the amounts constituting the Project Participation Principal Amount. In the event that the LGA pays less than the full amount due hereunder on the Loan Maturity Date, then the amount so paid shall be applied first to interest payable hereunder, then to any late charges payable hereunder, and then to the Project Participation Principal Amount payable hereunder.

The obligation of the LGA to pay the charges set forth shall not be assignable, and the LGA shall not be discharged therefrom, without the prior written consent of the OWDA. In the event that services supplied by the Project shall cease or be suspended for any reason, the LGA shall continue to be obligated to pay the amounts due pursuant to this Section 4.1, but solely from the Pledged Revenues. If the LGA does not pay any of the amounts due pursuant to this Section 4.1 on or before the 5th day after the Loan Maturity Date, the amount of such default shall bear interest at

the Default Rate from the Loan Maturity Date until the date of the payment thereof. Interest at the Default Rate shall be calculated for the actual number of days of default from the Loan Maturity Date until payment on the basis of a 360 day year. If the LGA does not pay any of the amounts due pursuant to this Section 4.1 on or before the 30th day after the Loan Maturity Date, in addition to the interest calculated at the Default Rate, a "late charge" of one percent (1%) on the amount of such default shall also be paid to the OWDA by the LGA from the Pledged Revenues for failure to make the payment as provided herein. Thereafter, for each additional thirty (30) days during which the amount due remains unpaid, the LGA shall continue to pay from the Pledged Revenues an additional late charge of one percent (1%) on the amount of such default until such charges are paid. In no event shall the OWDA collect interest or late charges in excess of the maximum amount permitted by law. In addition to the foregoing, in the event of a default as aforesaid, all of the costs incurred by the OWDA in curing such default including, but not limited to, court costs and attorney fees, shall (to the extent not previously repaid to the OWDA) be paid as part of the Eligible Project Costs hereunder and be repaid by the LGA to the OWDA as part of the Project Participation Principal Amount.

The LGA hereby irrevocably assigns to the OWDA all its right, title and interest in and to the proceeds of the Federal Assistance for the purpose of securing its obligation to pay the Project Participation Principal Amount and interest thereon to the OWDA hereunder. The LGA will use its best efforts and take all actions reasonably necessary to comply with the conditions of the Commitment Letter and to satisfy all other conditions precedent to drawing down funds with respect to the Federal Assistance. The LGA will cause all such funds to be deposited directly with the OWDA for crediting against the amounts due pursuant to this Section 4.1.

It is understood and agreed that the Federal Loan proceeds are expected to suffice for the payment of the LGA's obligations hereunder, and to the extent that these funds are insufficient, available Federal Grant proceeds are to be applied to make up the deficiency. In the event and to the extent that, as of ninety days prior to the Loan Maturity Date, the proceeds of the Federal Assistance that the LGA has received (or that the OWDA has received on its behalf) will not suffice for the payment in full of the amounts that will be due under this Section 4.1, the LGA will prepare and submit to the OWDA a Fresh Water Loan Application as promptly as practicable and in any event at least forty-five days prior to the Loan Maturity Date, which Fresh Water Loan Application shall seek a loan from the OWDA under its Fresh Water Program or a successor thereto at least in the amount needed to provide the additional funds required for the LGA to pay the Participation Charge in full when due. Upon approval of such Fresh Water Loan Application by the OWDA, the LGA shall promptly enter into a Cooperative Agreement (pursuant to the Fresh Water Program) with the OWDA in the form attached hereto as Exhibit B.

Anything in this Agreement to the contrary notwithstanding, neither the general resources of the LGA shall be required to be used, nor shall the general credit of the LGA be pledged for the performance of any duty under this Agreement, but any payment to be made under this Agreement shall be required to be made only from the Pledged Revenues; provided, however, that, if otherwise lawful, nothing herein shall be deemed to prohibit the LGA from using, of its own volition, any of its general resources for the fulfillment of any of the terms and conditions of this Agreement.

Section 4.2. It is agreed that, at least fifteen (15) days prior to the Loan Maturity Date, the OWDA shall invoice the LGA for the sum owing by the LGA pursuant to Section 4.1. No failure by the OWDA to send any such invoice and no failure by the LGA to receive any such invoice shall relieve the LGA from its obligation to pay the amount due hereunder on the Loan Maturity Date.

Section 4.3. The LGA hereby agrees that: (a) the LGA will furnish to the OWDA annually reports of the operation and income of the Project and also an annual report of the accounts and operations of the Project and such other documents as the OWDA may reasonably request in order to respond to requests for documentation from rating agencies or providers or potential providers of credit enhancement for debt obligations of the OWDA, and the LGA will permit the authorized agent of the OWDA to inspect all records, accounts and data of the Project at all reasonable times; and (b) that the LGA will segregate the revenues, funds and properties of the Project from all other funds and properties of the LGA. All of the obligations under this Section are hereby established as duties specifically enjoined by law and resulting from an office, trust or station upon the LGA within the meaning of Section 2731.01 of the Ohio Revised Code.

Section 4.4. In order to enable the OWDA to comply with the requirements of federal securities laws (including, without limitation, Rule 10b-5 and Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended), the LGA agrees to prepare and file with the OWDA or, at the direction of the OWDA, to file with the Municipal Securities Rulemaking Board ("MSRB"), any one or more nationally recognized municipal securities information repositories ("NRMSIRs") or state information depository ("SID"), any annual financial information or material events disclosures that the OWDA may determine it requires to achieve such compliance. The LGA consents to the OWDA's incorporation by reference into OWDA official statements or other OWDA filings with the MSRB, any NRMSIR, or any SID of any official statements or portions thereof, financial statements, or other documents that the LGA may have filed or may file with the MSRB, any NRMSIR, or any SID. In the event the LGA fails to prepare any financial statement or other financial information that this Section requires the LGA to prepare and file with or at the direction of the OWDA, then the OWDA shall have the right (in addition to any other rights it may have to enforce the obligations of the LGA hereunder) to inspect all records, accounts and data of the System and cause the preparation of the required financial statement or information and to employ such professionals as it may reasonably require for that purpose, and to be reimbursed from any available Pledged Revenues for the costs of its doing so. This Section shall not be construed to limit the generality of Section 4.3 hereof.

ARTICLE V - MAINTENANCE, OPERATION, INSURANCE AND CONDEMNATION

[PARTICULAR COVENANTS AND AGREEMENTS OF LGA IN ARTICLE V MAY BE DELETED UPON DETERMINATION OF THE EXECUTIVE DIRECTOR THAT THEY ARE NOT NECESSARY FOR THE PROTECTION OF THE INTERESTS OF THE OWDA IN THE CONTEXT OF THE LOAN ADVANCE PROGRAM]

Section 5.1. The LGA agrees that during the Contract Period of Years that: (a) it will, subject to its right to contest in good faith the issue of non-compliance, operate the Project, or cause it to be operated, in compliance with all applicable federal, state and local environmental laws and regulations in effect during such period, and (b) it will, subject to its right to discontinue use or operation of the Project or any part thereof in accordance with this Agreement, keep the Project, including all appurtenances thereto and the equipment and machinery therein, or cause them to be kept, in good repair and good operating condition so that the completed Project will continue to operate with substantially the same efficiency as when first constructed.

The LGA shall have the privilege of making additions, modifications and improvements to, making deletions from and discontinuing the use or operation of all or any part of, the Project Site and the Project from time to time; provided, that the cost of any additions, modifications and improvements shall be paid by the LGA, and the same shall be the property of the LGA and be included under the terms of this Agreement as part of the Project Site or the Project, as the case may be; and provided further that the LGA shall make no modification to, make any deletion from or discontinue the use or operation of all or any part of, the Project Site or the Project, the result of which would be a material decrease in the Pledged Revenues without first obtaining the written consent of the OWDA thereto.

Section 5.2. The LGA agrees that it will commence, or will cause to be commenced, operation of the Project immediately upon the completion of the construction thereof and the receipt of any governmental approvals required for the commencement of their operation, and will not discontinue operation of the Project without meeting all conditions to and requirements for such discontinuance imposed by law and this Agreement. The LGA agrees that it will provide adequate operation and maintenance of the Project to comply with all applicable water quality standards established for the river basin served by the Project and with all applicable rules and regulations of the Director of Environmental Protection of Ohio. The LGA agrees that sufficient qualified operating personnel will be retained by the LGA to operate the Project, or will be required to be obtained by any independent contractor engaged by the LGA to operate the Project or any portion thereof, and that all operational tests and measurements necessary to determine compliance with the preceding sentence will be performed to insure proper and efficient operation and maintenance of the Project until the Loan Maturity Date or the discontinuance of the operation of the Project in accordance with Section 5.1 and this Section 5.2.

The LGA will permit the OWDA and its agents to have access to the records of the LGA pertaining to the operation and maintenance of the Project at any reasonable time.

Section 5.3. The LGA agrees to insure, or cause to be insured, the Project in such amounts as similar properties are usually insured by political subdivisions similarly situated, against loss or damage of the kinds usually insured against by political subdivisions similarly situated, by means of policies issued by reputable insurance companies duly qualified to do such business in the State of Ohio.

Section 5.4. Any insurance policy issued pursuant to Section 5.3 hereof shall be so written or endorsed as to make losses, if any, payable to the OWDA and the LGA as their respective interests may appear. Each insurance policy provided for in Sections 5.3 and 5.6 hereof shall contain a provision to the effect that the insurance company shall not cancel the same without first giving written notice thereof to the OWDA and the LGA at least ten (10) days in advance of such cancellation.

Section 5.5. The net proceeds of the insurance carried pursuant to the provisions of Sections 5.3 and 5.6 hereof shall be applied as follows: (i) the net proceeds of the insurance required in Section 5.3 hereof shall be applied as provided in Section 5.9 hereof, and (ii) the net proceeds of the insurance required in Section 5.6 hereof shall be applied toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds may be paid.

Section 5.6. The LGA agrees that it will carry, or will cause to be carried, public liability insurance with reference to the Project with one or more reputable insurance companies duly qualified to do business in the State of Ohio, in minimum amounts of \$500,000 for the death of or personal injury to one person and \$1,000,000 for personal injury or death for each occurrence in connection with the Project and \$500,000 for property damage for any occurrence in connection with the Project. The OWDA shall be made an additional insured under such policies.

Section 5.7. Throughout the Contract Period of Years, the LGA shall maintain Workers' Compensation Coverage or cause the same to be maintained in accordance with state law.

Section 5.8. In the event the LGA shall fail to maintain, or cause to be maintained, the full insurance coverage required by this Agreement or shall fail to keep, or cause to be kept, the Project in good repair and operating condition, or shall fail to operate, or cause to be operated, the Project in accordance with Section 5.2 hereof, the OWDA may (but shall be under no obligation to) take out the required policies of insurance and pay the premiums on the same or may make such repairs or replacements as are necessary or may hire the necessary operating personnel to insure compliance with Section 5.2 and provide for payment thereof; and all amounts so advanced therefor by the OWDA shall become an additional obligation of the LGA to the OWDA which amounts, together with interest thereon at the Contract Interest Rate or at the rate of eight per centum (8%) per annum, whichever is greater, from the date thereof, the LGA agrees to pay.

Section 5.9. If prior to the completion of the Contract Period of Years the Project shall be damaged or partially or totally destroyed by fire, flood, windstorm or other casualty, there shall be no abatement or reduction in the amounts payable by the LGA pursuant to Section 4.1 hereof, and the LGA will (i) promptly repair, rebuild or restore the property damaged or destroyed, and (ii) apply for such purpose so much as may be necessary of any net proceeds of insurance policies

resulting from claims for such losses as well as any additional moneys of the LGA necessary therefor. All net proceeds of insurance resulting from claims for such losses shall be paid to the LGA.

Section 5.10. In the event that title to or the temporary use of the Project Site or the Project, or any part thereof, shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, there shall be no abatement or reduction in the amounts payable by the LGA pursuant to Section 4.1 hereof, and any net proceeds received from any award made in such eminent domain proceedings shall be paid to and held by the LGA in a separate condemnation award account and shall be applied by the LGA in either or both the following ways as shall be determined by the LGA:

(a) The restoration of the facilities of the Project to substantially the same condition as they existed prior to the exercise of said power of eminent domain, or

(b) The acquisition of additional real estate, if necessary, and facilities, by construction or otherwise, equivalent that, when added to the remaining real estate and facilities of the Project, will cause the Project to be substantially the equivalent of the Project as it existed prior to the exercise of said power of eminent domain, which real estate and facilities shall be deemed a part of the Project Site or the Project, as the case may be, without the payment of any amounts other than herein provided, to the same extent as if such real estate and facilities were specifically described herein.

Any balance of the net proceeds of the award in such eminent domain proceedings shall be paid to the LGA upon delivery to the OWDA of a certificate signed by an authorized officer of the LGA that the LGA has complied with either paragraph (a) or (b), or both, of this Section. The OWDA shall cooperate fully with the LGA in the handling and conduct of any prospective or pending condemnation proceedings with respect to the Project Site, the Project, or any part thereof. In no event will the LGA voluntarily settle or consent to the settlement of any prospective or pending condemnation proceedings with respect to the Project Site, the Project, or any part thereof without the written consent of the OWDA.

**ARTICLE VI - REPRESENTATIONS AND AGREEMENTS
OF THE LGA; EVENTS OF DEFAULT AND REMEDIES THEREFOR;
INDEMNIFICATION; COVENANTS OF THE LGA AND THE OWDA**

Section 6.1. The LGA hereby represents:

(a) It is, and the LGA hereby covenants that it shall remain, in compliance with all applicable federal, state and local environmental laws and regulations applicable to the Project during the Contract Period of Years, subject to its right to contest in good faith the issue of non-compliance;

(b) There is no litigation or administrative action or proceeding pending or, to the best of its knowledge, threatened against the LGA, alleging a violation of any federal, state or local environmental law or regulation applicable to the Project except as set forth in the attached; and

(c) No judgment or consent order has been rendered against it, nor is it a party to any agreement, which consent order, judgment or agreement imposes, will impose or has imposed any fines or monetary penalties for the violation of any federal, state or local environmental law or regulation applicable to the Project that have not been paid in full except as set forth in the attached.

Section 6.2. The LGA agrees that each of the following shall be an event of default ("Event of Default") under this Agreement:

(a) The LGA shall fail to make any payment to the OWDA required pursuant to this Agreement when the same is due and payable, including, without limitation, any amount due and payable pursuant to Article IV hereof.

(b) The LGA shall fail to observe and perform any other obligations, agreements or provisions herein, which failure shall continue for thirty (30) days after receipt of written notice thereof from the OWDA; provided, however, that such failure shall not constitute an Event of Default hereunder if the cure of such failure cannot be effected within thirty (30) days and if the LGA is taking all reasonably necessary actions to cure such failure with all deliberate speed.

(c) Any representations made by the LGA in Section 6.1. shall at any time during the Contract Period of Years or while any Fresh Water Loan with the LGA remains outstanding prove to be false.

Section 6.3. Whenever an Event of Default shall have happened and be subsisting, the OWDA may exercise any and all rights and remedies for the enforcement of the obligations of the LGA hereunder. In addition to any other rights or remedies provided herein, by law or otherwise, the OWDA may:

(a) declare the full amount of the then unpaid Loan Advance Loan to be immediately due and payable;

(b) to the extent permitted under any judgment, consent order or agreement affecting the LGA, require the LGA to agree to subordinate the payment of any fines or penalties imposed for the violation of any federal, state or local environmental law or regulation applicable to the Project to the payment of the Loan Advance Loan and the interest due thereon, and the LGA hereby agrees to use its best efforts to effect such subordination.

Section 6.4. No right or remedy conferred upon the OWDA under Section 6.3 hereof is intended to be exclusive of any other right or remedy given herein, by law or otherwise. Each right or remedy shall be cumulative and shall be in addition to every other remedy given herein, by law or otherwise.

Section 6.5 The LGA releases the OWDA from, agrees that the OWDA shall not be liable for, and agrees to hold the OWDA, its officers, employees and agents harmless against, any loss or damage to property, or any loss or injury to or death of any person, or any other loss or damage, that may be occasioned by any cause whatsoever pertaining to the Project or the use thereof; provided that such indemnity under this Section shall not be effective for damages that result from negligent or intentional acts of the OWDA, its officers, employees and agents. The LGA further agrees to indemnify and hold harmless the OWDA and its officers, employees and agents against and from any and all cost, liability, expenses and claims arising from any breach or default on the part of the LGA in the performance of any covenant or agreement on the part of the LGA to be performed pursuant to the terms of this Agreement, arising from the acquisition, construction, installation, or improvement of the Project or arising from any act or negligence of or failure to act by the LGA, or any of its agents, contractors, servants, employees or licensees, or arising from any accident, injury or damage whatsoever caused to any person, firm, or corporation resulting from the Project (other than any accident, injury, or damage that results from negligent or intentional acts of the OWDA, its officers, employees and agents), and from and against all cost, liability and expenses incurred in or in connection with any such claim or action, arbitration or proceeding brought thereon.

In case any action or proceeding be brought against the OWDA by reason of any claim described in this Section, the OWDA agrees to cause written notice of such action or proceeding to be given to the LGA, and the LGA upon notice from the OWDA covenants to resist or defend such action or proceedings at the LGA's expense including all legal and other expenses (including reasonable attorneys' fees).

Section 6.6 The LGA hereby covenants that it will provide copies to the OWDA of all documents necessary for the issuance of the Notes and copies of all official statements or other disclosure documents regarding the Notes prior to the dissemination thereof.

Section 6.7 The OWDA hereby covenants that:

(a) In the event that the LGA is required to apply for a Fresh Water Loan under Section 4.1 hereof and does so in a timely fashion, the OWDA will consider and act upon that application prior to the Loan Maturity Date.

ARTICLE VII - PRIVATE BUSINESS USE RESTRICTIONS

Section 7.1. With respect to the financing of Project by the OWDA as provided herein, the LGA agrees as follows:

(a) At no time will ten percent (10%) or more of any Project to be financed with funds borrowed from the OWDA ("OWDA Funds") be used for any private business use (as hereinafter defined) while at the same time the payment of the principal of, or the interest on, the Notes is directly or indirectly (i) secured by any interest in (A) property used or to be used for a private business use or (B) payments made with respect to such property or (ii) derived from (A) payments

with respect to such property (whether or not made to the OWDA) or (B) borrowed money used or to be used for private business use.

(b) No portion of the OWDA Funds will be used to make or finance loans to persons other than the LGA.

Section 7.2. For purposes of this Agreement, "private business use" means use (directly or indirectly) in a trade or business carried on by any person other than a governmental unit (as hereinafter defined). Use of any Project Facility or Project Site as a member of the general public will not be considered a private business use. Any activity carried on by a person other than a natural person shall be treated as a trade or business. Use by an organization which qualifies under Section 501(c)(3) of the Internal Revenue Code of 1986, as it may be amended from time to time, shall be considered a private business use.

Section 7.3. For purposes of this Agreement, "governmental unit" means a political subdivision within the United States, including any political subdivision within the State of Ohio, but does not mean the United States or any of its governmental branches, departments or agencies.

Section 7.4. If there is any question about the application of the foregoing restrictions relating to private business uses or loans, the LGA agrees to immediately write the OWDA requesting assistance prior to entering into any agreement which may be prohibited as provided hereinabove.

ARTICLE VIII - MISCELLANEOUS PROVISIONS

Section 8.1. Any invoice, accounting, demand, or other communication under this Agreement by either party to the other shall be sufficiently given or delivered if it is dispatched by regular, registered or certified mail, postage prepaid, or delivered personally, and

(i) in the case of the OWDA, is addressed to or delivered personally to the OWDA at:

Ohio Water Development Authority
480 South High Street
Columbus, OH 43215

and

(ii) in the case of the LGA, is addressed to or delivered personally to the LGA at the address listed on the Term Sheet as the "LGA Notice Address," or at such other addresses with respect to either such party as that party may from time to time, designate in writing and forward to the other as provided in this Section.

Section 8.2. Any approval of the OWDA required by this Agreement shall not be unreasonably withheld and shall be deemed to have been given on the thirtieth day following the submission of the matter requiring approval to the Executive Director of the OWDA unless disapproved in writing prior to such thirtieth day. Any provision of the Agreement requiring the approval of the OWDA or the satisfaction or evidence of satisfaction of the OWDA, shall be interpreted as requiring action by the Executive Director of the OWDA granting, authorizing or expressing such approval or satisfaction, as the case may be, unless such provision expressly provides otherwise.

Section 8.3. Upon request of the OWDA, the LGA agrees to execute the information report required by Section 149 of the Internal Revenue Code of 1986, as it may be amended from time to time, with respect to this Agreement, such form to be completed by the OWDA on the basis of information provided by the LGA. The LGA hereby agrees that the OWDA may file such information report for and on behalf of the LGA with the Internal Revenue Service.

Section 8.4. This Agreement is made subject to, and conditional upon, the approval of this Agreement as to form by the General Counsel of the OWDA and upon the certification of availability of funds as provided in Section 3.8 hereof.

Section 8.5. This Agreement shall become effective as of the date first set forth hereinabove and shall continue in full force and effect until all obligations of the LGA hereunder have been fully satisfied.

Section 8.6. This Agreement shall be binding upon and inure to the benefit of the parties hereto and to any person, office, board, department, agency, municipal corporation, or body politic and corporate succeeding by operation of law to the powers and duties of either of the parties hereto. This Agreement shall not be assigned by the LGA without the prior written consent of the OWDA. The OWDA, at its option, may assign this Agreement without the consent of the LGA. All references to the Environmental Protection Agency of the United States of America or to the Director of Environmental Protection of the State of Ohio or to any offices or divisions of either shall include any successors thereto.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized officers as of the day and year first hereinabove written.

APPROVED AS TO FORM

OHIO WATER DEVELOPMENT
AUTHORITY

General Counsel

by: _____
Executive Director

APPROVED AS TO FORM

LGA: _____

LGA Legal Officer or Counsel

by: _____

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by: _____