CITY OF HURRICANE

SEWER REVENUE BONDS, SERIES 2005 A
(WEST VIRGINIA INFRASTRUCTURE FUND); AND

SEWER REVENUE BONDS, SERIES 2005 B
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); AND

SEWER REVENUE BONDS, SERIES 2005 C
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

DATE OF CLOSING: AUGUST 9, 2005

BOND TRANSCRIPT

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CITY OF HURRICANE

Sewer Revenue Bonds, Series 2005 A
(West Virginia Infrastructure Fund)
and
Sewer Revenue Bonds, Series 2005 B
(West Virginia Water Development Authority)
and
Sewer Revenue Bonds, Series 2005 C
(West Virginia Water Development Authority)

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CITY OF HURRICANE

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CITY OF HURRICANE

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF THE CITY OF HURRICANE AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $10,000,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2005 A (WEST VIRGINIA INFRASTRUCTURE FUND), NOT MORE THAN $2,000,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2005 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) AND NOT MORE THAN $1,000,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2005 C (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Ordinance. This Ordinance (together with any ordinance, order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is enacted pursuant to the provisions of Chapter 16, Article 13, Chapter 22C, Article 1 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

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

B. The Issuer presently owns and operates a public sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain extensions, additions, betterments and improvements to the existing public sewerage facilities of the Issuer, consisting of expanding its treatment plant to 4.5 million gallons a day and to make other upgrades to the existing sewer facilities, together with all appurtenant facilities (the "Project") (the existing public sewerage system of the Issuer, the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Recorder of the Issuer.

C. The Issuer intends to permanently finance the costs of acquisition and construction of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority"), which administers the West Virginia Infrastructure Fund (the "Infrastructure Fund") for the West Virginia Infrastructure and Jobs Development Council (the "Council") and the Authority's loan program, pursuant to the Act.

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds, in the total aggregate principal amount of not more than $13,000,000 in three series (collectively, the "Series 2005 Bonds"), being (i) the Sewer Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than $10,000,000 (the "Series 2005 A Bonds"); (ii) the Sewer Revenue Bonds, Series 2005 B (West Virginia Water Development Authority), in the aggregate principal amount of not more than $2,000,000 (the "Series 2005 B Bonds"); and (iii) the Sewer Revenue Bonds, Series 2005 C (West Virginia Water Development Authority), in the aggregate principal amount of not more than $1,000,000, to permanently finance the costs of acquisition and construction of the Project. Such costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2005 Bonds prior to and during acquisition or construction and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Reserve Accounts (as hereinafter defined) for the Series 2005 Bonds; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense; commitment fees; fees and expenses of the Authority; discount; initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2005 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; the acquisition or construction of the Project and the placing of same in operation; and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts

expended by it for allowable costs prior to the issuance of the Series 2005 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that its Series 2005 A Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority, on behalf of the Council, and its Series 2005 B Bonds and Series 2005 C Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority, all in form satisfactory to the respective parties, to be approved hereby if not previously approved by resolution of the Issuer.

G. The Issuer has the following outstanding obligations: (i) Sewer Refunding Revenue Bonds, Series 2003 A, dated October 28, 2003, issued in the original aggregate principal amount of $290,000 and (ii) Sewer Revenue Bonds, Series 1989 A, dated December 28, 1989, issued in the original aggregate principal amount of $2,331,211 (collectively, the "First Lien Bonds"). The Issuer has outstanding its Sewer Revenue Bonds, Series 1989 B, dated December 28, 1989, issued in the original aggregate principal amount of $108,789 (the "Subordinate Bonds"), which are subordinate and junior to the First Lien Bonds as to liens, pledge and source of and security for payment on the Net Revenues of the System. The First Lien Bonds and the Subordinate Bonds are sometimes hereinafter collectively referred to as to the "Prior Bonds".

The Series 2005 A Bonds and the Series 2005 B Bonds shall be issued on a parity with the First Lien Bonds. The Series 2005 C Bonds shall be issued junior and subordinate to the First Lien Bonds, the Series 2005 A Bonds and the Series 2005 B Bonds, and on a parity with the Subordinate Bonds. Prior to the issuance of the Series 2005 Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the First Lien Bonds and Subordinate Bonds are met; (ii) the written consent of the Holders of the First Lien Bonds to the issuance of the Series 2005 A Bonds and the Series 2005 B Bonds on a parity with the First Lien Bonds; and (iii) the written consent of the Holders of the Subordinate Bonds to the issuance of the Series 2005 C Bonds on a parity with the Subordinate Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

H. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System, the principal of and interest on the Issuer's Prior Bonds and the Series 2005 Bonds and to make payments into all funds and accounts and other payments provided for herein.

I. The Issuer has complied with all requirements of West Virginia law, the Loan Agreements (hereinafter defined) relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2005 Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the approval of the Project and the financing thereof by the West Virginia Infrastructure and Jobs Development Council and the obtaining of a Certificate of Public Convenience and Necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2005 Bonds or such final order will not be subject to appeal.

J. Pursuant to the Act, the Issuer has heretofore established a Sanitary Board and the Sanitary Board has petitioned the Governing Body to issue the Series 2005 Bonds for the purposes set forth herein.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2005 Bonds by the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Bondholders of any and all of such Series 2005 Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means, collectively, Chapter 16, Article 13, Chapter 22C, Article 1 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2005 Bonds, or any other agency, board or department of the State that succeeds to the functions of the Authority.

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

"Board" or "Sanitary Board" means the Sanitary Board of the Issuer.

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

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

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

"Bonds" means, collectively, the Series 2005 Bonds and the Prior Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

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

"Closing Date" means the date upon which there is an exchange of the Series 2005 Bonds for all or a portion of the proceeds of the Series 2005 Bonds from the Authority.

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

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

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

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

"Council" means the West Virginia Infrastructure and Jobs Development Council or any successor thereto.

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

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

"First Lien Bonds" means, collectively, the Series 2003 A Bonds and the Series 1989 A Bonds.

"First Lien Bonds Reserve Accounts" means, collectively, the Series 2003 A Bonds Reserve Account and the Series 1989 A Bonds Reserve Account established by the Prior Ordinances.

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

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

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

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided, that "Gross Revenues"does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined, purchased pursuant to Article 8.01 hereof) or any Tap Fees, as hereinafter defined.

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

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

"Investment Property" means

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

(B) any obligation,

(C) any annuity contract,

(D) any investment-type property, or

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

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

"Issuer" means the City of Hurricane, a municipal corporation and political subdivision of the State of West Virginia, in Putnam County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body and/or the Sanitary Board of the Issuer.

"Loan Agreement" or "Loan Agreements" means individually or collectively, the Loan Agreement heretofore entered, or to be entered into, by and between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 2005 A Bonds from the Issuer by the Authority and the Loan Agreements heretofore entered, or to be entered into, by and between the Issuer and the Authority, providing for the purchase of the Series 2005 B Bonds and the Series 2005 C Bonds from the Issuer by the Authority, the forms of which shall be approved and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2005 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2005 A Bonds Reserve Account, the Series 2005 B Bonds Reserve Account and the Series 2005 C Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2005 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

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

"Operating Expenses" means the reasonable, proper and necessary costs of repair, 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.

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

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

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

"Prior Bonds" means collectively, the Issuer's Series 2003 A Bonds, the Series 1989 A Bonds and the Series 1989 B Bonds.

"Prior Ordinances" means the ordinances of the Issuer, as supplemented by the supplemental resolutions of the Issuer, authorizing the Prior Bonds.

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

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

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

"Qualified Investments" means and includes the following:

(a) Government Obligations;

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

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

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

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

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

(g) Repurchase agreements or similar banking arrangements, fully secured by investments of the types described in paragraphs (a) through (e) above or fully insured by the FDIC, with member banks of the Federal Reserve system or banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal

Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

(h) The West Virginia "consolidated fund" managed by the West Virginia Investment Management Board pursuant to Chapter 12, Article 6 of the West Virginia Code of 1931, as amended, including, without limitation, authorized pools of investments operated by such State Board of Investments; and

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

"Recorder" means the Recorder of the Issuer.

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

"Registrar" means the Bond Registrar.

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

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

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Prior Bonds and the Series 2005 Bonds.

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

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

"Series 1989 A Bonds" means the Sewer Revenue Bonds, Series 1989 A, of the Issuer, dated December 28, 1989, issued in the original principal amount of $2,331,211.

"Series 1989 B Bonds" means the Sewer Revenue Bonds, Series 1989 B, of the Issuer, dated December 28, 1989, issued in the original principal amount of $108,789.

"Series 2003 A Bonds" means the Sewer Refunding Revenue Bonds, Series 2003 A, of the Issuer, dated October 28, 2003, issued in the original aggregate principal amount of $290,000.

"Series 2005 Bonds" means, collectively, the Series 2005 A Bonds, the Series 2005 B Bonds and the Series 2005 C Bonds.

"Series 2005 Bonds Construction Trust Fund" means the Series 2005 Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2005 A Bonds" means the Sewer Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), of the Issuer, authorized by this Ordinance.

"Series 2005 A Bonds Reserve Account" means the Series 2005 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2005 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2005 A Bonds in the then current or any succeeding year.

"Series 2005 A Bonds Sinking Fund" means the Series 2005 A Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2005 B Bonds" means the Sewer Revenue Bonds, Series 2005 B (West Virginia Water Development Authority), of the Issuer, authorized by this Ordinance.

"Series 2005 B Bonds Reserve Account" means the Series 2005 B Bonds Reserve Account established by Section 5.02 hereof.

"Series 2005 B Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2005 B Bonds in the then current or any succeeding year.

"Series 2005 B Bonds Sinking Fund" means the Series 2005 B Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2005 C Bonds" means the Sewer Revenue Bonds, Series 2005 C (West Virginia Water Development Authority), of the Issuer, authorized by this Ordinance.

"Series 2005 C Bonds Reserve Account" means the Series 2005 C Bonds Reserve Account established by Section 5.02 hereof.

"Series 2005 C Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2005 C Bonds in the then current or any succeeding year.

"Series 2005 C Bonds Sinking Fund" means the Series 2005 C Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective sinking funds established for the Prior Bonds and the Series 2005 Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 2005 Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2005 Bonds, and not so included may be included in another Supplemental Resolution.

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

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

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

"West Virginia Infrastructure Fund" means the West Virginia Infrastructure Fund established in accordance with Chapter 31, Article 15A, Section 9 of the West Virginia Code of 1931, as amended and in effect on the date of enactment 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 words importing the masculine, feminine or neutral gender shall include any other gender.

ARTICLE II

AUTHORIZATION OF THE ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of the Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project at an estimated cost of not to exceed $13,000,000, which will be paid from proceeds of the Series 2005 Bonds, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2005 Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project in an amount compatible with the financing plan submitted to the Council and the Authority.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2005 Bonds, funding the respective reserve accounts for the Series 2005 Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2005 Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 2005 Bonds of the Issuer. The Series 2005 Bonds shall be issued in three series, each as a single bond, designated respectively as "Sewer Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund)", in the principal amount of not more than $10,000,000, "Sewer Revenue Bonds, Series 2005 B (West Virginia Water Development Authority)," in the principal amount of not more than $2,000,000, and "Sewer Revenue Bonds, Series 2005 C (West Virginia Water Development Authority)," in the principal amount of not more than $1,000,000, and all shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2005 Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the Series 2005 Bonds Construction Trust Fund established by Section 5.01 hereof.

Section 3.02. Terms of Bonds. The Series 2005 Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum, payable on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreements. The Series 2005 Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest, if any, on the Series 2005 Bonds shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2005 Bonds shall initially be issued in the form of a single bond for each series, fully registered to the Authority, with a debt service schedule attached, representing the aggregate principal amount of each series, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2005 Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and

being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 2005 Bonds shall be executed in the name of the Issuer by the Mayor, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Recorder. In case any one or more of the officers who shall have signed or sealed the Series 2005 Bonds shall cease to be such officer of the Issuer before the Series 2005 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 2005 Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2005 Bonds shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2005 Bonds shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2005 Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2005 Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2005 Bonds remain outstanding, the Issuer, through the Bond Registrar or its agent, shall keep and maintain books for the registration and transfer of such Bonds.

The registered Series 2005 Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging or transferring the registered Series 2005 Bonds are exercised, all Series 2005 Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2005 Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Series 2005 Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of any Series 2005 Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2005 Bonds or, in the case of any proposed redemption of such Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2005 Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2005 Bonds shall not, in any event, be or constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2005 Bonds shall ever have the right to compel the

exercise of the taxing power of the Issuer to pay the Series 2005 Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service on the Series 2005 A Bonds and the Series 2005 B Bonds shall be secured by a first lien on the Net Revenues derived from the System, on a parity with each other and with the lien on the Net Revenues in favor of the Holders of the First Lien Bonds and senior and prior with respect to liens, pledge and source of and security for payment to the Series 1989 B Bonds and the Series 2005 C Bonds. The payment of the debt service on the Series 2005 C Bonds shall be secured by a second lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in favor of the Series 1989 B Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds, and to make all other payments hereinafter set forth, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2005 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2005 Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 2005 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2005 Bonds to the original purchasers;

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

D. An executed copy of the Loan Agreement; and

E. The unqualified approving opinions of bond counsel on the Series 2005 Bonds.

Section 3.10. Form of Bonds. The text of the Series 2005 Bonds shall be in substantially the following forms, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 2005 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF HURRICANE
SEWER REVENUE BONDS, SERIES 2005 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That on this the ____ day of _____, 2005, the CITY OF HURRICANE, a municipal corporation and political subdivision of the State of West Virginia in Putnam County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, _____, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit B. The interest shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, _____, as set forth on EXHIBIT B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and

between the Issuer and the Authority, on behalf of the Council, dated _____, 2005.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the public sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing public sewerage system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on _____, 2005, and a Supplemental Resolution duly adopted by the Issuer on _____, 2005 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) SEWER REFUNDING REVENUE BONDS, SERIES 2003 A, DATED OCTOBER 28, 2003, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $290,000 (THE "SERIES 2003 A BONDS"); (2) SEWER REVENUE BONDS, SERIES 1989 A, DATED DECEMBER 28, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,331,211 (THE "SERIES 1989 A BONDS"); AND (3) SEWER REVENUE BONDS, SERIES 2005 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED _____, 2005, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2005 B BONDS"). THE SERIES 1989 A BONDS, THE SERIES 2003 A BONDS AND THE SERIES 2005 B BONDS ARE COLLECTIVELY REFERRED TO AS THE "FIRST LIEN BONDS."

THIS BOND IS ISSUED SENIOR AND PRIOR TO THE ISSUER'S SEWER REVENUE BONDS, SERIES 1989 B, DATED DECEMBER 28, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $108,789; AND SEWER REVENUE BONDS, SERIES 2005 C (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED _____, 2005, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (COLLECTIVELY, THE "SUBORDINATE BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the First Lien Bonds and senior

and prior to the Subordinate Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2005 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2005 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the First Lien Bonds and the Subordinate Bonds; provided however, that, so long as there exists in the Series 2005 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the First Lien Bonds and the Subordinate Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

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

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2005 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2005.

THE HUNTINGTON NATIONAL BANK,
as Registrar

By: _____
Its: Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(a)	$_____		(s)	$_____	
(b)	$_____		(t)	$_____	
(c)	$_____		(u)	$_____	
(d)	$_____		(v)	$_____	
(e)	$_____		(w)	$_____	
(f)	$_____		(x)	$_____	
(g)	$_____		(y)	$_____	
(h)	$_____		(z)	$_____	
(i)	$_____		(aa)	$_____	
(j)	$_____		(bb)	$_____	
(k)	$_____		(cc)	$_____	
(l)	$_____		(dd)	$_____	
(m)	$_____		(ee)	$_____	
(n)	$_____		(ff)	$_____	
(o)	$_____		(gg)	$_____	
(p)	$_____		(hh)	$_____	
(q)	$_____		(ii)	$_____	
(r)	$_____		(jj)	$_____	

TOTAL $

EXHIBIT B

DEBT SERVICE SCHEDULE

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

(FORM OF SERIES 2005 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF HURRICANE
SEWER REVENUE BONDS, SERIES 2005 B
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. BR-_____ $_____

KNOW ALL MEN BY THESE PRESENTS: That on this the ___ day of _____, 2005, the CITY OF HURRICANE, a municipal corporation and political subdivision of the State of West Virginia in Putnam County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), in annual installments on October 1 of each year, beginning _____ 1, 20___, as set forth on the "Debt Service Schedule" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit A.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated _____, 2005.

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

sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing public sewerage system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on _____, 2005, and a Supplemental Resolution duly adopted by the Issuer on _____, 2005 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) SEWER REFUNDING REVENUE BONDS, SERIES 2003 A, DATED OCTOBER 28, 2003, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $290,000 (THE "SERIES 2003 A BONDS"); (2) SEWER REVENUE BONDS, SERIES 1989 A, DATED DECEMBER 28, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,331,211 (THE "SERIES 1989 A BONDS"); AND (3) SEWER REVENUE BONDS, SERIES 2005 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED _____, 2005, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2005 A BONDS"). THE SERIES 1989 A BONDS, THE SERIES 2003 A BONDS AND THE SERIES 2005 A BONDS ARE COLLECTIVELY REFERRED TO AS THE "FIRST LIEN BONDS."

THIS BOND IS ISSUED SENIOR AND PRIOR TO THE ISSUER'S SEWER REVENUE BONDS, SERIES 1989 B, DATED DECEMBER 28, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $108,789; AND SEWER REVENUE BONDS, SERIES 2005 C (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED _____, 2005, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2005 C BONDS") (COLLECTIVELY, THE "SUBORDINATE BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the First Lien Bonds and senior and prior to the Subordinate Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2005 B Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory

provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2005 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the First Lien Bonds and the Subordinate Bonds; provided however, that so long as there exists in the Series 2005 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the First Lien Bonds and the Subordinate Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

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

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2005 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2005.

THE HUNTINGTON NATIONAL BANK,
as Registrar

By: _____
Its: Authorized Officer

EXHIBIT A

DEBT SERVICE SCHEDULE

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

(FORM OF SERIES 2005 C BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF HURRICANE
SEWER REVENUE BONDS, SERIES 2005 C
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. CR-_____ $_____

KNOW ALL MEN BY THESE PRESENTS: That on this the ___ day of _____, 2005, the CITY OF HURRICANE, a municipal corporation and political subdivision of the State of West Virginia in Putnam County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), in annual installments on October 1 of each year, beginning _____ 1, 20___, as set forth on the "Debt Service Schedule" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit A.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated _____, 2005.

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

sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing public sewerage system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on _____, 2005, and a Supplemental Resolution duly adopted by the Issuer on _____, 2005 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED JUNIOR AND SUBORDINATE TO THE ISSUER'S (1) SEWER REFUNDING REVENUE BONDS, SERIES 2003 A, DATED OCTOBER 28, 2003, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $290,000 (THE "SERIES 2003 A BONDS"); (2) SEWER REVENUE BONDS, SERIES 1989 A, DATED DECEMBER 28, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,331,211 (THE "SERIES 1989 A BONDS"); (3) SEWER REVENUE BONDS, SERIES 2005 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED _____, 2005, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2005 A BONDS"); AND (4) SEWER REVENUE BONDS, SERIES 2005 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED _____, 2005, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2005 B BONDS"). THE SERIES 1989 A BONDS, THE SERIES 2003 A BONDS, THE SERIES 2005 A BONDS AND THE SERIES 2005 B BONDS ARE COLLECTIVELY REFERRED TO AS THE "FIRST LIEN BONDS."

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1989 B, DATED DECEMBER 28, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $108,789 (THE "SUBORDINATE BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, junior and subordinate to the First Lien Bonds and on a parity with the pledge of Net Revenues in favor of the Holders of the Subordinate Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2005 C Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory

provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2005 C Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues prior to and on a parity with the Bonds, including the First Lien Bonds and the Subordinate Bonds; provided however, that so long as there exists in the Series 2005 C Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding prior to and on a parity with the Bonds, including the First Lien Bonds and the Subordinate Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

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

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2005 C Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2005.

THE HUNTINGTON NATIONAL BANK,
as Registrar

By: _____
Its: Authorized Officer

EXHIBIT A

DEBT SERVICE SCHEDULE

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreements. The Series 2005 Bonds shall be sold to the Authority, pursuant to the terms and conditions of the respective Loan Agreements. If not so authorized by previous ordinance or resolution, the Mayor is specifically authorized and directed to execute the respective Loan Agreements in the forms attached hereto as "EXHIBIT A" and made a part hereof, and the Recorder is directed to affix the seal of the Issuer, attest the same and deliver them to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreements, including all schedules and exhibits attached thereto, are hereby approved and incorporated in this Bond Legislation.

Section 3.12. Filing of Amended Schedule. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Council and the Authority a schedule for each series of the Series 2005 Bonds, the form of which will be provided by the Authority and the Council, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

(1) Revenue Fund (established by the Prior Ordinances and therein called the "Sewer Revenue Fund");

(2) Operation and Maintenance Fund (established by the Prior Ordinances);

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

(4) Series 2005 Bonds Construction Trust Fund; and

(5) Rebate Fund.

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

(1) Series 2005 A Bonds Sinking Fund;

(2) Series 2005 A Bonds Reserve Account;

(3) Series 2005 B Bonds Sinking Fund;

(4) Series 2005 B Bonds Reserve Account;

(5) Series 2005 C Bonds Sinking Fund; and

(6) Series 2005 C Bonds Reserve Account.

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

separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in the Prior Ordinance and in this Bond Legislation. All monies in the Revenue Fund shall be disposed of only in the following manner and order of priority:

(1) The Issuer shall first, each month, transfer from the Revenue Fund to the Operation and Maintenance Fund an amount sufficient to pay current Operating Expenses of the System.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the respective sinking funds for the First Lien Bonds, the amounts required by the respective Prior Ordinances to pay the interest on the First Lien Bonds; (ii) commencing 3 months prior to the first date of payment of interest on the Series 2005 A Bonds for which interest has not been capitalized or as required in the Loan Agreement, for deposit in the Series 2005 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will become due on the Series 2005 A Bonds on the next ensuing quarterly interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2005 A Bonds Sinking Fund and the next quarterly interest payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly interest payment date, the required amount of interest coming due on such date; and (iii) commencing 7 months prior to the first date of payment of interest on the Series 2005 B Bonds for which interest has not been capitalized or as required in the Loan Agreement, for deposit in the Series 2005 B Bonds Sinking Fund, an amount equal to 1/6th of the amount of interest which will become due on the Series 2005 B Bonds on the next ensuing semiannual interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2005 B Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next semiannual interest payment date, the required amount of interest coming due on such date.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the respective sinking funds for the First Lien Bonds, the amounts required by the Prior Ordinances to pay the principal of the First Lien Bonds; (ii) commencing 3 months prior to the first date of payment of principal of the Series 2005 A Bonds, for deposit in the Series 2005 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2005 A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2005 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall

be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date; and (iii) commencing 13 months prior to the first date of payment of principal of the Series 2005 B Bonds, for deposit in the Series 2005 B Bonds Sinking Fund, an amount equal to 1/12th of the amount of principal which will mature and become due on the Series 2005 B Bonds on the next ensuing annual principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2005 B Bonds Sinking Fund and the next annual principal payment date is less than 13 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the respective reserve accounts for the First Lien Bonds, the amounts required by the Prior Ordinances to be deposited therein; (ii) commencing 3 months prior to the first date of payment of principal of the Series 2005 A Bonds, if not fully funded upon issuance of the Series 2005 A Bonds, for deposit in the Series 2005 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2005 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2005 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2005 A Bonds Reserve Requirement; and (iii) commencing 13 months prior to the first date of payment of principal of the Series 2005 B Bonds, if not fully funded upon issuance of the Series 2005 B Bonds, for deposit in the Series 2005 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2005 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2005 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2005 B Bonds Reserve Requirement.

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

deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

(6) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) the amount required by the Prior Ordinances to pay interest on the Series 1989 B Bonds; and (ii) commencing 7 months prior to the first date of payment of interest on the Series 2005 C Bonds for which interest has not been capitalized or as required in the Loan Agreement, for deposit in the Series 2005 C Bonds Sinking Fund, an amount equal to 1/6th of the amount of interest which will become due on the Series 2005 C Bonds on the next ensuing semiannual interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2005 C Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next semiannual interest payment date, the required amount of interest coming due on such date.

(7) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) the amount required by the Prior Ordinances to pay principal of the Series 1989 B Bonds; and (ii) commencing 13 months prior to the first date of payment of principal of the Series 2005 C Bonds, for deposit in the Series 2005 C Bonds Sinking Fund, an amount equal to 1/12th of the amount of principal which will mature and become due on the Series 2005 C Bonds on the next ensuing annual principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2005 C Bonds Sinking Fund and the next annual principal payment date is less than 13 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(8) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the reserve account for the Series 1989 B Bonds, the amount required by the Prior Ordinances to be deposited therein; and (ii) commencing 13 months prior to the first date of payment of principal of the Series 2005 C Bonds, if not fully funded upon issuance of the Series 2005 C Bonds, for deposit in the Series 2005 C Bonds Reserve Account, an amount equal to 1/120th of the Series 2005 C Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2005 C Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2005 C Bonds Reserve Requirement.

Monies in the Series 2005 A Bonds Sinking Fund, Series 2005 B Bonds Sinking Fund and Series 2005 C Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2005 Bonds, respectively, as the same shall become due. Monies in the Series 2005 A Bonds Reserve Account, the Series 2005 B Bonds Reserve Account and the Series 2005 C Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2005 Bonds, respectively, as the same shall come due, when other monies in the respective Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2005 A Bonds Sinking Fund, the Series 2005 A Bonds Reserve Account, the Series 2005 B Bonds Sinking Fund, the Series 2005 B Bonds Reserve Account, the Series 2005 C Bonds Sinking Fund and the Series 2005 C Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, as applicable, be deposited in the Series 2005 Bonds Construction Trust Fund, and following completion thereof, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 2005 A Bonds and the Series 2005 B Bonds, respectively, and then to the next ensuing principal payment due thereon, all on a pro rata basis and thereafter, to the debt service on the Series 2005 C Bonds.

Any withdrawals from the Series 2005 A Bonds Reserve Account, the Series 2005 B Bonds Reserve Account and the Series 2005 C Bonds Reserve Account which result in a reduction in the balance of such accounts to below the respective Reserve Requirements thereof, shall be restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 2005 Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve account in an amount equal to the requirement thereof.

The Issuer shall not be required to make any further payments into the Series 2005 A Bonds Sinking Fund, the Series 2005 A Bonds Reserve Account, the Series 2005 B Bonds Sinking Fund, the Series 2005 B Bonds Reserve Account, the Series 2005 C Bonds Sinking Fund and the Series 2005 C Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the respective aggregate principal amount of the Series 2005 Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the First Lien Bonds, the Series 2005 A Bonds and the Series 2005 B Bonds, and thereafter, with respect to the Series 1989 B Bonds and the Series 2005 C Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2005 A Bonds Sinking Fund, the Series 2005 A Bonds Reserve Account, the Series 2005 B Bonds Sinking Fund, the Series 2005 B Bonds Reserve Account, the Series 2005 C Bonds Sinking Fund and the Series 2005 C Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 2005 A Bonds Sinking Fund, the Series 2005 A Bonds Reserve Account, the Series 2005 B Bonds Sinking Fund, the Series 2005 B Bonds Reserve Account, the Series 2005 C Bonds Sinking Fund and the Series 2005 C Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2005 A Bonds Sinking Fund, the Series 2005 A Bonds Reserve Account, the Series 2005 B Bonds Sinking Fund, the Series 2005 B Bonds Reserve Account, the Series 2005 C Bonds Sinking Fund and the Series 2005 C Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2005 Bonds, respectively, under the conditions and restrictions set forth herein.

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

C. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required principal, interest and reserve payments with respect to the Series 2005 Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

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

E. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay their respective charges and fees then due. In the

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

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

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

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

ARTICLE VI

APPLICATION OF BOND PROCEEDS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the monies received from the sale of the Series 2005 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2005 A Bonds, there shall first be deposited with the Commission in the Series 2005 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2005 A Bonds for the period commencing on the date of issuance of the Series 2005 A Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 2005 A Bonds, there shall be deposited with the Commission in the Series 2005 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2005 A Bonds Reserve Account.

C. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2005 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2005 Bonds Construction Trust Fund and applied solely to payment of the costs of the Project in the manner set forth in Section 6.02 hereof and, until so expended, are hereby pledged as additional security for the Series 2005 A Bonds.

D. From the proceeds of the Series 2005 B Bonds, there shall first be deposited with the Commission in the Series 2005 B Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2005 B Bonds for the period commencing on the date of issuance of the Series 2005 B Bonds and ending 6 months after the estimated date of completion of construction of the Project.

E. Next, from the proceeds of the Series 2005 B Bonds, there shall be deposited with the Commission in the Series 2005 B Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2005 B Bonds Reserve Account.

F. The remaining monies derived from the sale of the Series 2005 B Bonds, shall be deposited with the Depository Bank in the Series 2005 Bonds Construction Trust Fund and applied solely to payment of the costs of the Project in the manner set forth in Section 6.02 hereof and, until so expended, are hereby pledged as additional security for the Series 2005 B Bonds.

G. From the proceeds of the Series 2005 C Bonds, there shall first be deposited with the Commission in the Series 2005 C Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2005 C Bonds for the period commencing on the date of issuance of the Series 2005 C Bonds and ending 6 months after the estimated date of completion of construction of the Project.

H. Next, from the proceeds of the Series 2005 C Bonds, there shall be deposited with the Commission in the Series 2005 C Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2005 C Bonds Reserve Account.

I. The remaining monies derived from the sale of the Series 2005 C Bonds, shall be deposited with the Depository Bank in the Series 2005 Bonds Construction Trust Fund and applied solely to payment of the costs of the Project in the manner set forth in Section 6.02 hereof and, until so expended, are hereby pledged as additional security for the Series 2005 C Bonds.

J. After completion of the construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2005 A Bonds shall be expended as directed by the Council and any remaining proceeds of the Series 2005 B Bonds and the Series 2005 C Bonds shall be expended as directed by the Authority.

Section 6.02. Disbursements of Bond Proceeds.

A. The Issuer shall each month provide the Council with a requisition for the costs incurred for the Project, together with such documentation as the Council shall require. Payments for Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements of the proceeds of the Series 2005 A Bonds from the Series 2005 Bonds Construction Trust Fund shall be made only after submission to, and approval from, the Council of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

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

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

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

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

Pending such application, monies in the Series 2005 Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

The Issuer shall expend all proceeds of the Series 2005 A Bonds within 3 years of the date of issuance of the Council's bonds, the proceeds of which were used to make the loan to the Issuer.

B. Except as provided in Section 6.01 hereof, disbursements of the proceeds of the Series 2005 B Bonds from the Series 2005 Bonds Construction Trust Fund shall be made each month only after submission to the Depository Bank of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

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

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

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

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

In case any contract provides for the retention of a portion of the contract price, the Depository Bank shall disburse from the Series 2005 Bonds Construction Trust Fund only the net amount remaining after deduction of any such portion. All payments made from the Series 2005 Bond Construction Trust Fund shall be presumed by the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from the Series 2005 Bonds Construction Trust Fund. The Consulting Engineers shall from time to time file with the Depository Bank written statements advising the Depository Bank of its then authorized representative.

Pending such application, monies in the Series 2005 Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

The Issuer shall expend all proceeds of the Series 2005 B Bonds within three (3) years of the date of issuance of the Authority's bonds, the proceeds of which were used to make the loan to the Issuer.

C. Except as provided in Section 6.01 hereof, disbursements of the proceeds of the Series 2005 C Bonds from the Series 2005 Bonds Construction Trust Fund shall be made each month only after submission to the Depository Bank of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

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

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

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

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

In case any contract provides for the retention of a portion of the contract price, the Depository Bank shall disburse from the Series 2005 Bonds Construction Trust Fund only the net amount remaining after deduction of any such portion. All payments made from the Series 2005 Bond Construction Trust Fund shall be presumed by the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from the Series 2005 Bonds Construction Trust Fund. The Consulting Engineers shall from time to time file with the Depository Bank written statements advising the Depository Bank of its then authorized representative.

Pending such application, monies in the Series 2005 Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

The Issuer shall expend all proceeds of the Series 2005 C Bonds within three (3) years of the date of issuance of the Authority's bonds, the proceeds of which were used to make the loan to the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2005 Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2005 Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2005 Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2005 Bonds shall not be nor constitute a corporate indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 2005 Bonds shall ever have the right to compel the exercise fo the taxing power of the Issuer to pay the Series 2005 Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service on the Series 2005 A Bonds and the Series 2005 B Bonds shall be secured by a first lien on the Net Revenues derived from the System, on a parity with each other and with the lien on the Net Revenues in favor of the Holders of the First Lien Bonds and senior and prior with respect to liens, pledge and source of and security for payment to the Series 1989 B Bonds and the Series 2005 C Bonds. The payment of the debt service on the Series 2005 C Bonds shall be secured by a second lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in favor of the Series 1989 B Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds, and to make all other payments hereinafter set forth, are hereby irrevocably pledged to such payments as they become due.

Section 7.04. Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the sewer rate ordinance of the Issuer enacted March 21, 2004, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2005 Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the

Bond Legislation and in compliance with the Loan Agreements. In the event the schedule of rate and charges initially established for the System in connection with the Series 2005 Bonds shall prove to be insufficient to produce the amounts required by this Bond Legislation and the Loan Agreements, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates and charges and take all such actions necessary to provide funds sufficient to produce the amounts required by this Bond Legislation and the Loan Agreements.

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

So long as the Series 2005 Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the Council, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding, in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall immediately be remitted to the Commission for deposit in the Series 2005 A Bonds Sinking Fund and the Series 2005 B Bonds Sinking Fund, respectively, pro rata with respect to the principal amount of each of the Bonds then Outstanding, and thereafter, in the Series 2005 C Bonds Sinking Fund, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest on the Series 2005 Bonds in accordance with Article X hereof. Any balance remaining after the payment of the Series 2005 Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Board shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor is not in excess of $50,000, the Board shall, in writing, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Board may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Revenue Fund. If the amount to be received from such sale, lease or other disposition of said property shall be in excess of $50,000 but not in excess of $200,000, the Board shall first, in writing, determine with the written approval of the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Governing Body may then, if it be so advised, by resolution duly adopted, approve and concur in such finding and authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property, in excess of $50,000 and not in excess of $200,000, shall

be deposited by the Issuer into the Renewal and Replacement Fund. Such payments of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said fund by other provisions of the Prior Ordinance and this Bond Legislation.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the source fiscal year for such sales, leases or other dispositions of such properties, shall be in excess of $200,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders , or their duly authorized representatives, of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in Section 7.07 hereof, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2005 Bonds. All obligations issued by the Issuer after the issuance of the Series 2005 Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 2005 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2005 Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2005 Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinance shall be applicable. In addition, no additional Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2005 Bonds pursuant to this Ordinance, without the prior written consent of the Authority and the Council and without complying with the conditions and requirements herein provided (unless less restrictive than the provisions of the Prior Ordinance).

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

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

(1) The Bonds then Outstanding;

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

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

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

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

All covenants and other provisions of this Ordinance (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds theretofore or subsequently issued from time to time within the limitations of and in compliance with this section. Bonds

issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and security for payment from said revenues, without preference of any Bond of one series over any other Bond of the same series. The Issuer shall comply fully with all the increased payments into the various funds and account created in this Ordinance required for and on account of such Parity Bonds, in addition to the payments required for the Bonds theretofore issued pursuant to this Ordinance.

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

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

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

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

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

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

The Board shall file with the Authority and the Council, or any other original purchaser of the Series 2005 Bonds and shall mail in each year to any Holder or Holders of the Series 2005 Bonds, requesting the same, an annual report containing the following:

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

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

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

The Board shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants in compliance with the applicable OMB Circular, or any successor thereof, and the Single Audit Act, or any successor thereof, to the extent legally required, and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2005 Bonds and shall submit the report to the Authority and the Council, or any other original purchaser of the Series 2005 Bonds. Such audit report submitted to the Authority and the Council shall include a statement that notes whether the results of test disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

The Board shall permit the Authority or the Council, or their agents and representatives, to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction and commencement of operation of the Project, the Board shall also provide the Authority and the Council, or their agents and representatives, with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority and the Council with respect to the System pursuant to the Act.

Section 7.09. Rates. Prior to the issuance of the Series 2005 Bonds, rates or charges for the use of the services and facilities of the System will be fixed and established, all in the manner and form required by law, and a copy of such rates and charges so fixed and established shall at all times be kept on file in the office of the Recorder of the Issuer, which copy will be open to inspection by all interested parties. The schedule or schedules of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds and accounts created hereunder. Such schedule or schedules of rates and charges shall be revised from time to time, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule or schedules of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System, (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2005 Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2005 Bonds; provided that, in the event that, an amount equal to or in excess of the Reserve Requirement is on deposit in the Reserve Accounts and any reserve accounts for obligations on a parity with the Series 2005 Bonds are funded at least at the requirement therefor, such sum need only equal 110% of the maximum amount required in any year for payment of principal of and interest on the Series 2005 Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2005 Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance described in Section 7.04.

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

Section 7.10. Operating Budget and Monthly Financial Report. The Board shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority and the Council within 30 days of adoption thereof.

No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a registered professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Board shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Board shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority, the Council and to any Holder of any Bonds who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her, within 30 days of adoption thereof and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder of any Bonds or anyone acting for and in behalf of such Holder of any Bonds.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for 2 years following the completion of the Project, the Board shall each month complete a "Monthly Financial Report," a form of which is attached to the Loan Agreements, and forward a copy of such report to the Authority and the Council by the 10th day of each month.

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

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

The Board shall employ qualified operating personnel properly certified by the State to operate the System during the entire term of the Loan Agreements.

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

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Board further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System and any services and facilities of the water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of the System or the water system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law. If the water system is not owned by the Issuer, the Issuer will, to the extent allowed by law, use diligent efforts to enter into a similar termination agreement with the provider of such water, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders thereof.

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

Section 7.15. Insurance and Construction Bonds. A. The Board hereby covenants and agrees that so long as the Series 2005 Bonds remain Outstanding, the Board

will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

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

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

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT OR COMPLETION BONDS, such bonds to be in the amounts of not less than 100% of the amount of any construction contract and to be required of each contractor dealing directly with the Board and such payment bonds will be filed with the Clerk of the County Commission of the County in which such work is to be performed prior to commencement of construction of any additions, extensions or improvements for the System in compliance with West Virginia Code, Section 38-2-39.

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

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

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

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

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

Section 7.16. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the sewerage facilities portion of the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the sewerage facilities portion of the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the sewerage facilities portion of the System, pay the rates and charges established therefor.

Any such house, dwelling or building from which emanates sewage or water-borne waste matter and which is not so connected with the sewerage facilities portion of the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the Issuer and a public nuisance which shall be abated to the

extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

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

The Board will obtain all permits required by state and federal laws for the acquisition and construction of the Project, all orders and approvals from the Public Service Commission of West Virginia and the Council necessary for the acquisition and construction of the Project and the operation of the System and all approvals of issuance of the Series 2005 Bonds required by State law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. Compliance with Loan Agreements and Law. The Issuer and the Board shall perform, satisfy and comply with all the terms and conditions of the Loan Agreements and the Act. Notwithstanding anything herein to the contrary, the Issuer and the Board will provide the Council with copies of all documents submitted to the Authority. The Issuer and the Board also agree to comply with all applicable laws, rules and regulations issued by the Authority, the Council or other state, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

Section 7.19. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2005 Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2005 Bonds during the term thereof is, under the terms of the Series 2005 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2005 Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2005 Bonds during the term thereof is, under the terms of the Series 2005 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2005 Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 2005 Bonds are for the purpose of financing more than one project, a portion of the

Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related, all of the foregoing to be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of 5% of the Net Proceeds of the Series 2005 Bonds are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2005 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2005 Bonds and the interest thereon, including, without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 2005 Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions, or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

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

Section 7.21. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2005 Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the Council for written approval. The Issuer shall obtain the written approval of the Council before expending any proceeds of the Series 2005 A Bonds held in "contingency" as set forth in the Schedule attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the Council before expending any proceeds of the Series 2005 A Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the funding provided by the Council and the Authority in any press release, publication, program bulletin, sign or other public communication that

references the Project, including but not limited to any program document distributed in conjunction with any ground breaking or dedication of the Project.

ARTICLE VIII

INVESTMENT OF FUNDS; NON ARBITRAGE

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2005 Bonds are Outstanding and as long thereafter as necessary to comply with the Code and to assure the exclusion of interest, if any, on the Series 2005 Bonds from gross income for federal income tax purposes.

Section 8.02. Arbitrage and Tax Exemption. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 2005 Bonds which would cause the Series 2005 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Series 2005 Bonds) so that the interest on the Series 2005 Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. Tax Certificate and Rebate. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Series 2005 Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2005 Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, unless otherwise agreed by the Authority, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder and shall be used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be from time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefore. In addition, the Issuer shall cooperate with the Authority in preparing rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer. The Issuer may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer may deem appropriate in order to assure compliance with this Section 8.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 8.03 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay the required rebate amount, any and all interest, penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, and take any other actions necessary, in order to maintain the exclusion of interest on the Series 2005 Bonds from gross income for federal income tax purposes.

The Issuer shall furnish to the Authority, annually, and at such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information relating thereto as may be requested by the Authority. In addition, the Issuer shall cooperate with the Authority in preparing any required rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer.

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation and certificate with respect thereto or, if the Issuer qualifies for the small governmental issue exception to rebate, or any other exception thereto, then the Issuer shall submit to the Authority a certificate stating that it is exempt from such rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Series 2005 Bonds subject to rebate. The Issuer shall also furnish to the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority including information with respect to earnings on all funds constituting "gross proceeds" of the Series 2005 Bonds (as such term "gross proceeds" is defined in the Code).

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2005 Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on any Series 2005 Bonds; or

(2) If default occurs in the Issuer or the Board's observance of any of the covenants, agreements or conditions on their respective parts relating to the Series 2005 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2005 Bonds, and such default shall have continued for a period of 30 days after the Issuer or Board, as appropriate, shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond; or

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner or Bondholder of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners or Bondholders including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds; (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners or Bondholders of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2005 A Bonds and the Series 2005 B Bonds shall be on a parity with those of the Holders of the First Lien Bonds and all rights and remedies of the Holders of the Series 2005 C Bonds shall be on a parity with the Series 1989 B Bonds and junior and subordinate to the First Lien Bonds, the Series 2005 A Bonds and the Series 2005 B Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after

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

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

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

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

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

ARTICLE X

PAYMENT AND DEFEASANCE OF BONDS

Section 10.01. Payment of Series 2005 A Bonds. If the Issuer shall pay or there shall otherwise be paid, to the Holders of the Series 2005 A Bonds, the principal of and interest due or to become due thereon at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2005 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 2005 A Bonds from gross income for federal income tax purposes.

Section 10.02. Defeasance of Series 2005 B Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all of the Series 2005 B Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2005 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 2005 B Bonds from gross income for federal income tax purposes.

Series 2005 B Bonds for the payment of which either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Series 2005 B Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 2005 B Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with other monies, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 2005 B Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor monies deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 2005 B Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and

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

Section 10.03. Defeasance of Series 2005 C Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all of the Series 2005 C Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2005 C Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 2005 C Bonds from gross income for federal income tax purposes.

Series 2005 C Bonds for the payment of which either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Series 2005 C Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 2005 C Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with other monies, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 2005 C Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor monies deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 2005 C Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2005 Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2005 Bonds, no material modification or amendment of this Ordinance, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2005 Bonds shall be made without the consent in writing of the Registered Owners of the Series 2005 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Series 2005 Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2005 Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest on the Series 2005 Bonds from gross income of the holders thereof.

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

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution or the Series 2005 Bonds.

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

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

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Ordinance do exist, have happened, have been

performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, the Recorder and members of the Governing Body and the Board were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

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

Section 11.08. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in the *Hurricane Breeze*, a qualified newspaper published and of general circulation in the City of Hurricane, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2005 Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

Passed on First Reading:	July 5, 2005
Passed on Second Reading:	July 18, 2005
Passed on Final Reading Following Public Hearing:	August 1, 2005

Raymond Peak
Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Governing Body of the City of Hurricane on the 1st day of August, 2005.

Dated: August 9, 2005.

[SEAL]

Linda L. Gleason
Recorder

EXHIBIT A

Loan Agreements included in bond transcript as Documents 3 and 4

06/01/05
435630.00001

CITY OF HURRICANE

Sewer Revenue Bonds, Series 2005 A
(West Virginia Infrastructure Fund)
and
Sewer Revenue Bonds, Series 2005 B
(West Virginia Water Development Authority)
and
Sewer Revenue Bonds, Series 2005 C
(West Virginia Water Development Authority)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2005 A (WEST VIRGINIA INFRASTRUCTURE FUND), SEWER REVENUE BONDS, SERIES 2005 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) AND SEWER REVENUE BONDS, SERIES 2005 C (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) OF THE CITY OF HURRICANE; APPROVING AND RATIFYING THE LOAN AGREEMENTS RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

Whereas, the City Council (The "Governing Body") of the City of Hurricane (the "Issuer") has duly and officially adopted and enacted a bond ordinance, effective August 1, 2005 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF THE CITY OF HURRICANE AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $10,000,000 IN ORIGINAL AGGREGATE PRINCIPAL

AMOUNT OF SEWER REVENUE BONDS, SERIES 2005 A (WEST VIRGINIA INFRASTRUCTURE FUND), NOT MORE THAN $2,000,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2005 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) AND NOT MORE THAN $1,000,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2005 C (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Ordinance provides for the issuance of Sewer Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), Sewer Revenue Bonds, Series 2005 B (West Virginia Water Development Authority), and Sewer Revenue Bonds, Series 2005 C (West Virginia Water Development Authority) of the Issuer (collectively, the "Series 2005 Bonds" and individually, the "Series 2005 A Bonds," the "Series 2005 B Bonds," and the "Series 2005 C Bonds"), in the respective aggregate principal amounts not to exceed $10,000,000, $2,000,000, and $1,000,000 and has authorized the execution and delivery of a loan agreement relating to the Series 2005 A Bonds, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and loan agreements relating to the Series 2005 B Bonds and Series 2005 C Bonds, by and between the Issuer and the Authority (collectively, the "Loan Agreements"), all in accordance with Chapter 16, Article 13, Chapter 22C, Article 1 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Ordinance it is provided that the form of the Loan Agreements and the exact principal amounts, dates, maturity dates, redemption provisions, interest rates, interest and principal payment dates, sale prices and other terms of the Series 2005 Bonds should be established by a supplemental resolution pertaining to the Series 2005 Bonds; and that other matters relating to the Series 2005 Bonds be herein provided for;

WHEREAS, the Loan Agreements have been presented to the Issuer at this meeting;

WHEREAS, the Series 2005 Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreements; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreements be approved and ratified by the Issuer, that the exact principal amounts, the dates, the maturity dates, the redemption provisions, the interest rates, the interest and principal payment dates and the sale prices of the Series 2005 Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Series 2005 Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF HURRICANE, AS FOLLOWS:

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

A. Sewer Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $9,240,515. The Series 2005 A Bonds shall be dated the date of delivery thereof, shall finally mature December 1, 2027, and shall bear interest at the rate of 3% per annum. The principal of and the interest on the Series 2005 A Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2008, and maturing December 1, 2027, and in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement for the Series 2005 A Bonds and incorporated in and made a part of the Series 2005 A Bonds. The Series 2005 A Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2005 A Bonds.

B. Sewer Revenue Bonds, Series 2005 B (West Virginia Water Development Authority), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $1,114,236. The Series 2005 B Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2025, shall bear interest at the rate of 5% per annum, payable semiannually on April 1 and October 1 of each year, commencing October 1, 2005. The Series 2005 B Bonds shall be payable in annual installments of principal on October 1

of each year, commencing October 1, 2007, and maturing October 1, 2025, all as set forth in the "Schedule Y" attached to the Loan Agreement for the Series 2005 B Bonds and incorporated in and made a part of the Series 2005 B Bonds. The Series 2005 B Bonds shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 2005 B Bonds.

C. Sewer Revenue Bonds, Series 2005 C (West Virginia Water Development Authority), of the Issuer, originally represented by a single Bond, numbered CR-1, in the principal amount of $485,764. The Series 2005 C Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2025, shall bear interest at the rate of 5% per annum, payable semiannually on April 1 and October 1 of each year, commencing October 1, 2005. The Series 2005 C Bonds shall be payable in annual installments of principal on October 1 of each year, commencing October 1, 2007, and maturing October 1, 2025, all as set forth in the "Schedule Y" attached to the Loan Agreement for the Series 2005 C Bonds and incorporated in and made a part of the Series 2005 C Bonds. The Series 2005 C Bonds shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 2005 C Bonds.

Section 2. All other provisions relating to the Series 2005 Bonds and the text of each series of the Series 2005 Bonds shall be in substantially the forms provided in the Bond Ordinance.

Section 3. The Issuer does hereby authorize, approve, ratify and accept the Loan Agreements, copies of which are incorporated herein by reference, and the execution and delivery of the Loan Agreements by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreements and in the application to the Council and the Authority. The price of the Series 2005 Bonds shall be 100% of par value, there being no interest accrued thereon.

Section 4. The Issuer does hereby appoint and designate The Huntington National Bank, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Series 2005 Bonds under the Bond Ordinance and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Series 2005 Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed.

Section 5. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Series 2005 Bonds under the Bond Ordinance.

Section 6. The Issuer does hereby appoint and designate the Putnam County Bank, Hurricane, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 7. Series 2005 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2005 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 2005 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2005 A Bonds Reserve Account.

Section 9. Series 2005 B Bonds proceeds in the amount of $60,000 shall be deposited in the Series 2005 B Bonds Sinking Fund, as capitalized interest.

Section 10. Series 2005 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 2005 B Bonds Reserve Account.

Section 11. Series 2005 C Bonds proceeds in the amount of $-0- shall be deposited in the Series 2005 C Bonds Sinking Fund, as capitalized interest.

Section 12. Series 2005 C Bonds proceeds in the amount of $-0- shall be deposited in the Series 2005 C Bonds Reserve Account.

Section 13. The balance of the proceeds of the Series 2005 A Bonds, the Series 2005 B Bonds and Series 2005 C Bonds shall be deposited in or credited to the Series 2005 Bonds Construction Trust Fund for payment of the costs of the Project, including, without limitation, costs of issuance of the Series 2005 Bonds and related costs.

Section 14. The Mayor and the Recorder are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Series 2005 Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Series 2005 Bonds may be delivered on or about August 9, 2005, to the Authority pursuant to the Loan Agreement.

Section 15. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Series 2005 Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 16. The Issuer does hereby ratify, approve and accept all contracts relating to the financing, acquisition and construction of the Project.

Section 17. The Issuer hereby determines to invest all monies in the funds and accounts established by the Bond Ordinance held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such monies to be invested in such repurchase agreements or time accounts until further directed in writing by the Issuer. Monies in the Sinking Fund, and the Reserve Accounts for the Series 2005 Bonds, shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 18. The Issuer shall not permit at any time or times any of the proceeds of the Series 2005 Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Series 2005 Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the Series 2005 Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations to be promulgated thereunder.

Section 19. The Issuer hereby approves payment of all invoices and bills for the Project which have been received to date from the proceeds of the Series 2005 Bonds.

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

[Remainder of Page Intentionally Left Blank]

Adopted this 1st day of August, 2005.

Raymond Cook

Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of the City of Hurricane on the 1st day of August, 2005.

Dated: August 9, 2005.

[SEAL]

Linda L Gibson
Recorder

07/27/05
435630.00001

IC-1
(11/01/04)

LOAN AGREEMENT

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

CITY OF HURRICANE - SERIES A
(Governmental Agency)

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered upon request of the Council to make loans to governmental agencies for the acquisition or construction of projects by such governmental agencies, subject to such provisions and limitations as are contained in the Act;

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

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

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

WHEREAS, the Governmental Agency has completed and filed with the Authority an Application for a Construction Loan with attachments and exhibits and an Amended Application for a Construction Loan also with attachments and exhibits (together,

as further revised and supplemented, the "Application"), which Application is incorporated herein by this reference; and

WHEREAS, having reviewed the Application and made all findings required by the Act and having available sufficient funds therefor, the Council has authorized the Authority to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Governmental Agency with money in the Infrastructure Fund, subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Council's loan program (the "Program") as hereinafter set forth.

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

ARTICLE I

Definitions

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

1.2 "Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser of the Bonds, acting in its administrative capacity pursuant to Section 10 of the Act and upon authorization from the Council.

1.3 "Consulting Engineers" means the professional engineer, licensed by the State, designated in the Application and any qualified successor thereto; provided, however, when a Loan is made for a Project financed, in part, by the Office of Abandoned Mine Lands, "Consulting Engineers" shall mean the West Virginia Department of Environmental Protection, or any successor thereto.

1.4 "Infrastructure Fund" means the West Virginia Infrastructure Fund established in accordance with Section 9 of the Act.

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

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

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

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

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

1.10 "Project" means the project hereinabove referred to, to be constructed or being constructed by the Governmental Agency in whole or in part with the net proceeds of the Local Bonds.

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

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

ARTICLE II

The Project and the System

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

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

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

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

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

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

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

2.8 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Council and the Authority and shall verify or have verified such insurance prior to commencement of construction. Until the Project facilities are completed and accepted by the Governmental Agency, the Governmental Agency or (at the option of the Governmental Agency) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor and all subcontractors, as their interests may appear. If facilities of the System

which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Governmental Agency on or before the Date of Loan Closing, as hereinafter defined, and maintained so long as any of the Local Bonds is outstanding. Prior to commencing operation of the Project, the Governmental Agency must also obtain, and maintain so long as any of the Local Bonds are outstanding, business interruption insurance if available at a reasonable cost.

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

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

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

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

ARTICLE III

Conditions to Loan;
Issuance of Local Bonds

3.1 The agreement of the Authority and Council to make the Loan is subject to the Governmental Agency's fulfillment, to the satisfaction of the Authority and the Council, of each and all of those certain conditions precedent on or before the delivery date

for the Local Bonds, which shall be the date established pursuant to Section 3.4 hereof. Said conditions precedent are as follows:

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

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

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

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

(e) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") and the Council necessary for the construction of the Project and operation of the System, with all requisite appeal periods having expired without successful appeal, and the Authority and the Council shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority and the Council, to such effect;

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

(g) The Governmental Agency shall have obtained any and all approvals of rates and charges required by State law and shall have taken any other action required to establish and impose such rates and charges (imposition of such rates and charges is not, however, required to be effective until completion of construction of the Project), with all requisite appeal periods having expired without successful appeal, and the Authority and the Council shall have received an opinion of counsel to the Governmental Agency, which

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

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

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

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

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

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

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Council for loans from the Infrastructure Fund to finance projects and that the obligation of the Authority to make any such loan is subject to the Council's authorization and the Governmental Agency's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing. The Governmental Agency specifically recognizes that the Authority will not purchase the Local Bonds unless and until sufficient funds are available in the Infrastructure Fund to purchase all the Local Bonds and that, prior to execution of this Loan Agreement, the Authority may commit to and purchase the revenue bonds of other governmental agencies for which it has sufficient funds available.

ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

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

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

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

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

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by a pledge of either the gross or net revenues of the System, as more fully set forth in Schedule X attached hereto and in the Local Act;

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

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

(iv) That, except as otherwise required by State law or with the written consent of the Council and the Authority, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Local Bonds outstanding, with further restrictions on the disposition of portions of the System as are normally contained in such covenants;

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

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

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

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

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

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

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

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

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

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

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

(xv) That, as long as the Authority is the owner of any of the Local Bonds, the Governmental Agency may not redeem any Local Bonds by it without the written consent of the Authority and the Council and otherwise in compliance with this Loan Agreement;

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

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

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

(xix) That the Governmental Agency shall take any and all action, or shall refrain from taking any action regarding the use of the proceeds of the Local Bonds, as shall be deemed necessary by the Authority to maintain the exclusion from gross income for federal income tax purposes of interest on the State's general obligation bonds or any bonds secured by the Local Bonds;

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

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

(xxii) That the Governmental Agency shall furnish to the Authority such information with respect to earnings on all funds constituting "gross proceeds" of the Local Bonds (as that term is defined in the Internal Revenue Code of 1986, as amended) from time to time as the Authority may request;

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

(xxiv) That the Governmental Agency shall list the funding provided by the Authority and the Council in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any groundbreaking or dedication of the Project; and

(xxv) That, unless it qualifies for an exception, the Governmental Agency shall comply with all the requirements of Chapter 21, Article 1C of the Code of West Virginia, 1931, as amended (the "West Virginia Jobs Act") and shall require its contractors and subcontractors to comply with the West Virginia Jobs Act. The Governmental Agency shall provide the Council and the Authority with a certificate stating that (I) the Governmental Agency will comply with all the requirements of the West Virginia Jobs Act; (II) the Governmental Agency has included the provisions of the West Virginia Jobs Act in each contract and subcontract for the Project; (III) the Governmental Agency has received or will receive, prior to entering into contracts or subcontracts, from each contractor or subcontractor a certificate demonstrating compliance with Section 4 of the West Virginia

Jobs Act or waiver certificates from the West Virginia Division of Labor ("DOL"); and (IV) the Governmental Agency will file with the DOL and the Council copies of the waiver certificates and certified payrolls or comparable documents that include the number of employees, the county and state wherein the employees reside and their occupation, following the procedures established by the DOL. The monthly requisitions submitted to the Council shall also certify that the Governmental Agency is monitoring compliance by its contractors and subcontractors and that the required information has been submitted.

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

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

4.3 The principal of the Loan shall be repaid by the Governmental Agency on the days and in the years provided in Schedule X hereto. Interest payments on the Loan shall be made by the Governmental Agency on a quarterly basis as provided in said Schedule X.

4.4 The Loan shall bear interest from the date and at the rate or rates per annum set forth on Schedule X hereto. In no event shall the interest rate on or the net interest cost of the Local Bonds exceed any statutory limitation with regard thereto.

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

4.6 The Governmental Agency agrees to expend the net proceeds of the Local Bonds for the Project within 3 years of the issuance of the bonds which are the source of money used to purchase the Local Bonds, unless otherwise agreed to by the Council.

ARTICLE V

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

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

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

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

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under the Act and State law, including, without limitation, the right to an appointment of a receiver.

ARTICLE VI

Other Agreements of the Governmental Agency

6.1 The Governmental Agency hereby warrants and represents that all information provided to the Authority and the Council in this Loan Agreement, in the Application or in any other application or documentation with respect to financing the Project was at the time, and now is, true, correct and complete, and such information does not omit

any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Prior to the Authority's making the Loan and receiving the Local Bonds, the Authority and the Council shall have the right to cancel all or any of their obligations under this Loan Agreement if (a) any representation made to the Authority and the Council by the Governmental Agency in connection with the Loan shall be incorrect or incomplete in any material respect or (b) the Governmental Agency has violated any commitment made by it in its Application or in any supporting documentation or has violated any of the terms of the Act or this Loan Agreement.

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

6.3 Notwithstanding Section 6.2, the Authority may at any time, in its sole discretion, cause the rebate calculations prepared by or on behalf of the Governmental Agency to be monitored or cause the rebate calculations for the Governmental Agency to be prepared, in either case at the expense of the Governmental Agency.

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

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

ARTICLE VII

Miscellaneous

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

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

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

7.3 The Authority shall take all actions required by the Council in making and enforcing this Loan Agreement.

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

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

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

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

7.8 The Authority acknowledges that certain terms and requirements in this Loan Agreement may not be applicable when the Project is financed in part by the West Virginia Department of Environmental Protection, Office of Abandoned Mine Lands and under that circumstance those terms and requirements are specifically waived or modified as agreed to by the Authority and set forth in the Local Act.

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

7.10 This Loan Agreement shall terminate upon the earlier of:

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

(ii) termination by the Authority and the Council pursuant to Section 6.1 hereof; or

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

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

CITY OF HURRICANE

(SEAL)

By: Raymond Price
Its: Mayor
Date: August 9, 2005

Attest:

Linda L Gibson
Its: Recorder

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: [signature]
Its: Director
Date: August 9, 2005

Attest:

Barbara B Meadows
Its: Secretary-Treasurer

000832/00466
07/12/05

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

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

1. My firm is engineer for the acquisition and construction of _____ to the _____ system (the "Project") of _____ (the "Issuer"), to be constructed primarily in _____ County, West Virginia, which acquisition and construction are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer. Capitalized words not defined herein shall have the same meanings set forth in the bond _____ adopted or enacted by the Issuer on _____, and the Loan Agreement by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), dated _____.

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

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

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

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

[SEAL]

_____

By: _____
West Virginia License No. _____

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

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

EXHIBIT B

OPINION OF BOND COUNSEL FOR GOVERNMENTAL AGENCY

[To Be Dated as of Date of Loan Closing]

West Virginia Infrastructure and
Jobs Development Council
300 Summers Street, Suite 980
Charleston, West Virginia 25301

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

Ladies and Gentlemen:

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

We have examined a certified copy of proceedings and other papers relating to the authorization of (i) a loan agreement dated _____, _____, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated _____, _____ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are issued in the principal amount of $_____, in the form of one bond, registered as to principal and interest to the Authority, with interest and principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, beginning _____, 1, _____, and ending _____, 1, _____, as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

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

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the bond _____ duly adopted or enacted by the Governmental Agency on _____, as supplemented by the supplemental resolution duly adopted by the Governmental Agency on _____ (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement has been undertaken. The Local Bonds are subject to redemption prior

to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

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

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

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

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

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

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

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

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

Very truly yours,

EXHIBIT C

MONTHLY FINANCIAL REPORT

Name of Governmental Agency _____
Name of Bond Issue(s) _____
Type of Project _____ **Water** _____ **Wastewater**
Fiscal Year _____ **Report Month** _____

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

_____
Name of Person Completing Form

_____
Address

_____
Telephone

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

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

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

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

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

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

EXHIBIT D

MONTHLY PAYMENT FORM

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:

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

Witness my signature this ___ day of_____.

[Name of Governmental Agency]

By: _____
Authorized Officer

Enclosure: copy of check(s)

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds	$9,240,515
Purchase Price of Local Bonds	$9,240,515

The Local Bonds shall bear no interest from the date of delivery to December 1, 2007. Commencing December 1, 2007, interest on the Local Bonds will accrue at the rate of 3% per annum. Commencing March 1, 2008, interest on and principal of the Local Bonds is payable quarterly. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

The Governmental Agency shall submit its payments monthly to the Commission which will make quarterly payments to the Authority at such address as is given to the Commission in writing by the Authority.

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

The Governmental Agency may prepay the Local Bonds in full at any time at the price of par but only with the Council's written consent. The Governmental Agency shall request approval from the Authority and Council in writing of any proposed debt which will be issued by the Governmental Agency on a parity with the Local Bonds which request must be filed at least 60 days prior to the intended date of issuance.

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

1. Sewer Revenue Bonds, Series 1989 A, dated December 28, 1989, issued in the original principal amount of $2,331,211.

2. Sewer Refunding Revenue Bonds, Series 2003 A, dated October 28, 2003, issued in the original principal amount of $290,000.

3. Sewer Revenue Bonds, Series 2005 B (West Virginia Water Development Authority), dated August 9, 2005, issued in the original principal amount of $1,114,236.

$9,240,515

City of Hurricane
20 Years; 3.0% Interest Rate
Closing Date: August 9, 2005

Debt Service Schedule

Part 1 of 3

Date	Principal	Coupon	Interest	Total P+I
09/01/2005	-	-	-	-
12/01/2005	-	-	-	-
03/01/2006	-	-	-	-
06/01/2006	-	-	-	-
09/01/2006	-	-	-	-
12/01/2006	-	-	-	-
03/01/2007	-	-	-	-
06/01/2007	-	-	-	-
09/01/2007	-	-	-	-
12/01/2007	-	-	-	-
03/01/2008	84,718.99	3.000%	69,303.86	154,022.85
06/01/2008	85,354.39	3.000%	68,668.47	154,022.86
09/01/2008	85,994.54	3.000%	68,028.31	154,022.85
12/01/2008	86,639.50	3.000%	67,383.35	154,022.85
03/01/2009	87,289.30	3.000%	66,733.56	154,022.86
06/01/2009	87,943.97	3.000%	66,078.89	154,022.86
09/01/2009	88,603.55	3.000%	65,419.31	154,022.86
12/01/2009	89,268.07	3.000%	64,754.78	154,022.85
03/01/2010	89,937.59	3.000%	64,085.27	154,022.86
06/01/2010	90,612.12	3.000%	63,410.74	154,022.86
09/01/2010	91,291.71	3.000%	62,731.15	154,022.86
12/01/2010	91,976.40	3.000%	62,046.46	154,022.86
03/01/2011	92,666.22	3.000%	61,356.64	154,022.86
06/01/2011	93,361.22	3.000%	60,661.64	154,022.86
09/01/2011	94,061.42	3.000%	59,961.43	154,022.85
12/01/2011	94,766.89	3.000%	59,255.97	154,022.86
03/01/2012	95,477.64	3.000%	58,545.22	154,022.86
06/01/2012	96,193.72	3.000%	57,829.14	154,022.86
09/01/2012	96,915.17	3.000%	57,107.68	154,022.85
12/01/2012	97,642.04	3.000%	56,380.82	154,022.86
03/01/2013	98,374.35	3.000%	55,648.50	154,022.85
06/01/2013	99,112.16	3.000%	54,910.70	154,022.86
09/01/2013	99,855.50	3.000%	54,167.36	154,022.86
12/01/2013	100,604.42	3.000%	53,418.44	154,022.86
03/01/2014	101,358.95	3.000%	52,663.91	154,022.86
06/01/2014	102,119.14	3.000%	51,903.71	154,022.85
09/01/2014	102,885.04	3.000%	51,137.82	154,022.86
12/01/2014	103,656.67	3.000%	50,366.18	154,022.85
03/01/2015	104,434.10	3.000%	49,588.76	154,022.86
06/01/2015	105,217.35	3.000%	48,805.50	154,022.85
09/01/2015	106,006.48	3.000%	48,016.37	154,022.85
12/01/2015	106,801.53	3.000%	47,221.32	154,022.85
03/01/2016	107,602.54	3.000%	46,420.31	154,022.85
06/01/2016	108,409.56	3.000%	45,613.29	154,022.85

$9,240,515

City of Hurricane
20 Years; 3.0% Interest Rate
Closing Date: August 9, 2005

Debt Service Schedule

Part 2 of 3

Date	Principal	Coupon	Interest	Total P+I
09/01/2016	109,222.64	3.000%	44,800.22	154,022.86
12/01/2016	110,041.80	3.000%	43,981.05	154,022.85
03/01/2017	110,867.12	3.000%	43,155.74	154,022.86
06/01/2017	111,698.62	3.000%	42,324.23	154,022.85
09/01/2017	112,536.36	3.000%	41,486.49	154,022.85
12/01/2017	113,380.38	3.000%	40,642.47	154,022.85
03/01/2018	114,230.74	3.000%	39,792.12	154,022.86
06/01/2018	115,087.47	3.000%	38,935.39	154,022.86
09/01/2018	115,950.62	3.000%	38,072.23	154,022.85
12/01/2018	116,820.25	3.000%	37,202.60	154,022.85
03/01/2019	117,696.41	3.000%	36,326.45	154,022.86
06/01/2019	118,579.13	3.000%	35,443.73	154,022.86
09/01/2019	119,468.47	3.000%	34,554.38	154,022.85
12/01/2019	120,364.49	3.000%	33,658.37	154,022.86
03/01/2020	121,267.22	3.000%	32,755.64	154,022.86
06/01/2020	122,176.72	3.000%	31,846.13	154,022.85
09/01/2020	123,093.05	3.000%	30,929.81	154,022.86
12/01/2020	124,016.25	3.000%	30,006.61	154,022.86
03/01/2021	124,946.37	3.000%	29,076.49	154,022.86
06/01/2021	125,883.47	3.000%	28,139.39	154,022.86
09/01/2021	126,827.59	3.000%	27,195.26	154,022.85
12/01/2021	127,778.80	3.000%	26,244.06	154,022.86
03/01/2022	128,737.14	3.000%	25,285.72	154,022.86
06/01/2022	129,702.67	3.000%	24,320.19	154,022.86
09/01/2022	130,675.44	3.000%	23,347.42	154,022.86
12/01/2022	131,655.50	3.000%	22,367.35	154,022.85
03/01/2023	132,642.92	3.000%	21,379.94	154,022.86
06/01/2023	133,637.74	3.000%	20,385.11	154,022.85
09/01/2023	134,640.03	3.000%	19,382.83	154,022.86
12/01/2023	135,649.83	3.000%	18,373.03	154,022.86
03/01/2024	136,667.20	3.000%	17,355.66	154,022.86
06/01/2024	137,692.20	3.000%	16,330.65	154,022.85
09/01/2024	138,724.89	3.000%	15,297.96	154,022.85
12/01/2024	139,765.33	3.000%	14,257.52	154,022.85
03/01/2025	140,813.57	3.000%	13,209.28	154,022.85
06/01/2025	141,869.67	3.000%	12,153.18	154,022.85
09/01/2025	142,933.70	3.000%	11,089.16	154,022.86
12/01/2025	144,005.70	3.000%	10,017.16	154,022.86
03/01/2026	145,085.74	3.000%	8,937.11	154,022.85
06/01/2026	146,173.88	3.000%	7,848.97	154,022.85
09/01/2026	147,270.19	3.000%	6,752.67	154,022.86
12/01/2026	148,374.71	3.000%	5,648.14	154,022.85
03/01/2027	149,487.53	3.000%	4,535.33	154,022.86

$9,240,515

City of Hurricane
20 Years; 3.0% Interest Rate
Closing Date: August 9, 2005

Debt Service Schedule

Part 3 of 3

Date	Principal	Coupon	Interest	Total P+I
06/01/2027	150,608.68	3.000%	3,414.17	154,022.85
09/01/2027	151,738.25	3.000%	2,284.61	154,022.86
12/01/2027	152,876.28	3.000%	1,146.57	154,022.85
Total	**$9,240,515.00**	-	**$3,081,313.45**	**$12,321,828.45**

Yield Statistics

Accrued Interest from 08/09/2005 to 08/09/2005	(640,675.71)
Bond Year Dollars	$124,066.31
Average Life	13.426 Years
Average Coupon	2.4836022%
Net Interest Cost (NIC)	2.4836022%
True Interest Cost (TIC)	3.0359093%
Bond Yield for Arbitrage Purposes	3.0359093%
All Inclusive Cost (AIC)	3.0359093%

IRS Form 8038

Net Interest Cost	3.0000000%
Weighted Average Maturity	13.426 Years

SCHEDULE Z

None.

WDA-LP II
(11/01/04)

LOAN AGREEMENT

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

CITY OF HURRICANE - SERIES B
(Governmental Agency)

W I T N E S S E T H:

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

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

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

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

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

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

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

ARTICLE I

Definitions

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

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

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

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

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

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

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

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

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

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

2.7 The Governmental Agency shall require that each construction contractor furnish a performance bond and a payment bond, each in an amount at least equal

to one hundred percent (100%) of the contract price of the portion of the Project covered by the particular contract as security for the faithful performance of such contract and shall verify or shall have verified such bonds prior to commencement of construction.

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

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

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

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

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

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

(d) No Loan shall be made for the purpose of refinancing any outstanding long-term indebtedness of a Governmental Agency unless an opinion of counsel is received by the Authority to the effect that such refinancing is permitted by the Act and the General Resolution, and that such refinancing will not cause a violation of any covenant, representation or agreement of the Authority contained in the General Resolution or any tax

or arbitrage certificate with respect to the exclusion of the interest on the Authority's water development revenue bonds from gross income of the holders thereof for federal income tax purposes;

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

(f) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") and the West Virginia Infrastructure and Jobs Development Council necessary for the construction of the Project and operation of the System, with all requisite appeal periods having expired without successful appeal, and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

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

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

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

(j) The net proceeds of the Local Bonds, together with all moneys on deposit or to be simultaneously deposited (or, with respect to proceeds of grant anticipation notes or other indebtedness for which a binding purchase contract has been entered, to be deposited on a date certain) and irrevocably pledged thereto and the proceeds

of grants irrevocably committed therefor, shall be sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and the Authority shall have received a certificate of the Consulting Engineers, or such other person or firm experienced in the financing of water development projects and satisfactory to the Authority, to such effect, such certificate to be in form and substance satisfactory to the Authority, and evidence satisfactory to the Authority of such irrevocably committed grants.

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

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

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

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Authority for loans from the Program to finance water development projects and that the obligation of the Authority to make any such loan is subject to the Governmental Agency's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing and to the right of the Authority to make such loans to other governmental agencies as in the aggregate will permit the fullest and most timely utilization of such proceeds to enable the Authority to pay debt service on the water development revenue bonds issued by it. The Governmental Agency specifically recognizes that the Authority will not purchase the Local Bonds unless

and until it has available funds sufficient to purchase all the Local Bonds and that, prior to execution of this Loan Agreement, the Authority may commit to and purchase the revenue bonds of other governmental agencies for which it has sufficient funds available. The Governmental Agency further specifically recognizes that during the last 90 days of a period to originate Loans from its water development revenue bond proceeds, the Authority may execute Loan Agreements, commit moneys and close Local Bond sales in such order and manner as it deems in the best interest of the Program. Additionally, the Governmental Agency recognizes that the Authority will purchase the Local Bonds only with funds from the Program and not with funds from any other loan programs of the Authority.

ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document, as reflected on the Schedule X attached hereto, and beginning seven (7) months prior to the first date of payment of interest on the Local Bonds and thirteen (13) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth (1/6) of the interest payment next coming due on the Local Bonds and one-twelfth (1/12) of the principal payment next coming due on the Local Bonds and, beginning thirteen (13) months prior to the first date of payment of principal of the Local Bonds, if the reserve account for the Local Bonds (the "Reserve Account") was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof

(which, with an approving opinion of bond counsel to the Governmental Agency, may be with a letter of credit or surety or other security instrument) in an amount equal to the maximum amount of principal and interest which will come due on the Local Bonds in the then current or any succeeding year (the "Reserve Requirement"), by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) (or such other amount as shall be acceptable to the Authority and as shall fund the Reserve Account over not more than ten (10) years) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

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

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

(b) Covenants substantially as follows:

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

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

(iii) That the Governmental Agency shall complete the Project, shall operate and maintain the System in good condition and, to the extent applicable, in compliance with, among other state and federal standards, the water quality standards established by the West Virginia Bureau for Public Health (the "BPH"), the West Virginia Department of Environmental Protection (the "DEP") and the United States Environmental Protection Agency (the "EPA"), shall permit the BPH, the DEP and EPA to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof, and shall, as a condition precedent to the Authority's making the Loan, have obtained, among other permits required, permits from the BPH, the DEP and the EPA, if required;

(iv) That, except as otherwise required by State law or with the written consent of the Authority, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Local Bonds outstanding, with further restrictions on the disposition of portions of the System as are normally contained in such covenants;

(v) That the Governmental Agency shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on all Local Bonds and parity bonds theretofore and then being issued and on any obligations secured by a lien on or payable from the revenues of the System prior to the Local Bonds and with the prior written consent of the Authority; provided, however, that additional parity bonds may be issued to complete the Project, as described in the Application as of the date hereof, without regard to the foregoing;

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

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

(viii) That the Authority may, by proper legal action, compel the performance of the duties of the Governmental Agency under the Local Act, including the making and collection of sufficient rates or charges for services rendered by the System, and

shall also have, in the event of a default in payment of principal of or interest on the Local Bonds, the right to obtain the appointment of a receiver to administer the System or construction of the Project, or both, as provided by law;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(xxiii) That the Governmental Agency shall furnish to the Authority such information with respect to earnings on all funds constituting "gross proceeds" of the Local Bonds (as that term is defined in the Internal Revenue Code of 1986, as amended) from time to time as the Authority may request;

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

(xxv) That the Governmental Agency shall list the funding provided by the Authority in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any groundbreaking or dedication of the Project;

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

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

(xxviii) That, unless it qualifies for an exception, the Governmental Agency shall comply with all the requirements of Chapter 21, Article 1C of the Code of West Virginia, 1931, as amended (the "West Virginia Jobs Act") and shall require its contractors and subcontractors to comply with the West Virginia Jobs Act. The Governmental Agency shall provide the Authority with a certificate stating that (I) the Governmental Agency will comply with all the requirements of the West Virginia Jobs Act; (II) the Governmental Agency has included the provisions of the West Virginia Jobs Act in each contract and subcontract for the Project; (III) the Governmental Agency has received

or will receive, prior to entering into contracts or subcontracts, from each contractor or subcontractor a certificate demonstrating compliance with Section 4 of the West Virginia Jobs Act or waiver certificates from the West Virginia Division of Labor ("DOL"); and (IV) the Governmental Agency will file with the DOL and the Authority copies of the waiver certificates and certified payrolls or comparable documents that include the number of employees, the county and state wherein the employees reside and their occupation, following the procedures established by the DOL.

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

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

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

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

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

4.6 The Governmental Agency agrees to pay from time to time, as required by the Authority, the Governmental Agency's allocable share of the reasonable administrative expenses of the Authority relating to the Program. Such administrative expenses shall be as

determined by the Authority and shall include, without limitation, Program expenses, legal fees paid by the Authority and fees paid to the trustee and paying agents for the water development revenue bonds. The Authority shall provide both the Governmental Agency and the trustee for the water development revenue bonds with a schedule of such fees and charges, and the Governmental Agency shall pay such fees and charges on the dates indicated directly to the trustee. The Governmental Agency hereby specifically authorizes the Authority to exercise the powers granted it by Section 9.06 of the General Resolution.

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

4.8 As long as the Authority is the owner of any of the Local Bonds outstanding, the Governmental Agency shall not redeem any of such Local Bonds outstanding without the written consent of the Authority, and any such redemption of Local Bonds authorized by the Authority shall provide for the payment of interest to the first allowable redemption date for the applicable water development revenue bonds, the redemption premium payable on the applicable water development revenue bonds redeemable as a consequence of such redemption of Local Bonds and the costs and expenses of the Authority in effecting any such redemption, all as further prescribed by Section 9.11 of the General Resolution. Nothing in this Loan Agreement shall be construed to prohibit the Authority from refunding applicable water development revenue bonds, and such refunding need not be based upon or result in any benefit to the Governmental Agency.

ARTICLE V

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

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

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

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

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

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

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

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

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

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

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

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

ARTICLE VII

Miscellaneous

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

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

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

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

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

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

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

7.8 This Loan Agreement shall terminate upon the earlier of:

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

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

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

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

CITY OF HURRICANE

(SEAL)

By: Raymond Beck
Its: Mayor
Date: August 9, 2005

Attest:

Linda L Gibson
Its: Recorder

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

By: [signature]
Its: Director
Date: August 9, 2005

Attest:

Barbara B Meadows
Its: Secretary-Treasurer

00832/00302
11/01/04

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

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

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

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

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

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

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

[SEAL]

_____

By: _____
West Virginia License No. _____

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

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

EXHIBIT B

OPINION OF BOND COUNSEL FOR GOVERNMENTAL AGENCY

[To Be Dated as of Date of Loan Closing]

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

Ladies and Gentlemen:

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

We have examined a certified copy of proceedings and other papers relating to the authorization of (i) a loan agreement dated _____, ____, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated _____, ____ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are issued in the principal amount of $_____, in the form of one bond, registered as to principal and interest to the Authority, with interest payable semiannually on April 1 and October 1 of each year, commencing _____ 1, ____, at the rate of __% per annum, and with principal payable annually on October 1 of each year, commencing _____ 1, ____, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

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

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the bond _____ duly adopted or enacted by the Governmental Agency on _____, as supplemented by the supplemental resolution duly adopted by the Governmental Agency on _____ (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

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

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

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

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

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

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

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

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

Very truly yours,

EXHIBIT C

MONTHLY FINANCIAL REPORT

Name of Governmental Agency _____

Name of Bond Issue(s) _____

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

Fiscal Year _____ **Report Month** _____

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

_____

Name of Person Completing Form

_____

Address

_____

Telephone

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

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

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

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

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

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

EXHIBIT D

MONTHLY PAYMENT FORM

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:

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

Witness my signature this ___ day of_____.

[Name of Governmental Agency]

By: _____
Authorized Officer

Enclosure: copy of check(s)

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds $1,114,236
Purchase Price of Local Bonds $1,114,236

Interest on the Local Bonds is payable on April 1 and October 1 in each year, beginning with the first semiannual interest payment date after delivery of the Local Bonds to the Authority, until the Local Bonds are paid in full, at the rate of 5% per annum. Principal of the Local Bonds is payable on October 1 in each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

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

(1) Sewer Revenue Bonds, Series 1989 A, dated December 28,1989, issued in the original principal amount of $2,331,211;

(2) Sewer Refunding Revenue Bonds, Series 2003 A, dated October 28, 2003, issued in the original principal amount of $290,000; and

(3) Sewer Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), dated August 9, 2005, issued in the original principal amount of $9,240,515.

$1,114,236

City of Hurricane
(Loan from WDA LP-II 2003 Series A)
Closing Date: August 9, 2005

Debt Service Schedule

Part 1 of 2

Date	Principal	Coupon	Interest	Total P+I
10/01/2005	-	-	8,047.26	8,047.26
04/01/2006	-	-	27,855.90	27,855.90
10/01/2006	-	-	27,855.90	27,855.90
04/01/2007	-	-	27,855.90	27,855.90
10/01/2007	36,486.00	5.000%	27,855.90	64,341.90
04/01/2008	-	-	26,943.75	26,943.75
10/01/2008	38,310.00	5.000%	26,943.75	65,253.75
04/01/2009	-	-	25,986.00	25,986.00
10/01/2009	40,225.00	5.000%	25,986.00	66,211.00
04/01/2010	-	-	24,980.38	24,980.38
10/01/2010	42,237.00	5.000%	24,980.38	67,217.38
04/01/2011	-	-	23,924.45	23,924.45
10/01/2011	44,349.00	5.000%	23,924.45	68,273.45
04/01/2012	-	-	22,815.73	22,815.73
10/01/2012	46,566.00	5.000%	22,815.73	69,381.73
04/01/2013	-	-	21,651.58	21,651.58
10/01/2013	48,894.00	5.000%	21,651.58	70,545.58
04/01/2014	-	-	20,429.23	20,429.23
10/01/2014	51,339.00	5.000%	20,429.23	71,768.23
04/01/2015	-	-	19,145.75	19,145.75
10/01/2015	53,906.00	5.000%	19,145.75	73,051.75
04/01/2016	-	-	17,798.10	17,798.10
10/01/2016	56,601.00	5.000%	17,798.10	74,399.10
04/01/2017	-	-	16,383.08	16,383.08
10/01/2017	59,431.00	5.000%	16,383.08	75,814.08
04/01/2018	-	-	14,897.30	14,897.30
10/01/2018	62,403.00	5.000%	14,897.30	77,300.30
04/01/2019	-	-	13,337.23	13,337.23
10/01/2019	65,523.00	5.000%	13,337.23	78,860.23
04/01/2020	-	-	11,699.15	11,699.15
10/01/2020	68,799.00	5.000%	11,699.15	80,498.15
04/01/2021	-	-	9,979.18	9,979.18
10/01/2021	72,239.00	5.000%	9,979.18	82,218.18
04/01/2022	-	-	8,173.20	8,173.20
10/01/2022	75,851.00	5.000%	8,173.20	84,024.20
04/01/2023	-	-	6,276.93	6,276.93
10/01/2023	79,644.00	5.000%	6,276.93	85,920.93
04/01/2024	-	-	4,285.83	4,285.83
10/01/2024	83,626.00	5.000%	4,285.83	87,911.83
04/01/2025	-	-	2,195.18	2,195.18
10/01/2025	87,807.00	5.000%	2,195.18	90,002.18
Total	**$1,114,236.00**	-	**$701,274.96**	**$1,815,510.96**

SCHEDULE Z

None

WDA-LP IV
(4/28/05)

LOAN AGREEMENT

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

CITY OF HURRICANE - SERIES C
(Governmental Agency)

W I T N E S S E T H:

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

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

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

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

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

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

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

ARTICLE I

Definitions

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

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

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

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

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

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

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

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

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

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

2.7 The Governmental Agency shall require that each construction contractor furnish a performance bond and a payment bond, each in an amount at least equal

to one hundred percent (100%) of the contract price of the portion of the Project covered by the particular contract as security for the faithful performance of such contract and shall verify or shall have verified such bonds prior to commencement of construction.

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

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

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

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

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

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

(d) No Loan shall be made for the purpose of refinancing any outstanding long-term indebtedness of a Governmental Agency unless an opinion of counsel is received by the Authority to the effect that such refinancing is permitted by the Act and the General Resolution, and that such refinancing will not cause a violation of any covenant, representation or agreement of the Authority contained in the General Resolution or any tax

or arbitrage certificate with respect to the exclusion of the interest on the Authority's water development revenue bonds from gross income of the holders thereof for federal income tax purposes;

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

(f) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") and the West Virginia Infrastructure and Jobs Development Council necessary for the construction of the Project and operation of the System, with all requisite appeal periods having expired without successful appeal, and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

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

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

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

(j) The net proceeds of the Local Bonds, together with all moneys on deposit or to be simultaneously deposited (or, with respect to proceeds of grant anticipation notes or other indebtedness for which a binding purchase contract has been

entered, to be deposited on a date certain) and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, shall be sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and the Authority shall have received a certificate of the Consulting Engineers, or such other person or firm experienced in the financing of water development projects and satisfactory to the Authority, to such effect, such certificate to be in form and substance satisfactory to the Authority, and evidence satisfactory to the Authority of such irrevocably committed grants.

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

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

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

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Authority for loans from the Program to finance water development projects and that the obligation of the Authority to make any such loan is subject to the Governmental Agency's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing and to the right of the Authority to make such loans to other governmental agencies as in the aggregate will permit the fullest and most timely utilization of such proceeds to enable the Authority to pay debt service on the water development revenue bonds issued by it. The Governmental

Agency specifically recognizes that the Authority will not purchase the Local Bonds unless and until it has available funds sufficient to purchase all the Local Bonds and that, prior to execution of this Loan Agreement, the Authority may commit to and purchase the revenue bonds of other governmental agencies for which it has sufficient funds available. The Governmental Agency further specifically recognizes that during the last 90 days of a period to originate Loans from its water development revenue bond proceeds, the Authority may execute Loan Agreements, commit moneys and close Local Bond sales in such order and manner as it deems in the best interest of the Program. Additionally, the Governmental Agency recognizes that the Authority will purchase the Local Bonds only with funds from the Program and not with funds from any other loan programs of the Authority.

ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document, as reflected on the Schedule X attached hereto, and beginning seven (7) months prior to the first date of payment of interest on the Local Bonds and thirteen (13) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth (1/6) of the interest payment next coming due on the Local Bonds and one-twelfth (1/12) of the principal payment next coming due on the Local Bonds and, beginning thirteen (13) months prior to the first date of payment of principal of the Local Bonds, if the reserve account for the Local Bonds (the "Reserve Account") was not funded

from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof (which, with an approving opinion of bond counsel to the Governmental Agency, may be with a letter of credit or surety or other security instrument) in an amount equal to the maximum amount of principal and interest which will come due on the Local Bonds in the then current or any succeeding year (the "Reserve Requirement"), by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) (or such other amount as shall be acceptable to the Authority and as shall fund the Reserve Account over not more than ten (10) years) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

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

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

(b) Covenants substantially as follows:

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

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

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

(iv) That, except as otherwise required by State law or with the written consent of the Authority, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Local Bonds outstanding, with further restrictions on the disposition of portions of the System as are normally contained in such covenants; provided that, any sale or disposition of the properties of the System in excess of $100,000 shall require the written consent of the Authority;

(v) That the Governmental Agency shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on all Local Bonds and parity bonds theretofore and then being issued and on any obligations secured by a lien on or payable from the revenues of the System prior to the Local Bonds and with the prior written consent of the Authority; provided that, the Authority shall have received a bond counsel parity opinion and an accountant certificate stating that the coverage and parity requirements have been met and the parity bonds must have a reserve account requirement of at least 1 year's debt service, to be funded at closing or over 10 years;

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

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

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

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

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

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

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

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

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

(xv) That, as long as the Authority is the owner of any of the Local Bonds, the Governmental Agency may advance refund its Local Bonds during the first 15 years at a premium of 1% over the premium, if any, to be paid by the Authority by depositing sufficient funds (principal, interest and premium, if any,) at the Commission (as hereinafter defined) to redeem such Local Bonds on the first available call date; provided that, after the first 15 years, the Governmental Agency may prepay its Local Bonds at par, plus interest payable to the next available call date, at any time.

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

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

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

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

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

(xxi) That the Governmental Agency shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required interest, principal and reserve account payment. The Governmental Agency shall complete the Monthly Payment Form, attached hereto as

Exhibit D and incorporated herein by reference, and submit a copy of said form along with a copy of the check or electronic transfer to the Authority by the 5th day of such calendar month;

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

(xxiii) That the Governmental Agency shall list the funding provided by the Authority in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any groundbreaking or dedication of the Project; and

(xxiv) That, unless it qualifies for an exception, the Governmental Agency shall comply with all the requirements of Chapter 21, Article 1C of the Code of West Virginia, 1931, as amended (the "West Virginia Jobs Act") and shall require its contractors and subcontractors to comply with the West Virginia Jobs Act. The Governmental Agency shall provide the Authority with a certificate stating that (I) the Governmental Agency will comply with all the requirements of the West Virginia Jobs Act; (II) the Governmental Agency has included the provisions of the West Virginia Jobs Act in each contract and subcontract for the Project; (III) the Governmental Agency has received or will receive, prior to entering into contracts or subcontracts, from each contractor or subcontractor a certificate demonstrating compliance with Section 4 of the West Virginia Jobs Act or waiver certificates from the West Virginia Division of Labor ("DOL"); and (IV) the Governmental Agency will file with the DOL and the Authority copies of the waiver certificates and certified payrolls or comparable documents that include the number of employees, the county and state wherein the employees reside and their occupation, following the procedures established by the DOL.

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

4.2 The Loan shall be secured by the pledge and assignment by the Governmental Agency, as effected by the Local Act, of the fees, charges and other revenues of the Governmental Agency from the System as further set forth by and subject only to such

reservations and exceptions as are described in Schedules X and Y hereto or are otherwise expressly permitted in writing by the Authority.

4.3 The principal payments of the Loan shall be made by the Commission annually on the days and in the years provided in Schedule X hereto. The interest payments on the Loan shall be made by the Commission semiannually as provided in said Schedule X.

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

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

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

4.7 Unless otherwise agreed by the Authority, the Governmental Agency agrees to expend the net proceeds of the Local Bonds for the Project within 3 years of the issuance of the Authority's bonds.

4.8 As long as the Authority is the owner of any of the Local Bonds outstanding, the Governmental Agency may redeem its Local Bonds in accordance with the conditions set forth in Section 4.1 (b)(xv). The Authority hereby agrees that it will not refund the water development revenue bonds which provided the funds for the Local Bonds without the prior written consent of each of the affected Governmental Agencies.

ARTICLE V

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

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

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

5.3 In the event the Governmental Agency defaults in any payment to the Authority pursuant to this Loan Agreement, the amount of such default shall bear interest at the interest rate of the installment of the Loan next due, plus 2%, from the date of the default until the date of the payment thereof. The defaulted interest shall be paid from the first deposits made by the Governmental Agency to the Commission.

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

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

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

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

6.5 The Governmental Agency hereby covenants that it will take all actions necessary or desirable to preserve the exclusion from gross income for federal income tax purposes of interest on the Authority's water development revenue bonds.

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

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

ARTICLE VII

Miscellaneous

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

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

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

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

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

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

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

7.8 This Loan Agreement shall terminate upon the earlier of:

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

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

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

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

CITY OF HURRICANE

(SEAL)

By: Raymond Beck
Its: Mayor
Date: August 9, 2005

Attest:

Linda L Gibson
Its: Recorder

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: [signature]
Its: Director
Date: August 9, 2005

Attest:

Barbara B Meadows
Its: Secretary-Treasurer

00832/00302
04/28/05

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEERS

_____
(Issuer)

_____
(Name of Bonds)

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

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

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

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

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

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

[SEAL]

_____

By: _____
West Virginia License No. _____

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

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

EXHIBIT B

OPINION OF BOND COUNSEL FOR GOVERNMENTAL AGENCY

[To Be Dated as of Date of Loan Closing]

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

Ladies and Gentlemen:

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

We have examined a certified copy of proceedings and other papers relating to the authorization of (i) a loan agreement dated _____, ____, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated _____, ____ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are issued in the principal amount of $_____, in the form of one bond, registered as to principal and interest to the Authority, with interest payable semiannually on April 1 and October 1 of each year, commencing _____ 1, ____, at the rate of __% per annum, and with principal payable annually on October 1 of each year, commencing _____ 1, ____, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

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

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the bond _____ duly adopted or enacted by the Governmental Agency on _____, as supplemented by the supplemental resolution duly adopted by the Governmental Agency on _____ (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

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

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

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

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

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

6. Under the Local Statute, the Local Bonds and the interest thereon are exempt _____.

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

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

Very truly yours,

EXHIBIT C

MONTHLY FINANCIAL REPORT

Name of Governmental Agency _____

Name of Bond Issue(s) _____

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

Fiscal Year _____ **Report Month** _____

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

_____

Name of Person Completing Form

_____

Address

_____

Telephone

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

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

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

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

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

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

EXHIBIT D

MONTHLY PAYMENT FORM

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:

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

Witness my signature this ___ day of_____.

[Name of Governmental Agency]

By: _____
Authorized Officer

Enclosure: copy of check(s)

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds $485,764
Purchase Price of Local Bonds $485,764

Interest on the Local Bonds is payable on April 1 and October 1 in each year, beginning with the first semiannual interest payment date after delivery of the Local Bonds to the Authority, until the Local Bonds are paid in full, at the rate of 5.05% per annum. Principal of the Local Bonds is payable on October 1 in each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

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

None.

$485,764

City of Hurricane
WDA Supplemental Loan; 20 Years; 5.0% Interest Rate
Closing Date: August 9, 2005

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
10/01/2005	-	-	3,508.30	3,508.30
04/01/2006	-	-	12,144.10	12,144.10
10/01/2006	-	-	12,144.10	12,144.10
04/01/2007	-	-	12,144.10	12,144.10
10/01/2007	15,906.00	5.000%	12,144.10	28,050.10
04/01/2008	-	-	11,746.45	11,746.45
10/01/2008	16,702.00	5.000%	11,746.45	28,448.45
04/01/2009	-	-	11,328.90	11,328.90
10/01/2009	17,537.00	5.000%	11,328.90	28,865.90
04/01/2010	-	-	10,890.48	10,890.48
10/01/2010	18,414.00	5.000%	10,890.48	29,304.48
04/01/2011	-	-	10,430.13	10,430.13
10/01/2011	19,334.00	5.000%	10,430.13	29,764.13
04/01/2012	-	-	9,946.78	9,946.78
10/01/2012	20,301.00	5.000%	9,946.78	30,247.78
04/01/2013	-	-	9,439.25	9,439.25
10/01/2013	21,316.00	5.000%	9,439.25	30,755.25
04/01/2014	-	-	8,906.35	8,906.35
10/01/2014	22,382.00	5.000%	8,906.35	31,288.35
04/01/2015	-	-	8,346.80	8,346.80
10/01/2015	23,501.00	5.000%	8,346.80	31,847.80
04/01/2016	-	-	7,759.28	7,759.28
10/01/2016	24,676.00	5.000%	7,759.28	32,435.28
04/01/2017	-	-	7,142.38	7,142.38
10/01/2017	25,910.00	5.000%	7,142.38	33,052.38
04/01/2018	-	-	6,494.63	6,494.63
10/01/2018	27,205.00	5.000%	6,494.63	33,699.63
04/01/2019	-	-	5,814.50	5,814.50
10/01/2019	28,565.00	5.000%	5,814.50	34,379.50
04/01/2020	-	-	5,100.38	5,100.38
10/01/2020	29,994.00	5.000%	5,100.38	35,094.38
04/01/2021	-	-	4,350.53	4,350.53
10/01/2021	31,493.00	5.000%	4,350.53	35,843.53
04/01/2022	-	-	3,563.20	3,563.20
10/01/2022	33,068.00	5.000%	3,563.20	36,631.20
04/01/2023	-	-	2,736.50	2,736.50
10/01/2023	34,722.00	5.000%	2,736.50	37,458.50
04/01/2024	-	-	1,868.45	1,868.45
10/01/2024	36,458.00	5.000%	1,868.45	38,326.45
04/01/2025	-	-	957.00	957.00
10/01/2025	38,280.00	5.000%	957.00	39,237.00
Total	**$485,764.00**	-	**$305,728.68**	**$791,492.68**

SCHEDULE Z

None

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: January 20, 2005

FINAL
1-31-05
by Commission order

CASE NO. 04-0163-S-CN

CITY OF HURRICANE SANITARY BOARD
Application for a certificate of convenience and necessity to expand and upgrade the existing Hurricane wastewater treatment plant and to make other upgrades to its existing sewer facilities.

RECOMMENDED DECISION

On February 13, 2004, the City of Hurricane Sanitary Board (Utility) filed an application for a certificate of convenience and necessity to upgrade its existing sewer facilities.

On February 26, 2004, the South Putnam Public Service District (PSD) moved to intervene in the proceeding. The PSD purchases treatment from the Utility, pursuant to a contract. The PSD was granted intervenor status.

The Commission received protest letters from various individuals on March 9, March 16 and March 17, 2004.

On March 30, 2004, the Commission referred the matter. The current decision due date is February 24, 2005. The current statutory deadline is April 22, 2005.[1]

The matter was set for hearing on January 4, 2005.[2] The hearing was held as scheduled. Ronald J. Flora, Esquire, appeared on behalf of the Utility. Robert R. Rodecker, Esquire, appeared on behalf of the PSD. Ronald E. Robertson, Jr., Esquire, appeared on behalf of Staff. At hearing, the parties presented two separate agreements which resolved the issues between the parties. Certain evidence was also received relevant to the application.

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[1]The Utility made four different motions to toll the statutory deadline and extend the decision due date each of which was granted by the Commission.

[2]The Utility properly published notice of the hearing. (See filing of January 7, 2005).

FINDINGS OF FACT

1. On February 13, 2004, the Utility filed an application for a certificate of convenience and necessity to expand its treatment plant to 4.5 million gallons a day and to make other upgrades to its existing sewer facilities. (See application).

2. The project is needed to comply with West Virginia Department of Environmental Protection (DEP) discharge requirements. (Staff Ex. 1).

3. The Utility is currently subject to DEP Order No. 4106 to eliminate unauthorized discharges from its system. (Id.).

4. The project is estimated to cost $10,485,578. (Id.).

5. The project will be financed by a loan from the West Virginia Infrastructure and Jobs Development Council of $8,885,578, at an interest rate of 3% for 20 years, and a loan from the West Virginia Water Development Authority of $1,600,000, at an interest rate not to exceed 6% for 40 years. (See application).

6. The PSD serves about 7,000 customers and depends upon the Utility for treatment of its effluent. (Staff Ex. 1).

7. The Utility has 1,741 of its own customers. (Id.).

8. The project will increase the capacity of the Utility's treatment plant from 3.0 MGD to 4.5 MGD. (Id.).

9. The project cost per existing customer based on the total customer base served, including customers of the PSD, is $1,196 which is reasonable for a compliance project. (Id.).

10. The project will increase operation and maintenance expenses by $139,959 a year. (Id.).

11. The increase in rates for the Utility's own customers who use 4,500 gallons will be about 48% or from $25.98 to $38.38. These rates were adopted by ordinance on March 1, 2004. (Id.).

12. The new post-project resale rate for the PSD will be increased to $2.105 per thousand gallons of flow. (Joint Ex. 2).

13. The engineering and inspection costs for the project are $920,595, or about 10.5% of construction costs, which is reasonable. (Staff Ex. 1).

14. The project will improve the existing hydraulic characteristics of the plant. (Id.).

15. The project will dramatically reduce environmental impacts due to sewage overflows. (Id.).

16. The project will improve the quality of the sewage treatment and reduce sludge disposal costs. (Id.).

17. The new digester and centrifuge will reduce the total solids delivered to the landfill by more than 40%. (Staff Ex. 1).

18. A new maintenance fund should be established to help finance the future needs of the treatment plant, which should be funded by all users of the plant. (Id.).

19. There are many PSD lines and customers inside the municipal limits of Hurricane, including the High School and the Hurricane City Hall. (Id.).

20. The parties have agreed to modifications in the engineering of the project which are outlined in the "Joint Stipulation" attached as "Appendix A." (Joint Ex. 1).

21. The parties have agreed to an annual inspection process which includes the PSD paying for and conducting an annual inspection of the treatment plant and the Utility addressing all reasonable recommendations in a timely fashion. (Id.).

22. The parties have agreed to the establishment of a maintenance escrow account, separate and distinct from the renewal and replacement account, to help pay for any corrections that are recommended by the PSD's inspector. (Id.).

23. A total post-project revenue requirement from sales of $2,279,968 is needed to support the project and current operations and the rates already adopted by the City and the resale rate agreed to herein are sufficient to generate the necessary level of revenue. (Joint Ex. 2).

24. The PSD should provide revenues of $1,425,767 to the Utility to enable the Utility to meet its revenue requirements associated with the treatment plant. (Id.).

25. The PSD and the Utility have agreed to review the PSD's resale rate one year after operations with the improved treatment plant. (Id.).

26. The PSD and the Utility agreed to the level of debt the Utility owed the PSD and a resale rate for the period of July 1, 2004, to June 30, 2005. (Id.).

CONCLUSIONS OF LAW

1. The proposed project is both necessary and convenient.

2. The Utility's application for a certificate of convenience and necessity to upgrade its sewer facilities filed on February 11, 2004, as amended by the Joint Stipulations approved by this order, should be granted.

3. The proposed financing is reasonable and should be approved.

4. It is reasonable to require that the Utility establish a restricted maintenance account funded by both the Utility and the PSD and utilized to correct any maintenance deficiencies found during an annual plant inspection conducted by a consultant paid by the PSD.

5. It is reasonable to require Final Engineering Plans be stamped by a Professional Engineer.

6. It is reasonable to require the receipt of outstanding permits prior to construction of the project.

7. It is reasonable to require that the City of Hurricane Sanitary Board submit the project for further review if there are any changes to its scope, financing or plans.

8. It is reasonable to require the City of Hurricane Sanitary Board to file annual reports with the South Putnam Public Service District and the Commission on the repair/replacement of all major plant equipment completed over the next ten years.

9. The two stipulations entered into by all the parties and attached to this order are reasonable and should be approved by the Commission.

ORDER

IT IS, THEREFORE, ORDERED that the City of Hurricane Sanitary Board's application for a certificate of convenience and necessity to upgrade its sewer facilities filed on February 11, 2004, as amended by the Joint Stipulations approved by this order, is granted.

IT IS FURTHER ORDERED that construction on the project not commence until the City of Hurricane Sanitary Board receives appropriate permits from the West Virginia Department of Environmental Protection to modify its existing treatment plant and the NPDES permit for runoff control at the construction site. The Utility shall submit copies of the permits to the Commission upon receipt.

IT IS FURTHER ORDERED that the proposed financing, consisting of a loan from the West Virginia Infrastructure and Jobs Development Council of $8,885,578, at an interest rate of 3% for 20 years, and a loan from the West Virginia Water Development Authority of $1,600,000, at an interest rate not to exceed 6% for 40 years, be, and hereby is, approved.

IT IS FURTHER ORDERED that City of Hurricane Sanitary Board and the South Putnam Public Service District amend their existing Sewer Service Agreement to establish a restricted maintenance account, to be utilized to correct any maintenance deficiencies found during annual plant inspections conducted by a consultant paid by the PSD. The account shall be funded in the amount and by the mechanism set forth in Appendix B, attached hereto. Expenditure of any money from the account must be approved by the Commission. The revised Sewer Service Agreement shall be amended consistent with the requirements of the Joint Stipulations

approved by this order and filed within sixty (60) days of the date that this Order becomes final.

IT IS FURTHER ORDERED that all Final Engineering reports for the project be affixed with the stamp of the Registered Professional certifying that the report is correct as presented, before the project proceeds to construction.

IT IS FURTHER ORDERED that the City of Hurricane Sanitary Board petition the Commission to reopen and review this application IF there is any change in the plans, scope or terms of financing.

IT IS FURTHER ORDERED that the City of Hurricane Sanitary Board file annual reports with the South Putnam Public Service District and the Commission on the repair/replacement of all major plant equipment completed over the next ten years.

IT IS FURTHER ORDERED that the "Joint Stipulation" which deals primarily with engineering issues, and is attached to this order as "Appendix A", and the "Joint Stipulation and Agreement for Settlement" which deals primarily with financial issues, and is attached to this order as "Appendix B", be, and hereby are approved.

The Executive Secretary is hereby ordered to serve a copy of this order upon the Commission by hand delivery, and upon all parties of record by United States Certified Mail, return receipt requested.

Leave is hereby granted to the parties to file written exceptions supported by a brief with the Executive Secretary within fifteen (15) days of the date this order is mailed. If exceptions are filed, the parties filing exceptions shall certify to the Executive Secretary that all parties of record have been served the exceptions.

If no exceptions are filed, this order shall become the order of the Commission, without further action, five (5) days following the expiration of the fifteen (15) day time period, unless it is ordered stayed by the Commission.

Any party may request waiver of the right to file exceptions to an Administrative Law Judge's Order by filing an appropriate petition in writing with the Secretary. No such waiver will be effective until approved by order of the Commission, nor shall any such waiver operate to make any Administrative Law Judge's Order the order of the Commission sooner than five (5) days after approval of such waiver by the Commission.

K. A. George

Keith A. George
Administrative Law Judge

KAG:s
040163af.sca.wpd

BEFORE THE
PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

CASE NO. 04-0163-S-CN

CITY OF HURRICANE,
a municipal corporation.
Application for a Certificate of
Convenience and Necessity

JOINT STIPULATION

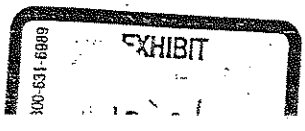
Comes now the City of Hurricane, a West Virginia municipal corporation ("City") , by its counsel, South Putnam Public Service District ("District"), by its counsel, and the Staff of the Public Service Commission ("Staff"), by its Staff Attorney (collectively referred to as "Parties"), and hereby jointly stipulate the following matters pursuant to Rule 13.4 of the Rules of Practice and Procedure of the Public Service Commission of West Virginia ("Public Service Commission"):

1. The proposed Dragon Dryer System originally proposed by the City will be eliminated from the project.

2. The City will construct an Aerobic Digester with two sections with a capacity of 550,000 gallons in each section as part of the proposed project.

3. The project will be redesigned incorporating the removal of the Dragon Dryer System and the installation of a Centrifuge and a down-sized structure to house the same as well as providing for a maintenance area within the same.

4. The twenty-four (24) inch parallel line heretofore proposed as a part of the project will be eliminated from the project, and the District will attempt to obtain TIF Financing for a



force main and lift station alternative.

5. The City shall and has retained the services of a qualified West Virginia Professional Engineer namely, Paul Gosh ("Peer Review Engineer"), to review the plans and designs as well as the redesign of the project. All information or reports from the Peer Review Engineer shall be distributed to the Parties.

6. The Parties agree that the construction of a new Headworks for the treatment plant shall remain as part of the project, with the exception of installing just one of the mechanical screens. The City shall install a 1" manual clean screen and a ½" manual clean screen in the adjacent basin. The City, with the cooperation of the District, will pursue land use application of the resulting sludge as an alternative to land fill usages, and shall utilize such land application, so long as the same is less costly than land fill disposal and will not expose the City to liability due to environmental regulations.

7. The City shall retain the services of an experienced inspector with prior waste water plant construction experience to inspect the construction of the project while in progress. All Parties shall agree to the inspector to oversee this process. However, in the absence of an agreement between the Parties, the West Virginia Division of Environmental Protection shall have the final choice from the applicants submitted by the Parties.

8. The City agrees that the City Engineer, the Peer Review Engineer and the Division of Environmental Protection shall all uniformly agree and confirm that the treatment plant capacity after the proposed design changes will have a capacity of no less than 4.5 mgd under the projected influent BOD concentration.

9. The District shall have the right to conduct an inspection program consisting of inspections no less frequently than annually. After each such inspection the engineer shall file a

report with the City and the District including the engineer's findings and recommendations. The District will pay for these inspections.

10. The City further agrees that it shall, within six months of receipt of the inspection report called for in paragraph 9 above, establish a plan to address each of the inspector's reasonable recommendations on a timely basis, and it will share such plan with the District. In the event of a dispute between the City and the District as to the reasonableness of the inspector's recommendations, the District and the City agree that the reasonableness of the inspector's recommendations will be subject to a final recommendation by the Construction Assistance Division of WVDEP. If the recommendation of either the District's Engineer or the WVDEP should result in the need for the filing of an application for a certificate of convenience and necessity before the Public Service Commission or the implementation of a rate increase, the City shall forthwith initiate the necessary process for seeking such certificate or rate increase and such recommendation shall be held in abeyance until a final non-appealable Order issues from the Public Service Commission or a rate ordinance is in place which would fund such recommendation.

11. The City shall establish a maintenance escrow account to be funded out of monthly revenues in an amount determined by the Staff as an appropriate amount each month. Said account will be separate and distinct from the renewal and replacement account that may be required by bond documents and will be restricted to wastewater treatment plant maintenance purposes as recommended by an independent inspector and subject to the revenue and certificate provisions of Paragraph No. 10 above. Further, this provisions is specifically subject to any and all bond covenants which may be entered into by the City relative to financing the currently proposed project.

12. The City shall delete the fourth Clarifier originally proposed by the City. to be bid as a deductive alternative to the project.

13. In the event of a dispute between the City and the District as to the interpretation of any of the provisions herein, the parties shall submit the same to the Public Service Commission for a final determination as to the interpretation of any disputed provisions.

The parties hereto, by the signatures of their counsel do hereby stipulate the following and agree that the same shall be and may be used as evidence in any hearing before this Honorable Commission.

Respectfully submitted,

Ronald J. Flora
Counsel for City

Robert R. Rodecker
Counsel for South Putnam Public Service District

Ronald E. Robertson, Jr.
Staff Attorney

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

CASE NO. 04-0163-S-CN

CITY OF HURRICANE SANITARY BOARD
Application for a certificate of convenience and necessity to expand and upgrade the existing Hurricane wastewater treatment plant and to make other upgrades to its existing sewer facilities.

JOINT STIPULATION AND AGREEMENT FOR SETTLEMENT

Pursuant to West Virginia Code § 24-1-9(f) and Rule 13(d) of the Public Service Commission's Rules of Practice and Procedure, the City of Hurricane Sanitary Board ("City"), the Staff of the Public Service Commission of West Virginia ("Staff"), and the South Putnam Public Service District ("District" and together with the other parties listed above, the "Parties") join in this Joint Stipulation and Agreement for Settlement ("Joint Stipulation").

This Joint Stipulation proposes and recommends to the Public Service Commission a settlement ("Settlement") among the Parties of City's pending certificate case, PSC Case No. 04-0163-S-CN. In this Joint Stipulation, the Parties have agreed and recommend to the Commission that the Commission grant the City a certificate of convenience and necessity and that the Commission approve the revenue level from the District as agreed to by the Parties which, when coupled with the revenues to be produced by the rates adopted by the City on March 1, 2004 will meet the Staff's determination of

EXHIBIT
Joint
1-800-631-6999

the City's Project cost of service and the revenue requirement. In support of this Joint Stipulation, the Parties state that:

1. On February 13, 2004, Company filed its application for a certificate of convenience and necessity to expand and upgrade its existing wastewater treatment plant and to make other upgrades to its existing sewer facilities (the "Project"). In said application, the City also requested that the Commission render an opinion on the rates per the Service Agreement to be charged to the District. A copy of the existing Service Agreement was attached to the application.

2. On February 26, 2004, the District filed its petition to intervene in this proceeding. By Order entered May 5, 2004, the Commission granted the petition to intervene.

3. The City has satisfied all posting and publication requirements specified in Commission Orders in this case and provided evidence thereof to the Commission.

4. Staff and the District undertook extensive discovery, both of a formal and informal nature, including an examination of the books and records of the City and a review of extensive data responses and other documents provided by the City.

5. Pursuant to the Procedural Order of November 17, 2004, the Staff filed its recommendation on December 28, 2004. All of that information, together with the information filed by the City, is available to the Commission in the consideration of this Settlement and Joint Stipulation.

6. In the days preceding the Hearing scheduled for January 4, 2005, the Parties attempted to negotiate a resolution of this case and have attempted to address or eliminate certain issues between the City and the District and to reach an overall resolution of those issues. Based on those discussions and negotiations, the Parties reached the Settlement of this case. The elements of the Settlement are embodied in this Joint Stipulation.

7. This Joint Stipulation will have no effect whatsoever until and unless approved by the Commission in all of its material terms. Pending such approval of this Joint Stipulation and the Settlement, the Parties reserve their rights to fully advocate their positions on the basis of all the evidence, unlimited by the terms of the Settlement. However, in the interest of certainty before the Commission and the avoidance of additional expense that will result from continued litigation, the Parties agree that, as a result of the Settlement reached in this case, the rate agreed to by the City and the District is fair and reasonable and when coupled with the rates adopted by the City for its other customers on March 1, 2004 will be sufficient to meet the City's revenue requirements for its Project, and that such rate will be effective for service rendered upon the earlier of substantial completion of the Project, or upon incurrence of debt service on the Project. The particulars of the Settlement proposed in this Joint Stipulation are as follows, all of which the Parties believe to be elements of a fair and reasonable resolution of this case:

(a) The Parties have agreed that a certificate of convenience and necessity should be granted to the City as described in the Final Internal Memorandum filed by Staff on December 28, 2004.

(b) Project financing as listed below should be approved:

WVIJDC loan	
3% for 20 years	$8,885,578
WDA loan	
6% for 20 years	$1,600,000

(c) Given the totality of the evidence presented, a total post-project revenue requirement from sales of $2,279,968 is reasonable.

(d) Inasmuch as the City, by ordinance adopted March 1, 2004, has established rates for the Project from its non-contract customers which will produce $854,201 according to the Staff Summary of Revenue Requirements-Post Project, the Parties agree that the District should provide revenues of $1,425,767 in order to enable the City to meet post project revenue requirements. The Parties have agreed that, in order to meet that level of sales revenues, the rate to the District should be increased to $2.105 per thousand gallons of flow. A projected cash flow analysis reflecting the result of the increase to the District is attached hereto as Exhibit 1.

(e) The Parties support the rate to the District without agreeing specifically among themselves on the exact method of calculating its responsibility to the revenue requirement. Each of the Parties supports and recommends this Joint Stipulation

as a fair and reasonable determination of City's revenue requirement based on the positions it has taken in the case.

(f) At the end of one year of operations under the post-Project rates, there will be a true up of the rate to the District. At that time, both the City and the District will be free to propose methods of cost allocation to support the appropriate method of determining the rate to the District. If the City and the District are unable to agree on a rate to the District within a period of thirty (30) days, either party shall be free to petition the Public Service Commission for the establishment of an appropriate rate and methodology to be used in establishing the rate to the District.

(g) The City and the District agree to establish a restricted maintenance account at a local bank, which account is to be utilized for correcting any maintenance deficiencies found during an annual plant inspection to be conducted, as agreed to by the City and the District, by a consultant paid for by the District. The account will be funded by the following methods: A) a surcharge of $0.05 per thousand gallons will be added to the bill of the District commencing with the first billing at the rate set forth in paragraph (d) above, and B) an amount of $0.072 per thousand gallons shall be contributed by the City from the rates that were approved on March 1. 2004. The surcharge to the District and the deposits by the City shall be discontinued when the balance in the account reaches $75,000. When withdrawals from the account are made, and such surcharge and deposits will be resumed until such time as the balance in the account again reaches $75,000. Prior to removal of any funds from the account, an application must be

presented to the Commission accompanied by the report from the consultant recommending the expenditure and the contract cost of any outside entity required to perform the work. If, after the end of ten (10) years, the consultant has been unable to recommend significant additional spending, the account should be closed and the funds in the account applied to the next major repair cost.

(h) The City shall file annual reports with the Commission, with a copy to the District, on the repair and/or replacement of all major plant equipment completed over the ten (10) year period following completion of the Project, to insure that the account established under the provisions of paragraph (g) above is being properly utilized.

(i) At the time of entering into this Settlement and Joint Stipulation, the City and the District agrees that the City owes the District the amount of $44,215 under the terms of the Service Agreement and the City and the District have discussed the current rate to be paid by the District. The City and the District agree that the amount of $44,215 shall be paid to the District over the period of three months, commencing with January, 2005, and that, on the basis of a four year rolling average, the District shall pay the City at the rate of $1.1202 for treatment in the Fiscal Year beginning July 1, 2004 and ending June 30, 2005. The Parties agree that the four year rolling average will not be used to determine the rate to be paid by the District for any period after the institution of the $2.105 rate set forth in this Stipulation. The City and the District will determine the

appropriate means of resolving any over or under collections for the period prior to the commencement of the $2.105 rate set forth in this Stipulation.

(j) The District agrees that it will not seek a transportation rate in its next general rate case for use of the District's lines by the City.

(k) If there is any change in the plans, scope, or terms of financing the Project, the City shall request a reopening of the case for Commission approval thereof.

(l) If the terms of this Settlement and Joint Stipulation are approved by the Commission, the City and the District agree that they will not appeal the final order of the Commission.

11. The Parties support this Settlement and this Joint Stipulation and state that it addresses all issues raised in City's certificate case. The Parties agree and recommend that the Commission accept this Joint Stipulation in complete resolution of this case.

12. This Joint Stipulation is entered into subject to the acceptance and approval of the Commission. It results from a review of all filings in this case and extensive negotiation. It reflects substantial compromises and modifications by the Parties of their respective positions asserted in this case and is being proposed to expedite and simplify the resolution of these proceedings and other matters. It is made without any admission or prejudice to any positions that any Party might adopt during subsequent litigation in this or any future proceeding.

13. The Parties adopt this Joint Stipulation as being in the public interest, without adopting any of the compromise positions set forth herein as ratemaking or regulatory principles applicable to future regulatory proceedings, except as may otherwise be provided herein. The Parties acknowledge that it is the Commission's prerogative to accept, reject, or modify any stipulation. However, in the event that the Joint Stipulation is modified or rejected by the Commission, it is expressly understood by the Parties that they are not bound to accept the Joint Stipulation as modified or rejected, and may avail themselves of whatever rights are available to them under law and the Commission's Rules of Practice and Procedure.

WHEREFORE, the Parties, on the basis of all of the foregoing, respectfully recommend and request that the Commission make appropriate findings of fact and conclusions of law adopting and approving the Joint Stipulation in its entirety, including the attached Exhibit 1.

Respectfully submitted,

Ronald J. Flora (WVSB #1227)
Counsel for the City of Hurricane Sanitary Board

Robert R. Rodecker (WVSB #3145)
Counsel for South Putnam Public Service District

Ronald E. Robertson, Jr.

Ronald E. Robertson, Jr. (WVSB #4658)
Counsel for the Staff of the Public Service Commission
Of West Virginia

EXHIBIT NO. 1

CITY OF HURRICANE SANITARY BOARD
CASE NO. 04-0163-S-CN
REVENUE REQUIREMENTS - POST PROJECT

STIPULATED CASH FLOW ANALYSIS

		Post Project Revenue Requirements $
Cash Available		
Operating Revenues		
Sales Revenues		2,484,053 (1)
Other Operating Revenues		20,995
Other Income (Net)		9,990
Total Cash Available		2,515,038
Cash Operating Requirements		
Operation & Maintenance Expenses		1,298,989
Taxes Other Than Income		38,596
Cash Requirements before Debt Service		1,337,585
Cash Available for Debt Service	(A)	1,177,453
Debt Service Requirements		
Interest		498,333
Principal		452,331
Subtotal	(B)	950,664
Other Debt Service		64,764
Reserve Requirement - New Debt		69,836
Total Debt Service Requirements		1,085,264
Remaining Cash		92,189
Cash Surplus Available for Capital Additions		
Renewal & Replacement Fund		62,626
Remaining Surplus After R & R Fund		29,563
Total Available for Capital Additions		92,189
Coverage Ratio (A)/(B)		1.24

Notes

(1) Required to meet Staff's Revenue Requirements

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 26th day of January, 2005.

CASE NO. 04-0163-S-CN

CITY OF HURRICANE SANITARY BOARD
Application for a certificate of convenience and necessity to expand and upgrade the existing Hurricane wastewater treatment plant and to make other upgrades to its existing sewer facilities.

COMMISSION ORDER
WAIVING EXCEPTION PERIOD

On January 20, 2005, Administrative Law Judge Keith A. George entered a Recommended Decision which, among other things, approved City of Hurricane Sanitary Board's application for a certificate of convenience and necessity to upgrade its sewer facilities filed on February 11, 2004, and as amended by the Joint Stipulations approved in the Recommended Decision.

On January 24, 2005, Ronald J. Flora, Counsel, City of Hurricane, filed a letter requesting a waiver of the fifteen day period of time in which a party may file exceptions to the Recommended Decision in this proceeding. On January 26, 2005, Commission Staff also filed a letter waiving its right to file exceptions and requesting a waiver in this case.

West Virginia Code §24-1-9 provides a time period of at least twenty (20) days from the date of a recommended order until it becomes effective. According to West Virginia Code §24-1-9(c), at least fifteen (15) days must be afforded the parties within which to file exceptions. In addition, §24-1-9(e) provides that when no exceptions are filed within the specified time period, the Commission shall have an additional five (5) days within which to stay or postpone the order.

The Commission is of the opinion and belief that said request of waivers received by the Commission on January 24 and 26, 2005, should be granted.

IT IS, THEREFORE, ORDERED that the requested waivers be, and the same hereby are, granted.

IT IS FURTHER ORDERED that the Administrative Law Judge's Recommended Decision in this matter becomes final (5) days after the date of this order absent further action by the

Commission.

IT IS FURTHER ORDERED that the Commission's Executive Secretary shall serve a copy of this order upon all parties of record by United States First Class Mail, and upon Commission Staff by hand delivery.

A True Copy, Teste:

Sandra Squire

Sandra Squire
Executive Secretary

SS/gem
040163sa.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 8th day of August, 2005.

CASE NO. 04-0163-S-CN (Reopened)

CITY OF HURRICANE SANITARY BOARD
Petition to reopen for approval of revised financing and a Revised Joint Stipulation and Agreement for Settlement.

COMMISSION ORDER

By Recommended Decision entered on January 20, 2005 (final January 31, 2005), the City of Hurricane Sanitary Board (City) was granted a certificate of convenience and necessity to upgrade its sewer facilities. Project financing was approved and consisted of a $8,885,578 West Virginia Infrastructure and Jobs Development Council (WVIJDC) loan at a 3% interest rate payable over twenty years, and a $1,600,000 West Virginia Water Development Authority (WDA) loan at a 6% interest rate payable over forty years. Also approved was a Joint Stipulation dealing primarily with engineering issues and a Joint Stipulation and Agreement for Settlement dealing primarily with financial issues.

On July 13, 2005, the City and the South Putnam Public Service District (District)[1] filed a joint petition to reopen for approval of revised funding, as well as a Revised Joint Stipulation and Agreement for Settlement (revised agreement). First, the parties explained that due to a bid overrun, the City applied for and received a commitment for additional funding from the WVIJDC, consisting of an additional $354,937.00 loan at 3% interest payable over twenty years. Second, following confirmation of the bid totals and confirmation of the revised funding, the City and the District negotiated a revision to the Joint Stipulation and Settlement Agreement. The revised agreement establishes a mechanism to provide sufficient revenues to fund the additional debt service and establishes a rate pursuant to the terms of the Service Agreement sufficient to provide

[1]During the initial proceeding, the District moved for and was granted intervenor status by Commission Order of May 5, 2004.

both debt service and bond coverage for the funding. The proposed revised agreement was attached to the petition to reopen and was executed by counsel for the City, counsel for the District and Commission Staff. Pursuant to the petition, the parties further assert that no residential customers will be affected by the additional borrowing and that the District is the sole resale customer.

On August 2, 2005, the City filed a Revised Stipulation Cash Flow Analysis which had been inadvertently omitted from the Joint Stipulation.

DISCUSSION

With regard to the proposed revised financing and upon review of all of the foregoing, the Commission will approve the revised financing, which consists of an additional $354,937.00 WVIJDC loan at 3% interest payable over twenty years.

With regard to the parties' proposed revised agreement, the Commission notes the parties' assertion that the revised agreement addresses all issues raised in this reopening and request that the Commission accept the revised agreement in complete resolution of the case. *See* Exhibit A at ¶12. In addition to the parties' agreement pertaining to the revised financing, the parties specifically set forth particulars of the revised agreement which they believe to be fair and reasonable, including, in part, that in order to meet the specified level of sales revenues, the rate to the District should be increased to $2.177 per thousand gallons of flow. *See* Exhibit A at pp. 4-5. The City and the District also agreed, among other things, upon the establishment of and the funding for a restricted maintenance account at a local bank to be utilized for correcting any maintenance deficiencies found during an annual plant inspection. *See* Exhibit A at pp. 6-7. The revised agreement also addressed the amount owed and repayment by the City to the District under the terms of the Service Agreement. *See* Exhibit A at p. 7.

The Commission finds it reasonable to adopt the parties' revised agreement as a reasonable resolution of the case.

FINDINGS OF FACT

1. By Recommended Decision entered on January 20, 2005 (final January 31, 2005), the City was granted a certificate of convenience and necessity to upgrade its sewer facilities.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

2. Project financing was approved by the Recommended Decision and consisted of a $8,885,578 WVIJDC loan at a 3% interest rate payable over twenty years, and a $1,600,000 WDA loan at a 6% interest rate payable over forty years.

3. Also approved was a Joint Stipulation dealing primarily with engineering issues and a Joint Stipulation and Agreement for Settlement dealing primarily with financial issues.

4. On July 13, 2005, the City and the District filed a joint petition to reopen for approval of revised funding, as well as a Revised Joint Stipulation and Settlement Agreement.

5. Due to a bid overrun, the City applied for and received a commitment for additional funding from the WVIJDC, consisting of an additional $354,937.00 loan at 3% interest payable over twenty years.

6. The City, the District and Staff entered into a Revised Joint Stipulation and Agreement for Settlement, which establishes a mechanism to provide sufficient revenues to fund the additional debt service and establishes a rate pursuant to the terms of the Service Agreement sufficient to provide both debt service and bond coverage for the funding. *See* Attachment A.

7. On August 2, 2005, the City filed a Revised Stipulation Cash Flow Analysis which had been inadvertently omitted from the Joint Stipulation.

CONCLUSIONS OF LAW

1. The City's petition for revised funding should be granted, consisting of an additional $354,937.00 WVIJDC loan at 3% interest payable over twenty years.

2. It is reasonable to adopt the parties' Revised Joint Stipulation and Agreement for Settlement.

ORDER

IT IS, THEREFORE, ORDERED that the joint petition to reopen, filed by the City of Hurricane Sanitary Board and the South Putnam Public Service District, is hereby granted.

IT IS FURTHER ORDERED that the City of Hurricane Sanitary Board's proposed revised funding is hereby approved, consisting of an additional $354,937.00 WVIJDC loan at 3% interest payable over twenty years.

IT IS FURTHER ORDERED that in the event of any change to the funding, terms of financing, plans, or scope of the approved project, the City of Hurricane Sanitary Board shall petition the Commission to reopen this proceeding for approval of the same.

IT IS FURTHER ORDERED that the parties Revised Joint Stipulation and Agreement for Settlement, attached hereto as Exhibit A, is hereby adopted.

IT IS FURTHER ORDERED that, upon entry hereof, this proceeding shall be removed from the Commission's active docket of cases.

IT IS FURTHER ORDERED that the Commission's Executive Secretary serve a copy of this order upon all parties of record by facsimile and United States First Class Mail and upon Commission Staff by hand delivery.

A True Copy, Teste:

Sandra Squire

Sandra Squire
Executive Secretary

TBS/ljm
040163cf.sca

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

EXHIBIT

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A

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

CASE NO. 04-0163-S-CN (REOPENED)

CITY OF HURRICANE SANITARY BOARD
Application for a certificate of convenience and necessity to expand and upgrade the existing Hurricane wastewater treatment plant and to make other upgrades to its existing sewer facilities.

REVISED JOINT STIPULATION AND AGREEMENT FOR SETTLEMENT

Pursuant to West Virginia Code § 24-1-9(f) and Rule 13(d) of the Public Service Commission's Rules of Practice and Procedure, the City of Hurricane Sanitary Board ("City"), the Staff of the Public Service Commission of West Virginia ("Staff"), and the South Putnam Public Service District ("District" and together with the other parties listed above, the "Parties") join in this Revised Joint Stipulation and Agreement for Settlement ("Revised Joint Stipulation").

This Revised Joint Stipulation proposes and recommends to the Public Service Commission a settlement ("Settlement") among the Parties of the City's reopened certificate case, PSC Case No. 04-0163-S-CN. In this Revised Joint Stipulation, the Parties have agreed and recommend to the Commission that the Commission approve the revisions to the Joint Stipulation that was originally approved in the Recommended Decision entered herein which was entered January 20, 2005, which became the Final Order of the Commission on January 31, 2005 ("Final Order"). Said Final Order granted the City a certificate of convenience and necessity and approved a revenue level from the

District as agreed to by the Parties which, when coupled with the revenues to be produced by the rates adopted by the City on March 1, 2004 were intended to meet the Staff's determination of the City's Project cost of service and the revenue requirement as set forth in the Staff Report filed on December 28, 2004. In support of this Revised Joint Stipulation, the Parties state that:

1. On February 13, 2004, Company filed its application for a certificate of convenience and necessity to expand and upgrade its existing wastewater treatment plant and to make other upgrades to its existing sewer facilities (the "Project"). In said application, the City also requested that the Commission render an opinion on the rates per the Service Agreement to be charged to the District. A copy of the existing Service Agreement was attached to the application.

2. On February 26, 2004, the District filed its petition to intervene in this proceeding. By Order entered May 5, 2004, the Commission granted the petition to intervene.

3. The City has satisfied all posting and publication requirements specified in Commission Orders in this case and provided evidence thereof to the Commission.

4. Staff and the District undertook extensive discovery, both of a formal and informal nature, including an examination of the books and records of the City and a review of extensive data responses and other documents provided by the City.

5. Pursuant to the Procedural Order of November 17, 2004, the Staff filed its recommendation on December 28, 2004. All of that information, together with

the information filed by the City, is available to the Commission in the consideration of this Revised Settlement and Joint Stipulation.

6. In the days preceding the Hearing scheduled for January 4, 2005, the Parties negotiated a resolution of the case and attempted to address or eliminate certain issues between the City and the District and to reach an overall resolution of those issues. Based on those discussions and negotiations, the Parties reached a Settlement of this case. The elements of the Settlement were embodied in the Joint Stipulation.

7. Paragraph 10. (k) of the Joint Stipulation that was approved in the Final Order stated that "[i]f there is any change in the plans, scope, or terms of financing the Project, the City shall request a reopening of the case for Commission approval thereof. Said language was included in the sixth ordering paragraph of the Final Order.

8. Following receipt of the Final Order, the City solicited bids for the Project. Those bids came in over engineering estimates and over the amount agreed upon in the Joint Stipulation and as contemplated in the Final Order. The net amount of the overage has been determined to be $354,937.

9. As a result of the bid overrun referred to in paragaraph 8 above, the City has applied for and received a commitment for additional funding from the West Virginia Infrastructure and Jobs Development Council ("WVIJDC").

10. Following receipt of the confirmation of revised funding, the Parties have met to negotiate a revision to the Joint Stipulation, and the City and District, on _____, 2005 filed a Joint Petition to Reopen this proceeding. Based upon their negotiations, the Parties have reached a revised Settlement of this reopened case. The elements of the Revised Settlement are embodied in the Revised Joint Stipulation.

11. This Revised Joint Stipulation will have no effect whatsoever until and unless approved by the Commission in all of its material terms. Pending such approval of this Revised Joint Stipulation and the Revised Settlement, the Parties reserve their rights to fully advocate their positions on the basis of all the evidence, unlimited by the terms of the Revised Settlement. However, in the interest of certainty before the Commission and the avoidance of additional expense that will result from continued litigation, the Parties agree that, as a result of the Revised Settlement reached in this case, the rate agreed to by the City and the District is fair and reasonable and when coupled with the rates adopted by the City for its other customers on March 1, 2004 will be sufficient to meet the City's revised revenue requirements for its Project, and that such rate will be effective for service rendered upon the earlier of substantial completion of the Project, or upon incurrence of debt service on the Project. The particulars of the Revised Settlement proposed in this Revised Joint Stipulation are as follows, all of which the Parties believe to be elements of a fair and reasonable resolution of this case:

(a) The Parties have agreed that a certificate of convenience and necessity should be granted to the City as described in the Final Internal Memorandum filed by Staff on December 28, 2004.

(b) Revised Project financing as listed below should be approved:

WVIJDC loan	
3% for 20 years	$8,885,578
3% for 20 years	$ 354,937
WDA loan	
5% for 20 years	$1,600,000

(c) Given the totality of the evidence presented, a total post-project revenue requirement from sales of $2,563,972 is reasonable.

(d) Inasmuch as the City, by ordinance adopted March 1, 2004, has established rates for the Project from its non-contract customers which will produce $854,201 according to the Staff Summary of Revenue Requirements-Post Project, the Parties agree that the District should provide revenues of $1,474,701 in order to enable the City to meet post project revenue requirements. The Parties have agreed that, in order to meet that level of sales revenues, the rate to the District should be increased to $2.177 per thousand gallons of flow. A projected revised cash flow analysis reflecting the result of the increase to the District is attached hereto as Exhibit 1.

(e) The Parties support the rate to the District without agreeing specifically among themselves on the exact method of calculating its responsibility to the revenue requirement. Each of the Parties supports and recommends this Revised Joint Stipulation as a fair and reasonable determination of City's revenue requirement based on the positions it has taken in the case.

(f) At the end of each year, for the first three years of operations under the post-Project rates, there will be a true up of the rate to the District so as to determine the necessary adjustment for the following year to the rate to the District to enable the City will continue to produce the agreed-to level of revenues from the District of $1,474,701 each year, in accordance with the terms of the current Service Agreement between the City and the District.

(g) Neither the City nor the District shall seek a change in the method of

allocation of costs to the District as set forth in the Agreement earlier than thirty-six (36) months after the City's project engineer has certified that the project is substantially completed and such certification has been approved by the Commission. At that time, both the City and the District will be free to propose methods of cost allocation to support the appropriate method of determining the rate to the District. If the City and the District are unable to agree on a rate to the District within a period of thirty (30) days, either party shall be free to petition the Public Service Commission for the establishment of an appropriate rate and methodology to be used in establishing the rate to the District. Staff agrees that it will not seek to change the method of allocation of costs to the District as set forth in the Agreement earlier than 12 months after the rate to the District under subparagraph (d) of paragraph 11, of this Joint Stipulation has been in effect.

(h) The City and the District agree to establish a restricted maintenance account at a local bank, which account is to be utilized for correcting any maintenance deficiencies found during an annual plant inspection to be conducted, as agreed to by the City and the District, by a consultant paid for by the District. The account will be funded by the following methods: A) a surcharge of $0.05 per thousand gallons will be added to the bill of the District commencing with the first billing at the rate set forth in paragraph (d) above, and B) an amount of $0.072 per thousand gallons shall be contributed by the City from the rates that were approved on March 1. 2004. The surcharge to the District and the deposits by the City shall be discontinued when the balance in the account reaches $75,000. When withdrawals from the account are made, and such surcharge and deposits will be resumed until such time as the balance in the account again reaches $75,000. Prior to removal of any funds from the account, an application must be

presented to the Commission accompanied by the report from the consultant recommending the expenditure and the contract cost of any outside entity required to perform the work. If, after the end of ten (10) years, the consultant has been unable to recommend significant additional spending, the account should be closed and the funds in the account applied to the next major repair cost.

(i) The City shall file annual reports with the Commission, with a copy to the District, on the repair and/or replacement of all major plant equipment completed over the ten (10) year period following completion of the Project, to insure that the account established under the provisions of paragraph (g) above is being properly utilized.

(j) At the time of entering into the Settlement and Joint Stipulation, the City and the District agreed that the City owed the District the amount of $44,215 under the terms of the Service Agreement and the City and the District have discussed the current rate to be paid by the District. The City and the District agree that the amount of $44,215 was paid to the District over the period of three months, commencing with January, 2005, and that, on the basis of a four year rolling average, the District shall pay the City at the rate of $1.1202 for treatment in the Fiscal Year beginning July 1, 2004 and ending June 30, 2005. The Parties agree that the four year rolling average will not be used to determine the rate to be paid by the District for any period after the institution of the $2.177 rate set forth in this Stipulation. The City and the District will determine the appropriate means of resolving any over or under collections for the period prior to the commencement of the $2.177 rate set forth in this Stipulation.

(k) The District agrees that it will not seek a transportation rate in its next general rate case for use of the District's lines by the City.

(l) If there is any change in the plans, scope, or terms of financing the Project, the City shall request a reopening of the case for Commission approval thereof.

(m) If the terms of this Revised Settlement and Revised Joint Stipulation are approved by the Commission, the City and the District agree that they will not appeal the final order of the Commission.

12. The Parties support this Revised Settlement and this Revised Joint Stipulation and state that it addresses all issues raised in the reopening of the City's certificate case. The Parties agree and recommend that the Commission accept this Revised Joint Stipulation in complete resolution of this case.

13. This Revised Joint Stipulation is entered into subject to the acceptance and approval of the Commission. It results from a review of all filings in this case and extensive negotiation. It reflects substantial compromises and modifications by the Parties of their respective positions asserted in this case and is being proposed to expedite and simplify the resolution of these proceedings and other matters. It is made without any admission or prejudice to any positions that any Party might adopt during subsequent litigation in this or any future proceeding.

14. The Parties adopt this Revised Joint Stipulation as being in the public interest, without adopting any of the compromise positions set forth herein as ratemaking or regulatory principles applicable to future regulatory proceedings, except as may otherwise be provided herein. The Parties acknowledge that it is the Commission's prerogative to accept, reject, or modify any stipulation. However, in the event that the

Revised Joint Stipulation is modified or rejected by the Commission, it is expressly understood by the Parties that they are not bound to accept the Revised Joint Stipulation as modified or rejected, and may avail themselves of whatever rights are available to them under law and the Commission's Rules of Practice and Procedure.

WHEREFORE, the Parties, on the basis of all of the foregoing, respectfully recommend and request that the Commission make appropriate findings of fact and conclusions of law adopting and approving the Revised Joint Stipulation in its entirety, including the attached Exhibit 1.

Respectfully submitted,

Ronald J. Flora (WVSB #1227)
Counsel for the City of Hurricane Sanitary Board

Robert R. Rodecker (WVSB #3145)
Counsel for South Putnam Public Service District

Ronald E. Robertson, Jr. (WVSB #4658)
Counsel for the Staff of the Public Service Commission
Of West Virginia

West Virginia Infrastructure & Jobs Development Council

Public Members:
Mark Prince
Hurricane
Dwight Calhoun
Petersburg
C.R. "Rennie" Hill, III
Beckley
Timothy P. Stranko
Morgantown

300 Summers Street, Suite 980
Charleston, West Virginia 25301
Telephone: (304) 558-4607
Facsimile: (304) 558-4609

Katy Mallory, PE
Executive Secretary

Katy.Mallory@verizon.net

June 1, 2005

The Honorable Raymond Peak
Mayor, City of Hurricane
P.O. Box 1086
Hurricane, West Virginia 25526

Re: City of Hurricane
Sewer Project 2002S-681 / 2003S-763
Bid Overrun

Dear Mayor Peak:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") has determined that the Project is technically feasible within the guidelines of the Infrastructure and Jobs Development Act. The Council reviewed the City of Hurricane's (the "City") request for revision to the Infrastructure Council's binding commitment offer of October 6, 2003 to the City for financing its wastewater project. At its June 1, 2005 meeting, the Infrastructure Council voted to revise the binding commitment as shown on the attached Schedule A. The changes reflect an additional Infrastructure Fund Loan of $354,937.

If the City has any questions regarding this commitment, please contact Katy Mallory at the above-referenced telephone number.

Sincerely,

Mark Prince

MP/km
Attachments

NOTE: This letter is sent in triplicate. Please acknowledge receipt and immediately return two copies to the Infrastructure Council.

City of Hurricane

By:_____

Its: _____

Date:_____

cc: Roger Randolph, Randolph Engineering
Samme Gee, Esq., Jackson Kelly
John Stump, Steptoe & Johnson
Michael Griffith, CPA
Bernie Yonkosky, WDA

WEST VIRGINIA INFRASTRUCTURE & JOBS DEVELOPMENT COUNCIL

City of Hurricane
Wastewater Projects -
2002S-681 / 2003S-763
June 1, 2005 - Revised

SCHEDULE A

A.	Approximate Amount:		$ 8,885,578 $ 354,937 $9,240,515	Loan Loan
B.	Loan:		$ 9,240,515	
	1.	Maturity Date:		20 years from date of substantial completion.
	2.	Interest Rate:		3%
	3.	Loan Advancement Date(s)		Monthly, upon receipt of proper requisition
	4.	Debt Service Commencement:		The first quarter following completion of construction, which date must be identified prior to closing.
	5.	Special Conditions:		None
C.	Other Funding:		WDA loan	$ 1,600,000
D.	Total Project Cost:			$10,840,515

CITY OF HURRICANE

Sewer Revenue Bonds, Series 2005 A
(West Virginia Infrastructure Fund)
and
Sewer Revenue Bonds, Series 2005 B
(West Virginia Water Development Authority)
and
Sewer Revenue Bonds, Series 2005 C
(West Virginia Water Development Authority)

CROSS-RECEIPT FOR BOND AND BOND PROCEEDS

On the 9th day of August, 2005, the undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, and the undersigned Mayor of the City of Hurricane (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the 9th day of August, 2005, the Authority received the Sewer Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), of the Issuer, in the principal amount of $9,240,515, numbered AR-1 (the "Series 2005 A Bonds"), the Sewer Revenue Bonds, Series 2005 B (West Virginia Water Development Authority), of the Issuer, in the principal amount of $1,114,236, numbered BR-1 (the "Series 2005 B Bonds"), and the Sewer Revenue Bonds, Series 2005 C (West Virginia Water Development Authority), of the Issuer, in the principal amount of $485,764, numbered CR-1 (the "Series 2005 C Bonds"), each issued as a single, fully registered Bond, and each dated August 9, 2005.

2. At the time of such receipt, all the Series 2005 A Bonds, the Series 2005 B Bonds and the Series 2005 C Bonds had been executed by the Mayor and the Recorder of the Issuer, by their respective manual signatures, and the official seal of the Issuer had been affixed upon the Bonds.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2005 A Bonds, of $704,757, being a portion of the principal amount of the Series 2005 A Bonds. The balance of the principal amount of the Series 2005 A Bonds will be advanced by the Authority and the West Virginia Infrastructure and Jobs Development Council to the Issuer as acquisition and construction of the Project progresses.

4. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2005 B Bonds, of $1,114,236, being the entire principal amount of the Series 2005 B Bonds (100% of par value), there being no interest accrued thereon.

5. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2005 C Bonds, of $485,764, being the entire principal amount of the Series 2005 C Bonds (100% of par value), there being no interest accrued thereon.

[Remainder of Page Intentionally Left Blank]

Dated as of the day and year first written above.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: _____
Its: Authorized Representative

CITY OF HURRICANE

By: Raymond Peck
Its: Mayor

07/27/05
435630.00001

CITY OF HURRICANE

Sewer Revenue Bonds, Series 2005 A
(West Virginia Infrastructure Fund)
and
Sewer Revenue Bonds, Series 2005 B
(West Virginia Water Development Authority)
and
Sewer Revenue Bonds, Series 2005 C
(West Virginia Water Development Authority)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

The Huntington National Bank, National Association
as Bond Registrar
Charleston, West Virginia

Ladies and Gentlemen:

There are delivered to you herewith on this 9th day of August, 2005.

(1) Bond No. AR-1, constituting the entire original issue of the City of Hurricane Sewer Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), in the principal amount of $9,240,515 (the "Series 2005 A Bonds"), Bond No. BR-1, constituting the entire original issue of the City of Hurricane Sewer Revenue Bonds, Series 2005 B (West Virginia Water Development Authority), in the principal amount of $1,114,236 (the "Series 2005 B Bonds") and Bond No. CR-1, constituting the entire original issue of the City of Hurricane Sewer Revenue Bonds, Series 2005 C (West Virginia Water Development Authority) in the principal amount of $485,764 (collectively, the "Series 2005 Bonds"), executed by the Mayor and the Recorder the City of Hurricane (the "Issuer") and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond Ordinance duly enacted by the Issuer on August 1, 2005, and a Supplemental Resolution duly adopted by the Issuer on August 1, 2005 (collectively, the "Bond Legislation");

(2) A copy of the Bond Legislation authorizing the above-described Bond issue, duly certified by the Recorder of the Issuer;

(3) Executed counterparts of a loan agreement for the Series 2005 A Bonds, dated August 9, 2005, by and between the Issuer, the West Virginia

Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") and loan agreements for the Series 2005 B Bonds and Series 2005 C Bonds, dated August 9, 2005, by and between the Issuer and the Authority (collectively, the "Loan Agreements"); and

(4) Executed opinions of nationally recognized bond counsel regarding the validity of the Loan Agreements and the Series 2005 Bonds.

You are hereby requested and authorized to deliver the Series 2005 A Bonds to the Authority upon payment to the Issuer of the sum of $704,757, representing a portion of the principal amount of the Series 2005 A Bonds. You are further hereby requested and authorized to deliver the Series 2005 B Bonds and Series 2005 C Bonds to the Authority upon payment to the Issuer of the sum of $1,114,236 and $485,764, respectively, representing the agreed aggregate purchase price of the Series 2005 B Bonds and Series 2005 C Bonds, there being no accrued interest thereon. Prior to such delivery of the Series 2005 Bonds, you will please cause the Series 2005 Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the forms of Certificate of Authentication and Registration thereon.

Dated as of the day and year first written above.

CITY OF HURRICANE

By: Raymond Peck
Its: Mayor

07/27/05
435630.00001

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF HURRICANE
SEWER REVENUE BONDS, SERIES 2005 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1 $9,240,515

KNOW ALL MEN BY THESE PRESENTS: That on this the 9th day of August, 2005, the CITY OF HURRICANE, a municipal corporation and political subdivision of the State of West Virginia in Putnam County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of NINE MILLION TWO HUNDRED FORTY THOUSAND FIVE HUNDRED FIFTEEN DOLLARS ($ 9,240,515), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2008, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit B. The interest shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2008, as set forth on EXHIBIT B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated August 9, 2005.

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

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sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing public sewerage system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on August 1, 2005, and a Supplemental Resolution duly adopted by the Issuer on August 1, 2005 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) SEWER REFUNDING REVENUE BONDS, SERIES 2003 A, DATED OCTOBER 28, 2003, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $290,000 (THE "SERIES 2003 A BONDS"); (2) SEWER REVENUE BONDS, SERIES 1989 A, DATED DECEMBER 28, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,331,211 (THE "SERIES 1989 A BONDS"); AND (3) SEWER REVENUE BONDS, SERIES 2005 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED AUGUST 9, 2005, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $ 1,114,236 (THE "SERIES 2005 B BONDS"). THE SERIES 1989 A BONDS, THE SERIES 2003 A BONDS AND THE SERIES 2005 B BONDS ARE COLLECTIVELY REFERRED TO AS THE "FIRST LIEN BONDS."

THIS BOND IS ISSUED SENIOR AND PRIOR TO THE ISSUER'S SEWER REVENUE BONDS, SERIES 1989 B, DATED DECEMBER 28, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $108,789; AND SEWER REVENUE BONDS, SERIES 2005 C (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED AUGUST 9, 2005, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $485,764 (COLLECTIVELY, THE "SUBORDINATE BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the First Lien Bonds and senior and prior to the Subordinate Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2005 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or

SPECIMEN

statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2005 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the First Lien Bonds and the Subordinate Bonds; provided however, that, so long as there exists in the Series 2005 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the First Lien Bonds and the Subordinate Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

SPECIMEN

has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

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

[Remainder of Page Intentionally Left Blank]

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

[SEAL]

SPECIMEN

Mayor

ATTEST:

SPECIMEN

Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2005 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: August 9, 2005.

THE HUNTINGTON NATIONAL BANK
as Registrar

By: SPECIMEN
Its: Authorized Officer

SPECIMEN

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $ 704,757	August 9, 2005	(19)$	
(2) $		(20)$	
(3) $		(21)$	
(4) $		(22)$	
(5)$		(23)$	
(6)$		(24)$	
(7)$		(25)$	
(8)$		(26)$	
(9)$		(27)$	
(10)$		(28)$	
(11)$		(29)$	
(12)$		(30)$	
(13)$		(31)$	
(14)$		(32)$	
(15)$		(33)$	
(16)$		(34)$	
(17)$		(35)$	
(18)$		(36)$	

TOTAL $

SPECIMEN

EXHIBIT B

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
09/01/2005	-	-	-	-
12/01/2005	-	-	-	-
03/01/2006	-	-	-	-
06/01/2006	-	-	-	-
09/01/2006	-	-	-	-
12/01/2006	-	-	-	-
03/01/2007	-	-	-	-
06/01/2007	-	-	-	-
09/01/2007	-	-	-	-
12/01/2007	-	-	-	-
03/01/2008	84,718.99	3.000%	69,303.86	154,022.85
06/01/2008	85,354.39	3.000%	68,668.47	154,022.86
09/01/2008	85,994.54	3.000%	68,028.31	154,022.85
12/01/2008	86,639.50	3.000%	67,383.35	154,022.85
03/01/2009	87,289.30	3.000%	66,733.56	154,022.86
06/01/2009	87,943.97	3.000%	66,078.89	154,022.86
09/01/2009	88,603.55	3.000%	65,419.31	154,022.86
12/01/2009	89,268.07	3.000%	64,754.78	154,022.85
03/01/2010	89,937.59	3.000%	64,085.27	154,022.86
06/01/2010	90,612.12	3.000%	63,410.74	154,022.86
09/01/2010	91,291.71	3.000%	62,731.15	154,022.86
12/01/2010	91,976.40	3.000%	62,046.46	154,022.86
03/01/2011	92,666.22	3.000%	61,356.64	154,022.86
06/01/2011	93,361.22	3.000%	60,661.64	154,022.86
09/01/2011	94,061.42	3.000%	59,961.43	154,022.85
12/01/2011	94,766.89	3.000%	59,255.97	154,022.86
03/01/2012	95,477.64	3.000%	58,545.22	154,022.86
06/01/2012	96,193.72	3.000%	57,829.14	154,022.86
09/01/2012	96,915.17	3.000%	57,107.68	154,022.85
12/01/2012	97,642.04	3.000%	56,380.82	154,022.86
03/01/2013	98,374.35	3.000%	55,648.50	154,022.85
06/01/2013	99,112.16	3.000%	54,910.70	154,022.86
09/01/2013	99,855.50	3.000%	54,167.36	154,022.86
12/01/2013	100,604.42	3.000%	53,418.44	154,022.86
03/01/2014	101,358.95	3.000%	52,663.91	154,022.86
06/01/2014	102,119.14	3.000%	51,903.71	154,022.85
09/01/2014	102,885.04	3.000%	51,137.82	154,022.86
12/01/2014	103,656.67	3.000%	50,366.18	154,022.85
03/01/2015	104,434.10	3.000%	49,588.76	154,022.86
06/01/2015	105,217.35	3.000%	48,805.50	154,022.85
09/01/2015	106,006.48	3.000%	48,016.37	154,022.85
12/01/2015	106,801.53	3.000%	47,221.32	154,022.85
03/01/2016	107,602.54	3.000%	46,420.31	154,022.85
06/01/2016	108,409.56	3.000%	45,613.29	154,022.85

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Date	Principal	Coupon	Interest	Total P+I
09/01/2016	109,222.64	3.000%	44,800.22	154,022.86
12/01/2016	110,041.80	3.000%	43,981.05	154,022.85
03/01/2017	110,867.12	3.000%	43,155.74	154,022.86
06/01/2017	111,698.62	3.000%	42,324.23	154,022.85
09/01/2017	112,536.36	3.000%	41,486.49	154,022.85
12/01/2017	113,380.38	3.000%	40,642.47	154,022.85
03/01/2018	114,230.74	3.000%	39,792.12	154,022.86
06/01/2018	115,087.47	3.000%	38,935.39	154,022.86
09/01/2018	115,950.62	3.000%	38,072.23	154,022.85
12/01/2018	116,820.25	3.000%	37,202.60	154,022.85
03/01/2019	117,696.41	3.000%	36,326.45	154,022.86
06/01/2019	118,579.13	3.000%	35,443.73	154,022.86
09/01/2019	119,468.47	3.000%	34,554.38	154,022.85
12/01/2019	120,364.49	3.000%	33,658.37	154,022.86
03/01/2020	121,267.22	3.000%	32,755.64	154,022.86
06/01/2020	122,176.72	3.000%	31,846.13	154,022.85
09/01/2020	123,093.05	3.000%	30,929.81	154,022.86
12/01/2020	124,016.25	3.000%	30,006.61	154,022.86
03/01/2021	124,946.37	3.000%	29,076.49	154,022.86
06/01/2021	125,883.47	3.000%	28,139.39	154,022.86
09/01/2021	126,827.59	3.000%	27,195.26	154,022.85
12/01/2021	127,778.80	3.000%	26,244.06	154,022.86
03/01/2022	128,737.14	3.000%	25,285.72	154,022.86
06/01/2022	129,702.67	3.000%	24,320.19	154,022.86
09/01/2022	130,675.44	3.000%	23,347.42	154,022.86
12/01/2022	131,655.50	3.000%	22,367.35	154,022.85
03/01/2023	132,642.92	3.000%	21,379.94	154,022.86
06/01/2023	133,637.74	3.000%	20,385.11	154,022.85
09/01/2023	134,640.03	3.000%	19,382.83	154,022.86
12/01/2023	135,649.83	3.000%	18,373.03	154,022.86
03/01/2024	136,667.20	3.000%	17,355.66	154,022.86
06/01/2024	137,692.20	3.000%	16,330.65	154,022.85
09/01/2024	138,724.89	3.000%	15,297.96	154,022.85
12/01/2024	139,765.33	3.000%	14,257.52	154,022.85
03/01/2025	140,813.57	3.000%	13,209.28	154,022.85
06/01/2025	141,869.67	3.000%	12,153.18	154,022.85
09/01/2025	142,933.70	3.000%	11,089.16	154,022.86
12/01/2025	144,005.70	3.000%	10,017.16	154,022.86
03/01/2026	145,085.74	3.000%	8,937.11	154,022.85
06/01/2026	146,173.88	3.000%	7,848.97	154,022.85
09/01/2026	147,270.19	3.000%	6,752.67	154,022.86
12/01/2026	148,374.71	3.000%	5,648.14	154,022.85
03/01/2027	149,487.53	3.000%	4,535.33	154,022.86
06/01/2027	150,608.68	3.000%	3,414.17	154,022.85
09/01/2027	151,738.25	3.000%	2,284.61	154,022.86
12/01/2027	152,876.28	3.000%	1,146.57	154,022.85
Total	**$9,240,515.00**	**-**	**$3,081,313.45**	**$12,321,828.45**

SPECIMEN

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF HURRICANE
SEWER REVENUE BONDS, SERIES 2005 B
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. BR-1 $1,114,236

KNOW ALL MEN BY THESE PRESENTS: That on this the 9th day of August, 2005, the CITY OF HURRICANE, a municipal corporation and political subdivision of the State of West Virginia in Putnam County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of ONE MILLION ONE HUNDRED FOURTEEN THOUSAND TWO HUNDRED THIRTY SIX DOLLARS ($1,114,236), in annual installments on October 1 of each year, beginning October 1, 2007, as set forth on the "Debt Service Schedule" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, such interest shall be payable semiannually on April 1 and October 1 of each year, beginning October 1, 2005, as set forth on Exhibit A attached hereto. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of The Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated August 9, 2005.

This Bond is issued (i) to pay capitalized interest on this Bond; (ii) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the public sewerage system of the Issuer (the "Project"); and (iii) to pay certain costs of issuance hereof and related costs. The existing public

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sewerage system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on August 1, 2005, and a Supplemental Resolution duly adopted by the Issuer on August 1, 2005 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) SEWER REFUNDING REVENUE BONDS, SERIES 2003 A, DATED OCTOBER 28, 2003, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $290,000 (THE "SERIES 2003 A BONDS"); (2) SEWER REVENUE BONDS, SERIES 1989 A, DATED DECEMBER 28, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,331,211 (THE "SERIES 1989 A BONDS"); AND (3) SEWER REVENUE BONDS, SERIES 2005 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED AUGUST 9, 2005, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $ 9,240,515 (THE "SERIES 2005 A BONDS"). THE SERIES 1989 A BONDS, THE SERIES 2003 A BONDS AND THE SERIES 2005 A BONDS ARE COLLECTIVELY REFERRED TO AS THE "FIRST LIEN BONDS."

THIS BOND IS ISSUED SENIOR AND PRIOR TO THE ISSUER'S SEWER REVENUE BONDS, SERIES 1989 B, DATED DECEMBER 28, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $108,789; AND SEWER REVENUE BONDS, SERIES 2005 C (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED AUGUST 9, 2005, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNTOF $ 485,764 (COLLECTIVELY, THE "SUBORDINATE BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the First Lien Bonds and senior and prior to the Subordinate Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2005 B Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the

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interest hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2005 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the First Lien Bonds and the Subordinate Bonds; provided however, that so long as there exists in the Series 2005 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the First Lien Bonds and the Subordinate Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

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

[Remainder of Page Intentionally Left Blank]

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

[SEAL]

SPECIMEN

Mayor

ATTEST:

SPECIMEN

Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2005 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: August 9, 2005.

THE HUNTINGTON NATIONAL BANK,
as Registrar

By: SPECIMEN
Its: Authorized Officer

SPECIMEN

EXHIBIT A

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
10/01/2005	-	-	8,047.26	8,047.26
04/01/2006	-	-	27,855.90	27,855.90
10/01/2006	-	-	27,855.90	27,855.90
04/01/2007	-	-	27,855.90	27,855.90
10/01/2007	36,486.00	5.000%	27,855.90	64,341.90
04/01/2008	-	-	26,943.75	26,943.75
10/01/2008	38,310.00	5.000%	26,943.75	65,253.75
04/01/2009	-	-	25,986.00	25,986.00
10/01/2009	40,225.00	5.000%	25,986.00	66,211.00
04/01/2010	-	-	24,980.38	24,980.38
10/01/2010	42,237.00	5.000%	24,980.38	67,217.38
04/01/2011	-	-	23,924.45	23,924.45
10/01/2011	44,349.00	5.000%	23,924.45	68,273.45
04/01/2012	-	-	22,815.73	22,815.73
10/01/2012	46,566.00	5.000%	22,815.73	69,381.73
04/01/2013	-	-	21,651.58	21,651.58
10/01/2013	48,894.00	5.000%	21,651.58	70,545.58
04/01/2014	-	-	20,429.23	20,429.23
10/01/2014	51,339.00	5.000%	20,429.23	71,768.23
04/01/2015	-	-	19,145.75	19,145.75
10/01/2015	53,906.00	5.000%	19,145.75	73,051.75
04/01/2016	-	-	17,798.10	17,798.10
10/01/2016	56,601.00	5.000%	17,798.10	74,399.10
04/01/2017	-	-	16,383.08	16,383.08
10/01/2017	59,431.00	5.000%	16,383.08	75,814.08
04/01/2018	-	-	14,897.30	14,897.30
10/01/2018	62,403.00	5.000%	14,897.30	77,300.30
04/01/2019	-	-	13,337.23	13,337.23
10/01/2019	65,523.00	5.000%	13,337.23	78,860.23
04/01/2020	-	-	11,699.15	11,699.15
10/01/2020	68,799.00	5.000%	11,699.15	80,498.15
04/01/2021	-	-	9,979.18	9,979.18
10/01/2021	72,239.00	5.000%	9,979.18	82,218.18
04/01/2022	-	-	8,173.20	8,173.20
10/01/2022	75,851.00	5.000%	8,173.20	84,024.20
04/01/2023	-	-	6,276.93	6,276.93
10/01/2023	79,644.00	5.000%	6,276.93	85,920.93
04/01/2024	-	-	4,285.83	4,285.83
10/01/2024	83,626.00	5.000%	4,285.83	87,911.83
04/01/2025	-	-	2,195.18	2,195.18
10/01/2025	87,807.00	5.000%	2,195.18	90,002.18
Total	**$1,114,236.00**	-	**$701,274.96**	**$1,815,510.96**

SPECIMEN

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

07/27/05
435630.00001

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF HURRICANE
SEWER REVENUE BONDS, SERIES 2005 C
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. CR-1 $ 485,764

KNOW ALL MEN BY THESE PRESENTS: That on this the 9th day of August, 2005, the CITY OF HURRICANE, a municipal corporation and political subdivision of the State of West Virginia in Putnam County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of FOUR HUNDRED EIGHTY FIVE THOUSAND SEVEN HUNDRED SIXTY FOUR DOLLARS ($485,764), in annual installments on October 1 of each year, beginning October 1, 2007, as set forth on the "Debt Service Schedule" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, such interest shall be payable semiannually on April 1 and October 1 of each year, beginning October 1, 2005, as set forth on Exhibit A attached hereto. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of The Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

SPECIMEN

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated August 9, 2005.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the public sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing public sewerage system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on August 1, 2005, and a Supplemental Resolution duly adopted by the Issuer on August 1, 2005 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED JUNIOR AND SUBORDINATE TO THE ISSUER'S (1) SEWER REFUNDING REVENUE BONDS, SERIES 2003 A, DATED OCTOBER 28, 2003, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $290,000 (THE "SERIES 2003 A BONDS"); (2) SEWER REVENUE BONDS, SERIES 1989 A, DATED DECEMBER 28, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,331,211 (THE "SERIES 1989 A BONDS"); (3) SEWER REVENUE BONDS, SERIES 2005 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED AUGUST 9, 2005, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $ 9,240,515 (THE "SERIES 2005 A BONDS"); AND (4) SEWER REVENUE BONDS, SERIES 2005 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED AUGUST 9, 2005, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,114,236 (THE "SERIES 2005 B BONDS"). THE SERIES 1989 A BONDS, THE SERIES 2003 A BONDS, THE SERIES 2005 A BONDS AND THE SERIES 2005 B BONDS ARE COLLECTIVELY REFERRED TO AS THE "FIRST LIEN BONDS."

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1989 B, DATED DECEMBER 28, 1989,

SPECIMEN

ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $108,789 (THE "SUBORDINATE BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, junior and subordinate to the First Lien Bonds and on a parity with the pledge of Net Revenues in favor of the Holders of the Subordinate Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2005 C Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2005 C Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues prior to and on a parity with the Bonds, including the First Lien Bonds and the Subordinate Bonds; provided however, that so long as there exists in the Series 2005 C Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding prior to and on a parity with the Bonds, including the First Lien Bonds and the Subordinate Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

SPECIMEN

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

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

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

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

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

[SEAL]

Mayor

SPECIMEN

ATTEST:

SPECIMEN

Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2005 C Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: August 9, 2005.

THE HUNTINGTON NATIONAL BANK,
as Registrar

By: SPECIMEN
Its: Authorized Officer

SPECIMEN

EXHIBIT A

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
10/01/2005	-	-	3,508.30	3,508.30
04/01/2006	-	-	12,144.10	12,144.10
10/01/2006	-	-	12,144.10	12,144.10
04/01/2007	-	-	12,144.10	12,144.10
10/01/2007	15,906.00	5.000%	12,144.10	28,050.10
04/01/2008	-	-	11,746.45	11,746.45
10/01/2008	16,702.00	5.000%	11,746.45	28,448.45
04/01/2009	-	-	11,328.90	11,328.90
10/01/2009	17,537.00	5.000%	11,328.90	28,865.90
04/01/2010	-	-	10,890.48	10,890.48
10/01/2010	18,414.00	5.000%	10,890.48	29,304.48
04/01/2011	-	-	10,430.13	10,430.13
10/01/2011	19,334.00	5.000%	10,430.13	29,764.13
04/01/2012	-	-	9,946.78	9,946.78
10/01/2012	20,301.00	5.000%	9,946.78	30,247.78
04/01/2013	-	-	9,439.25	9,439.25
10/01/2013	21,316.00	5.000%	9,439.25	30,755.25
04/01/2014	-	-	8,906.35	8,906.35
10/01/2014	22,382.00	5.000%	8,906.35	31,288.35
04/01/2015	-	-	8,346.80	8,346.80
10/01/2015	23,501.00	5.000%	8,346.80	31,847.80
04/01/2016	-	-	7,759.28	7,759.28
10/01/2016	24,676.00	5.000%	7,759.28	32,435.28
04/01/2017	-	-	7,142.38	7,142.38
10/01/2017	25,910.00	5.000%	7,142.38	33,052.38
04/01/2018	-	-	6,494.63	6,494.63
10/01/2018	27,205.00	5.000%	6,494.63	33,699.63
04/01/2019	-	-	5,814.50	5,814.50
10/01/2019	28,565.00	5.000%	5,814.50	34,379.50
04/01/2020	-	-	5,100.38	5,100.38
10/01/2020	29,994.00	5.000%	5,100.38	35,094.38
04/01/2021	-	-	4,350.53	4,350.53
10/01/2021	31,493.00	5.000%	4,350.53	35,843.53
04/01/2022	-	-	3,563.20	3,563.20
10/01/2022	33,068.00	5.000%	3,563.20	36,631.20
04/01/2023	-	-	2,736.50	2,736.50
10/01/2023	34,722.00	5.000%	2,736.50	37,458.50
04/01/2024	-	-	1,868.45	1,868.45
10/01/2024	36,458.00	5.000%	1,868.45	38,326.45
04/01/2025	-	-	957.00	957.00
10/01/2025	38,280.00	5.000%	957.00	39,237.00
Total	**$485,764.00**	**-**	**$305,728.68**	**$791,492.68**

SPECIMEN

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

07/27/05
435630.00001

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Writer's Contact Information

August 9, 2005

City of Hurricane
Sewer Revenue Bonds, Series 2005 A
(West Virginia Infrastructure Fund)

City of Hurricane
Hurricane, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by the City of Hurricane (the "Issuer"), a municipal corporation and political subdivision organized and existing under the laws of the State of West Virginia, of its $9,240,515 Sewer Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), dated the date hereof (the "Series 2005 A Bonds" or the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated August 9, 2005, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one Bond, registered as to principal and interest to the Authority, with interest at the rate of 3% per annum, and with principal installments and interest payable quarterly on March , June 1, September 1 and December 1 of each year, commencing March 1, 2008, and maturing December 1, 2027, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2005 A Bonds.

The Series 2005 A Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the sewerage system of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Bond Ordinance duly enacted by the Issuer on August 1, 2005, as supplemented by a Supplemental Resolution duly adopted by the Issuer on August 1, 2005 (collectively, the "Bond Legislation"), pursuant to and under which Act and

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Bond Legislation the Series 2005 A Bonds are authorized and issued, and the Loan Agreement has been entered into. The Series 2005 A Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

In connection with the issuance of the Series 2005 A Bonds, the Issuer has executed a Certificate as to Arbitrage, dated as of the date hereof (the "Certificate as to Arbitrage"), which, among other things, sets forth restrictions on the investment and expenditure of the Bond proceeds and earnings thereon, to ensure that the arbitrage requirements of the Internal Revenue Code of 1986, as amended, and regulations thereunder (collectively, the "Code"), necessary to establish and maintain the excludability of interest on the Series 2005 A Bonds from gross income for federal income tax purposes are and will continue to be met.

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

1. The Issuer is a duly created and validly existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System, to enact the Bond Legislation and to issue and sell the Series 2005 A Bonds, all under the Act and other applicable provisions of law.

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

3. The Bond Legislation and all other necessary ordinances and resolutions have been duly and effectively enacted and adopted by the Issuer in connection with the issuance and sale of the Series 2005 A Bonds and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms. The Bond Legislation contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

4. The Series 2005 A Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System on a parity with the Issuer's (i) Sewer Refunding Revenue Bonds, Series 2003 A, dated October 28, 2003, issued in the original aggregate principal amount of $290,000, (ii) Sewer Revenue Bonds, Series 1989 A, dated December 28, 1989, issued in the original aggregate principal amount of $2,331,211 and (iii) Sewer Revenue Bonds, Series 2005 B (West Virginia Water Development Authority), dated August 9, 2005, issued concurrently herewith in the original aggregate principal amount of $1,114,236 (collectively, the "First Lien Bonds"), and senior and prior with respect to liens, pledge and source of and security for payment to the (i) Sewer Revenue Bonds, Series 1989 B, dated December 28, 1989, issued in the original aggregate principal amount of $108,789 and (ii) Sewer Revenue Bonds, Series 2005 C (West Virginia Water Development Authority), dated August 9, 2005, issued concurrently herewith

in the original aggregate principal amount of $485,764 (collectively, the "Subordinate Bonds"), all in accordance with the terms of the Series 2005 A Bonds and the Bond Legislation.

5. Under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Series 2005 A Bonds (a) is excludable from gross income of the owners thereof for federal income tax purposes pursuant to the Code and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations under the Code. It should be noted, however, that interest on the Series 2005 A Bonds is included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax that may be imposed with respect to corporations. The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Code that must be satisfied subsequent to issuance of the Series 2005 A Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Series 2005 A Bonds set forth in the Bond Legislation and the Certificate as to Arbitrage, and other certificates delivered in connection with the issuance of the Series 2005 A Bonds. Failure to comply with certain of such Code provisions or such certifications, covenants and representations could cause the interest on the Series 2005 A Bonds to be includable in gross income retroactive to the date of issuance of the Series 2005 A Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Series 2005 A Bonds.

6. The Series 2005 A Bonds are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof, and the interest on the Series 2005 A Bonds is exempt from personal and corporate net income taxes imposed directly thereon by the State of West Virginia.

It is to be understood that the rights of the holders of the Series 2005 A Bonds and the enforceability of the Series 2005 A Bonds, the Loan Agreement and the Bond Legislation, and the liens and pledges set forth therein, may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

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

Very truly yours,

STEPTOE & JOHNSON PLLC

07/27/05
435630.00001

CH768307.1

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Writer's Contact Information

August 9, 2005

City of Hurricane
Sewer Revenue Bonds, Series 2005 B
(West Virginia Water Development Authority)

City of Hurricane
Hurricane, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by the City of Hurricane (the "Issuer"), a municipal corporation and political subdivision organized and existing under the laws of the State of West Virginia, of its $1,114,236 Sewer Revenue Bonds, Series 2005 B (West Virginia Water Development Authority), dated the date hereof (the "Series 2005 B Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated August 9, 2005, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), and the Series 2005 B Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Series 2005 B Bonds are originally issued in the form of one Bond, registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, commencing October 1, 2005, at the rate of 5.0% per annum, and with principal installments payable on October 1 of each year, commencing October 1, 2007, and maturing October 1, 2025, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2005 B Bonds.

The Series 2005 B Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13 and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying capitalized interest on the Series 2005 B Bonds; (ii) paying a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the sewerage system of the Issuer (the "Project"); and (iii) paying certain costs of issuance and related costs.

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We have also examined the applicable provisions of the Act, the Bond Ordinance duly enacted by the Issuer on August 1, 2005, as supplemented by a Supplemental Resolution duly adopted by the Issuer on August 1, 2005 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Series 2005 B Bonds are authorized and issued, and the Loan Agreement has been entered into. The Series 2005 B Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

In connection with the issuance of the Series 2005 B Bonds, the Issuer has executed a Certificate as to Arbitrage, dated as of the date hereof (the "Certificate as to Arbitrage"), which, among other things, sets forth restrictions on the investment and expenditure of the Bond proceeds and earnings thereon, to ensure that the arbitrage requirements of the Internal Revenue Code of 1986, as amended, and regulations thereunder (collectively, the "Code"), necessary to establish and maintain the excludability of interest on the Series 2005 B Bonds from gross income for federal income tax purposes, are and will continue to be met.

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

1. The Issuer is a duly created and validly existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System, to enact the Bond Legislation and to issue and sell the Series 2005 B Bonds, all under the Act and other applicable provisions of law.

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

3. The Bond Legislation and all other necessary ordinances and resolutions have been duly and effectively enacted and adopted by the Issuer in connection with the issuance and sale of the Series 2005 B Bonds and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms. The Bond Legislation contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

4. The Series 2005 B Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System on a parity with the Issuer's (i) Sewer Refunding Revenue Bonds, Series 2003 A, dated October 28, 2003, issued in the original aggregate principal amount of $290,000, (ii) Sewer Revenue Bonds, Series 1989 A, dated December 28, 1989, issued in the original aggregate principal amount of $2,331,211 and (iii) Sewer Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), dated August 9, 2005, issued concurrently herewith in the original aggregate principal amount of $9,240,515 (collectively, the "First Lien Bonds"), and senior and prior with respect to liens, pledge and

source of and security for payment to the (i) Sewer Revenue Bonds, Series 1989 B, dated December 28, 1989, issued in the original aggregate principal amount of $108,789 and (ii) Sewer Revenue Bonds, Series 2005 C (West Virginia Water Development Authority), dated August 9, 2005, issued concurrently herewith in the original aggregate principal amount of $485,764 (collectively, the "Subordinate Bonds"), all in accordance with the terms of the Series 2005 B Bonds and the Bond Legislation.

5. Under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Series 2005 B Bonds (a) is excludable from gross income of the owners thereof for federal income tax purposes pursuant to the Code and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations under the Code. It should be noted, however, that interest on the Series 2005 B Bonds is included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax that may be imposed with respect to corporations. The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Code that must be satisfied subsequent to issuance of the Series 2005 B Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Series 2005 B Bonds set forth in the Bond Legislation and the Certificate as to Arbitrage, and other certificates delivered in connection with the issuance of the Series 2005 B Bonds. Failure to comply with certain of such Code provisions or such certifications, covenants and representations could cause the interest on the Series 2005 B Bonds to be includable in gross income retroactive to the date of issuance of the Series 2005 B Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Series 2005 B Bonds.

6. The Series 2005 B Bonds are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof, and the interest on the Series 2005 B Bonds is exempt from personal and corporate net income taxes imposed directly thereon by the State of West Virginia.

It is to be understood that the rights of the holders of the Series 2005 B Bonds and the enforceability of the Series 2005 B Bonds, the Loan Agreement and the Bond Legislation, and the liens and pledges set forth therein, may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

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

Very truly yours,

STEPTOE & JOHNSON PLLC

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Writer's Contact Information

August 9, 2005

City of Hurricane
Sewer Revenue Bonds, Series 2005 C
(West Virginia Water Development Authority)

City of Hurricane
Hurricane, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by the City of Hurricane (the "Issuer"), a municipal corporation and political subdivision organized and existing under the laws of the State of West Virginia, of its $485,764 Sewer Revenue Bonds, Series 2005 C (West Virginia Water Development Authority), dated the date hereof (the "Series 2005 C Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated August 9, 2005, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), and the Series 2005 C Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Series 2005 C Bonds are originally issued in the form of one Bond, registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, commencing October 1, 2005, at the rate of 5.0% per annum, and with principal installments payable on October 1 of each year, commencing October 1, 2007, and ending October 1, 2025, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2005 C Bonds.

The Series 2005 C Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13 and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the sewerage system of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

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We have also examined the applicable provisions of the Act, the Bond Ordinance duly enacted by the Issuer on August 1, 2005, as supplemented by a Supplemental Resolution duly adopted by the Issuer on August 1, 2005 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Series 2005 C Bonds are authorized and issued, and the Loan Agreement has been entered into. The Series 2005 C Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

In connection with the issuance of the Series 2005 C Bonds, the Issuer has executed a Certificate as to Arbitrage, dated as of the date hereof (the "Certificate as to Arbitrage"), which, among other things, sets forth restrictions on the investment and expenditure of the Bond proceeds and earnings thereon, to ensure that the arbitrage requirements of the Internal Revenue Code of 1986, as amended, and regulations thereunder (collectively, the "Code"), necessary to establish and maintain the excludability of interest on the Series 2005 C Bonds from gross income for federal income tax purposes, are and will continue to be met.

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

1. The Issuer is a duly created and validly existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System, to enact the Bond Legislation and to issue and sell the Series 2005 C Bonds, all under the Act and other applicable provisions of law.

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

3. The Bond Legislation and all other necessary ordinances and resolutions have been duly and effectively enacted and adopted by the Issuer in connection with the issuance and sale of the Series 2005 C Bonds and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms. The Bond Legislation contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

4. The Series 2005 C Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System, and secured by a second lien on and pledge of the Net Revenues of the System, junior and subordinate to the Issuer's (i) Sewer Refunding Revenue Bonds, Series 2003 A, dated October 28, 2003, issued in the original aggregate principal amount of $290,000, (ii) Sewer Revenue Bonds, Series 1989 A, dated December 28, 1989, issued in the original aggregate principal amount of $2,331,211 , (iii) Sewer Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), dated August 9, 2005, issued concurrently herewith in the original aggregate principal amount of $9,240,515, and (iv) Sewer Revenue Bonds, Series 2005 B (West Virginia Water Development Authority), dated August 9, 2005, issued concurrently herewith in the original aggregate principal amount of $1,114, 236 (collectively, the "First Lien Bonds"), and on a parity with respect to liens, pledge and source of and security for payment with the Sewer Revenue Bonds, Series 1989 B, dated

1989, issued in the original aggregate principal amount of $108,789, all in accordance with the terms of the Series 2005 C Bonds and the Bond Legislation.

5. Under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Series 2005 C Bonds (a) is excludable from gross income of the owners thereof for federal income tax purposes pursuant to the Code and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations under the Code. It should be noted, however, that interest on the Series 2005 C Bonds is included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax that may be imposed with respect to corporations. The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Code that must be satisfied subsequent to issuance of the Series 2005 C Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Series 2005 C Bonds set forth in the Bond Legislation and the Certificate as to Arbitrage, and other certificates delivered in connection with the issuance of the Series 2005 C Bonds. Failure to comply with certain of such Code provisions or such certifications, covenants and representations could cause the interest on the Series 2005 C Bonds to be includable in gross income retroactive to the date of issuance of the Series 2005 C Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Series 2005 C Bonds.

6. The Series 2005 C Bonds are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof, and the interest on the Series 2005 C Bonds is exempt from personal and corporate net income taxes imposed directly thereon by the State of West Virginia.

It is to be understood that the rights of the holders of the Series 2005 C Bonds and the enforceability of the Series 2005 C Bonds, the Loan Agreement and the Bond Legislation, and the liens and pledges set forth therein, may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

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

Very truly yours,

STEPTOE & JOHNSON PLLC

07/27/05
435630.00001

Ronald J. Flora
ATTORNEY AT LAW
1115 SMITH STREET
MILTON, WEST VIRGINIA 25541

(304) 743-5354
FAX (304) 743-4120
E-MAIL: lawro77@aol.com

Jennifer R. Smith / CLA

August 9, 2005

CITY OF HURRICANE

Sewer Revenue Bonds, Series 2005 A
(West Virginia Infrastructure Fund)
and
Sewer Revenue Bonds, Series 2005 B
(West Virginia Water Development Authority)
and
Sewer Revenue Bonds, Series 2005 C
(West Virginia Water Development Authority)

City of Hurricane
Hurricane, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

I serve as the City Attorney of the City of Hurricane in Putnam County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinions of Steptoe & Johnson, PLLC as bond counsel, a loan agreement for the Series 2005 A Bonds, dated August 9, 2005, including all schedules and exhibits attached thereto, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), a loan agreement for the Series 2005 B Bonds, dated August 9, 2005, including all schedules and exhibits attached thereto, by and between the Issuer and the Authority and, a loan agreement for the Series 2005 C Bonds, dated August 9, 2005, including all schedules and exhibits attached thereto, by and between the Issuer and the Authority (collectively, the "Loan Agreements"), a Bond Ordinance duly enacted by the Issuer on August 1, 2005, as supplemented by a Supplemental Resolution duly adopted by the Issuer on August 1, 2005 (collectively, the "Bond Legislation"), a Petition of the Sanitary Stormwater Board of the Issuer duly adopted June 6, 2005, and other documents relating to the above-captioned Bonds of the Issuer (collectively, the "Bonds"). Capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Loan Agreements when used herein.

I am of the opinion that:

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

2. The Loan Agreements have been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the Authority, constitute valid and binding agreements of the Issuer, enforceable in accordance with their terms.

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

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

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

6. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges for use of the System, including, without limitation, the receipt of all requisite orders and approvals from the West Virginia Department of Environmental Protection, the West Virginia Infrastructure and Jobs Development Council and the Public Service Commission of West Virginia, (the "PSC") and has taken any other action required for the imposition of such rates and charges, including, without limitation, the enactment of an ordinance prescribing such rates and charges. The Issuer has received the Orders of the PSC entered on January 20, 2005, January 26, 2005, and August 8, 2005, in Case No. 04-0163-S-CN, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the Orders entered January 20, 2005 and January 26, 2005, have expired without any appeal. The time for appeal of the August 8, 2005 Order has not expired on the date hereof. However, the Issuer and all the parties thereto have stated that they do not intend to appeal such Order. All Orders remain in full force and effect.

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

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

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

Very truly yours,

RONALD J. FLORA
CITY ATTORNEY

TYREE, EMBREE & ASSOCIATES, PLLC
3564 Teays Valley Road
Hurricane, WV 25526

August 9, 2005

CITY OF HURRICANE

West Virginia Infrastructure and Jobs Development Council
300 Summers Street, Suite 980 Charleston, WV 25301

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

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

Re: Final Title Opinion for the City of Hurricane

Ladies and Gentlemen:

We are counsel to the City of Hurricane, (the "Issuer") in connection with a proposed project to construct Waste Water Treatment Plant Improvements (the "Project"). We provide this final title opinion on behalf of the Issuer to satisfy the requirements of the West Virginia Infrastructure and Jobs Development Council (the "Council") for the Project. Please be advised of the following:

1. We are of the opinion that the Issuer is a duly created and validly existing municipality possessed with all the powers and authority granted to municipalities under the laws of the State of West Virginia to construct, operate and maintain the Project as approved by the DEP.

2. The Issuer has obtained all necessary permits and approvals for the construction of the Project.

3. We have investigated and ascertained the location of, and are familiar with the legal description of, the necessary sites, including easements and/or rights of way, required for the Project as set forth in the plans for the Project prepared by Randolph Engineering, Inc., the consulting engineers for the Project.

4. We have examined the records on file in the Office of the Clerk of the County Commission of Putnam County, West Virginia, the county in which the Project is to be located, and, in our opinion, the Issuer has acquired legal title or such other estate or interest in all of the necessary site components for the Project, including all easements and/or rights of way, with the exception of those listed in Paragraph 5, sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the Project.

5. The Issuer's title thereto is defeasible in the event the Issuer does not satisfy any resulting judgment and/or award in the proceedings for acquisition of said properties, and our certification is subject to the following pending litigation: None

6. All deeds, easements and rights of way which have been acquired to date by the Issuer have been duly recorded in the Office of the Clerk of the County Commission of Putnam County to protect the legal title to and interest of the Issuer.

Very truly yours,

Eric S. Embree

CITY OF HURRICANE

Sewer Revenue Bonds, Series 2005 A
(West Virginia Infrastructure Fund)
and
Sewer Revenue Bonds, Series 2005 B
(West Virginia Water Development Authority)
and
Sewer Revenue Bonds, Series 2005 C
(West Virginia Water Development Authority)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

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

On this 9th day of August, 2005, we, the undersigned MAYOR and RECORDER of the City of Hurricane in Putnam County, West Virginia (the "Issuer"), and the undersigned CITY ATTORNEY and SPECIAL COUNSEL hereby certify in connection with the Issuer's Sewer Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), Sewer Revenue Bonds, Series 2005 B (West Virginia Water Development Authority), and

Sewer Revenue Bonds, Series 2005 C (West Virginia Water Development Authority), all dated the date hereof (collectively, the "Series 2005 Bonds" or individually, the "Series 2005 A Bonds," the "Series 2005 B Bonds," and the "Series 2005 C Bonds" respectively), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning as set forth in the Bond Ordinance of the Issuer duly enacted August 1, 2005, and the Supplemental Resolution duly adopted August 1, 2005 (collectively, the "Bond Legislation").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Series 2005 Bonds, the acquisition and construction of the Project, the operation of the System, the receipt of the Gross Revenues, or in any way contesting or affecting the validity of the Series 2005 Bonds, or any proceedings of the Issuer taken with respect to the issuance or sale of the Series 2005 Bonds, the pledge or application of the Gross Revenues or any other moneys or security provided for the payment of the Series 2005 Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Series 2005 Bonds, the acquisition and construction of the Project, the operation of the System, the pledge or application of moneys and security or the collection of the Gross Revenues or the pledge of Gross Revenues as security for the Series 2005 Bonds.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the acquisition and construction of the Project, the operation of the System and the issuance of the Series 2005 Bonds have been obtained and remain in full force and effect, and competitive bids for the acquisition and construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the West Virginia Code of 1931, as amended, which bids remain in full force and effect.

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

The Issuer has the following outstanding obligations: (i) Sewer Refunding Revenue Bonds, Series 2003 A, dated October 28, 2003, issued in the original aggregate principal amount of $290,000 and (ii) Sewer Revenue Bonds, Series 1989 A, dated December 28, 1989, issued in the original aggregate principal amount of $2,331,211 (collectively, the "First Lien Bonds"). The Issuer has outstanding its Sewer Revenue Bonds, Series 1989 B, dated December 28, 1989, issued in the original aggregate principal amount of $108,789 (the "Subordinate Bonds"), which are subordinate and junior to the First Lien

Bonds as to liens, pledge and source of and security for payment on the Net Revenues of the System. The First Lien Bonds and the Subordinate Bonds are sometimes hereinafter collectively referred to as to the "Prior Bonds".

The Series 2005 A Bonds and the Series 2005 B Bonds shall be issued on a parity with the First Lien Bonds. The Series 2005 C Bonds shall be issued junior and subordinate to the First Lien Bonds, the Series 2005 A Bonds and the Series 2005 B Bonds, and on a parity with the Subordinate Bonds. The Issuer has obtained (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the First Lien Bonds and Subordinate Bonds are met; (ii) the written consent of the Holders of the First Lien Bonds to the issuance of the Series 2005 A Bonds and the Series 2005 B Bonds on a parity with the First Lien Bonds; and (iii) the written consent of the Holders of the Subordinate Bonds to the issuance of the Series 2005 C Bonds on a parity with the Subordinate Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

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

Bond Ordinance

Supplemental Resolution

IC Loan Agreement for Series 2005 A Bonds

WDA Loan Agreement for Series 2005 B Bonds

WDA Loan Agreement for Series 2005 C Bonds

Public Service Commission Order

Infrastructure Council Approval

City Charter, with Amendments

Oaths of Office of Officers and Council members

Ordinance Creating Sanitary Stormwater Board and Oaths of Office of Boardmembers and Petition of Sanitary Stormwater Board

Sewer Rate Ordinance

Minutes on Adoption and Enactment of Sewer Rate Ordinance

Affidavit of Publication of Sewer Rate Ordinance

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

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

Environmental Health Services Permit and NPDES Permit

1989 and 2003 Bond Ordinances

Evidence of Insurance

Consents of WDA and BB&T

Sewer Service Agreement between the Issuer and South Putnam Public Service District

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

Name		Date of Commencement of Office	Date of Termination of Office
Raymond Peak	- Mayor	July 1, 2003	June 30, 2007
Linda Gibson	- Recorder	July 1, 2003	June 30, 2007
Frank Sergent	- Councilmember	July 1, 2003	June 30, 2007
Reggie Billups	- Councilmember	July 1, 2003	June 30, 2007
Wayne Lively	- Councilmember	July 1, 2003	June 30, 2007
David Boyles	- Councilmember	July 1, 2003	June 30, 2007
Wanda Johnson	- Councilmember	July 1, 2003	June 30, 2007

The duly elected or appointed officers of the Sanitary Stormwater Board for 2005 are as follows:

Name		
Raymond Peak	-	Chairman
Jack Gibson	-	Secretary/Treasurer
Scott Perfator, P.E.	-	Member
Roger Randolph, P.E.	-	Member
Lewis Powers	-	Member
Rich Tolley	-	Member

The duly appointed and acting City Attorney is Ron Flora, Esquire, Milton, West Virginia and Special Real Estate Counsel is Eric Embree, Esquire, Hurricane, West Virginia.

7. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the acquisition and construction of the Project and the operation and maintenance of the System have been acquired or can and will be acquired by purchase, or, if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Series 2005 Bonds. The City Attorney makes no representations as to this paragraph.

8. MEETINGS, ETC.: All actions, ordinances, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the issuance of the Series 2005 Bonds and the acquisition, construction, operation and financing of the Project or the System were authorized or adopted at regular or special meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including, particularly and without limitation, Chapter 6, Article 9A of the West Virginia Code of 1931, as amended, and a quorum of duly elected or appointed, as applicable, qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

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

10. LOAN AGREEMENT: As of the date hereof, (i) the representations of the Issuer contained in the Loan Agreement are true and correct in all material respects as if made on the date hereof; (ii) the Loan Agreement does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein,

in light of the circumstances under which they were made, not misleading; (iii) to the best knowledge of the undersigned, no event affecting the Issuer has occurred since the date of the Loan Agreement which should be disclosed for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information in the Loan Agreement not misleading; and (iv) the Issuer is in compliance with the Loan Agreement.

11. RATES: The Issuer has duly enacted a sewer rate ordinance on March 21, 2004, setting rates and charges of the System. The time for appeal of such rate ordinance has expired prior to the date hereof without any appeal and such rates are currently in full force and effect.

12. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Mayor did officially sign all of the Series 2005 Bonds of the aforesaid issue, consisting upon original issuance of a single Bond of each series, dated the date hereof, by his or her manual signature, and the undersigned Recorder did officially cause the official seal of the Issuer to be affixed upon said Series 2005 Bonds and to be attested by his or her manual signature, and the Registrar did officially authenticate, register and deliver the Series 2005 Bonds to a representative of the Authority as the original purchaser of the Series 2005 Bonds under the Loan Agreement. Said official seal of the Issuer is also impressed above the signatures appearing on this certificate.

13. BOND PROCEEDS: On the date hereof, the Issuer received $704,757 from the Authority and the Council, being a portion of the principal amount of the Series 2005 A Bonds,$1,114,236 from the Authority, being the entire principal amount of the Series 2005 B Bonds (100% of par value), and $485,764 from the Authority, being the entire principal amount of the Series 2005 C Bonds (100% of par value), there being no interest accrued thereon. The balance of the principal amount of the Series 2005 A Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

14. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE: Upon adoption of the Bond Ordinance, an abstract thereof, determined by the Governing Body to contain sufficient information as to give notice of the contents thereof, was published once each week for 2 successive weeks, with not less than 6 full days between each publication, the first such publication occurring not less than 10 days before the date stated below for the public hearing, in the Hurricane Breeze, a qualified newspaper published in the City of Hurricane, together with a notice to all persons concerned, stating that the Bond Ordinance had been adopted and that the Issuer contemplated the issuance of the Series 2005 Bonds described in such Bond Ordinance, stating that any person interested may appear before the Council at the public hearing held at a public meeting of Council on the 1st day of August, 2005, at 7:00 p.m., at the City of Hurricane, City Hall and present protests, and stating that a certified copy of the Bond Ordinance was on file at the office of the Recorder of the Issuer for review by interested parties during the office hours of the Issuer. At such hearing all objections and suggestions were heard by the Governing Body and the Bond

before the Council at the public hearing held at a public meeting of Council on the 1st day of August, 2005, at 7:00 p.m., at the City of Hurricane, City Hall and present protests, and stating that a certified copy of the Bond Ordinance was on file at the office of the Recorder of the Issuer for review by interested parties during the office hours of the Issuer. At such hearing all objections and suggestions were heard by the Governing Body and the Bond Ordinance became finally adopted, enacted and effective as of the date of such public hearing, and remains in full force and effect.

15. PUBLIC SERVICE COMMISSION ORDERS: The Issuer has received the Recommended Decision and Commission Orders of the Public Service Commission of West Virginia entered on January 20, 2005, January 26, 2005 and August 8, 2005, in Case No. 04-0163-S-CN, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of such Recommended Decision and Commission Orders dated January 20, 2005 and January 26, 2005 have expired prior to the date hereof without any appeal. The time for appeal of the August 8, 2005 Order has not expired prior to the date hereof. However, the parties to such Order have certified that it does not intend to appeal such Order. The Issuer hereby certifies that it will not appeal such Order. All Orders remain in full force and effect.

16. SPECIMEN BONDS: Delivered concurrently herewith are true and accurate specimens of the Series 2005 Bonds.

17. CONFLICT OF INTEREST: No member, officer or employee of the Issuer or the Board has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Series 2005 Bonds, the Bond Legislation and/or the Project, including, without limitation, with respect to the Depository Bank. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

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

19. COMPLIANCE WITH WEST VIRGINIA JOBS ACT: Unless it shall hereafter be qualified for an exception, the Issuer hereby covenants to comply with all the requirements of Chapter 21, Article 1C of the Code of West Virginia, 1931, as amended (the"West Virginia Jobs Act") and will require its contractors and subcontractors to comply with the West Virginia Jobs Act. The Issuer hereby certifies to the Council and the Authority that (i) the Issuer will comply with all the requirements of the West Virginia Jobs Act; (ii) the Issuer has included the provisions of the West Virginia Jobs Act in each contract and

Council copies of the waiver certificates and certified payrolls or comparable documents that include the number of employees, the county and state wherein the employees reside and their occupation, following the procedures established by the DOL. The monthly requisitions submitted to the Council shall also certify that the Issuer is monitoring compliance by its contractors and subcontractors and that the required information has been submitted.

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

WITNESS our signatures and the official seal of the CITY OF HURRICANE as of the date first written above.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
Raymond Beck	Mayor
Linda L Gibson	Recorder
_____	City Attorney
_____	Special Real Estate Counsel (Paragraph 7 only)

07/26/05
435630.00001

WITNESS our signatures and the official seal of the CITY OF HURRICANE as of the date first written above.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
_____	Mayor
_____	Recorder
_____	City Attorney
_____	Special Real Estate Attorney (Paragraph 7 only)

07/26/05
435630.00001

WITNESS our signatures and the official seal of the CITY OF HURRICANE as of the date first written above.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
_____	Mayor
_____	Recorder
_____	City Attorney
_____	Special Real Estate Counsel (Paragraph 7 only)

07/26/05
435630.00001

CITY OF HURRICANE

Sewer Revenue Bonds, Series 2005 A
(West Virginia Infrastructure Fund)
and
Sewer Revenue Bonds, Series 2005 B
(West Virginia Water Development Authority)
and
Sewer Revenue Bonds, Series 2005 C
(West Virginia Water Development Authority)

CERTIFICATE AS TO ARBITRAGE

On this 9th day of August, 2005, the undersigned Mayor of the City of Hurricane in Putnam County, West Virginia (the "Issuer"), being the official of the Issuer duly charged with the responsibility for the issuance of Sewer Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), Sewer Revenue Bonds, Series 2005 B (West Virginia Water Development Authority) and Sewer Revenue Bonds, Series 2005 C (West Virginia Water Development Authority) (individually, the "Series 2005 A Bonds," "Series 2005 B Bonds," and "Series 2005 C Bonds," and collectively, the "Series 2005 Bonds") of the Issuer, dated the date hereof hereby certifies as follows:

1. This certificate is being executed and delivered pursuant to Section 148 of the Internal Revenue Code of 1986 and applicable regulations (the "Code"). I am the officer of the Issuer duly charged with the responsibility of issuing the Series 2005 Bonds. I am familiar with the facts, circumstances, and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the same meaning as set forth in the ordinance authorizing the Series 2005 Bonds duly enacted by the Issuer on August 1, 2005 (as supplemented, the "Bond Ordinance").

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

3. The Issuer has not been notified by the Internal Revenue Service of any listing or proposed listing of it as an issuer that may not certify its bonds or the certification of which may not be relied upon by holders of obligations of the Issuer or that there is any disqualification of the Issuer by the Internal Revenue Service because a certification made by the Issuer contains a material misrepresentation.

4. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on August 9, 2005, the date on which the Series 2005 Bonds are to be physically delivered in exchange for all or a portion of the principal amount of the Series 2005 Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

5. The Series 2005 A Bonds were sold on August 9, 2005, to the West Virginia Water Development Authority (the "Authority"), pursuant to a loan agreement dated August 9, 2005, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Development Council (the "Council"), for an aggregate purchase price of $9,240,515 (100% of par), at which time the Issuer received $704,757, being more than a de minimus amount of the principal of the Series 2005 A Bonds. No accrued interest has been or will be paid on the Series 2005 A Bonds. The balance of the principal amount of the Series 2005 A Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Series 2005 B Bonds were sold on August 9, 2005, to the Authority, pursuant to a loan agreement dated August 9, 2005, by and between the Issuer and the Authority, for an aggregate purchase price of $1,114,236 (100% of par), at which time the Issuer received $1,114,236, being the principal amount of the Series 2005 B Bonds. No accrued interest has been or will be paid on the Series 2005 B Bonds.

7. The Series 2005 C Bonds were sold on August 9, 2005, to the Authority, pursuant to a loan agreement dated August 9, 2005, by and between the Issuer and the Authority, for an aggregate purchase price of $485,764 (100% of par), at which time the Issuer received $485,764, being the principal amount of the Series 2005 C Bonds. No accrued interest has been or will be paid on the Series 2005 C Bonds.

8. The Issuer has covenanted in the Bond Ordinance not to take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 2005 Bonds which would cause any of the Series 2005 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. The Issuer has, therefore, covenanted not to intentionally use any portion of the proceeds of the Series 2005 Bonds to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except as otherwise allowed under Section 148 of the Code. The Issuer, in the Bond Ordinance, has further covenanted that it will take all actions that may be required of it so that the interest on the Series 2005 Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

9. The Series 2005 Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the

existing public sewerage system of the Issuer (the "Project"); (ii) paying capitalized interest on the Series 2005 B Bonds; and (iii) paying costs of issuance and related costs thereof.

10. Not later than simultaneously with the delivery of the Series 2005 Bonds, the Issuer shall enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Series 2005 Bonds for the construction of the Project, constituting a substantial binding commitment. The acquisition and construction of the Project and the allocation of the net sale proceeds of the Series 2005 Bonds to expenditures of the Project shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds constituting capitalized interest, if any, and proceeds deposited in the respective Reserve Accounts for the Series 2005 Bonds, if any, all of the proceeds from the sale of the Series 2005 Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before June, 2007. The acquisition and construction of the Project is expected to be completed by March, 2007.

11. The total cost of the Project (including all costs of issuance of the Series 2005 Bonds) is estimated at $ 10,840,515. Sources and uses of funds for the Project are as follows:

SOURCES	
Proceeds of the Series 2005 A Bonds	$ 9,240,515
Proceeds of the Series 2005 B Bonds	$ 1,114,236
Proceeds of the Series 2005 C Bonds	$ 485,764
Total Sources	$10,840,515

USES	
Costs of Acquisition and Construction of the Project	$10,746,015
Capitalized Interest for Series 2005 B Bonds	$ 60,000
Costs of Issuance	$ 34,500
Total Uses	$10,840,515

The total amount of the costs of the Project is estimated to be at least equal to the gross proceeds of the Series 2005 Bonds. Except for the proceeds of the Series 2005 Bonds, no other funds of the Issuer will be available to meet costs of the Project, which would constitute "replacement proceeds" within the meaning of Treas. Reg. § 1.148-1(c), inasmuch as (i) the Issuer does not reasonably expect that the term of the Series 2005 Bonds is longer than is reasonably necessary for the governmental purposes of the Issuer, (ii) the weighted average maturity of the Series 2005 Bonds does not exceed 120% of the average reasonably expected economic life of the Project, and (iii) there are no amounts that have a sufficiently direct

nexus to the Series 2005 Bonds or to the governmental purpose of the Series 2005 Bonds to conclude that the amounts would have been used for that governmental purpose if the proceeds of the Series 2005 Bonds were not used or to be used for that governmental purpose.

12. Pursuant to Article V of the Bond Ordinance, the following special funds or accounts have been created:

(1) Revenue Fund (established by the Prior Ordinances and therein called the "Sewer Revenue Fund");

(2) Operation and Maintenance Fund (established by the Prior Ordinances);

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

(4) Series 2005 Bonds Construction Trust Fund;

(5) Rebate Fund;

(6) Series 2005 A Bonds Sinking Fund;

(7) Series 2005 A Bonds Reserve Account;

(8) Series 2005 B Bonds Sinking Fund;

(9) Series 2005 B Bonds Reserve Account;

(10) Series 2005 C Bonds Sinking Fund; and

(11) Series 2005 C Bonds Reserve Account.

13. Pursuant to Article VI of the Bond Ordinance, the proceeds of the Series 2005 Bonds will be deposited as follows:

A. Series 2005 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2005 A Bonds Sinking Fund, as capitalized interest.

B. Series 2005 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2005 A Bonds Reserve Account.

C. Series 2005 B Bonds proceeds in the amount of $60,000 shall be deposited in the Series 2005 B Bonds Sinking Fund, as capitalized interest.

D. Series 2005 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 2005 B Bonds Reserve Account.

E. Series 2005 C Bonds proceeds in the amount of $-0- shall be deposited in the Series 2005 C Bonds Sinking Fund, as capitalized interest.

F. Series 2005 C Bonds proceeds in the amount of $-0- shall be deposited in the Series 2005 C Bonds Reserve Account.

G. The balance of the proceeds of the Series 2005 A Bonds, the Series 2005 B Bonds and Series 2005 C Bonds shall be deposited in or credited to the Series 2005 Bonds Construction Trust Fund for payment of the costs of the Project, including, without limitation, costs of issuance of the Series 2005 Bonds and related costs.

Amounts in the Series 2005 Bonds Construction Trust Fund, if invested, will be invested without yield limitation for a period necessary to complete the Project, not to exceed 3 years, except as otherwise set forth herein. All of such monies are necessary for such purpose.

Except for "preliminary expenditures" as defined in Treasury Regulation §1.150-2(f)(2), none of the proceeds of the Series 2005 Bonds will be used to reimburse the Issuer for costs of the Project previously incurred and paid by the Issuer with its own or other funds.

14. Monies held in the respective Series 2005 Bonds Sinking Funds will be used solely to pay principal of and interest on the respective Series 2005 Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on monies in the respective Series 2005 Bonds Sinking Funds and Series 2005 Bonds Reserve Accounts, if any, will be withdrawn therefrom and deposited into the Series 2005 Bonds Construction Trust Fund during construction of the Project, and following completion of the Project, will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Ordinance.

15. Except for the respective Series 2005 Bonds Sinking Funds and the Series 2005 Bonds Reserve Accounts, there are no other funds or accounts established or held by the Issuer which are reasonably expected to be used to pay debt service on the Series 2005 Bonds, or which are pledged as collateral for the Series 2005 Bonds and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Series 2005 Bonds if the Issuer encounters financial difficulties. The Issuer does not expect that monies in the Renewal and Replacement Fund will be used or needed for payments upon the Series 2005 Bonds. Except as provided herein, no funds which have been or will be used

to acquire directly or indirectly securities, obligations, annuity contracts, investment-type property or any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan producing a yield in excess of the yield on the Series 2005 Bonds have been or will be pledged to payment of the Series 2005 Bonds. Less than 10% of the monies received from the sale of the respective Series 2005 Bonds, if any, will be deposited in the respective Series 2005 Bonds Reserve Account or any other reserve or replacement fund. The amounts deposited in the respective Series 2005 Bonds Reserve Account from time to time by the Issuer will not exceed the maximum annual principal of and interest on the Series 2005 Bonds and will not exceed 125% of average annual principal of and interest on the Series 2005 Bonds. Amounts in the respective Series 2005 Bonds Reserve Account, not to exceed 10% of the proceeds of the Series 2005 Bonds, if invested, will be invested without yield limitation. The establishment of the respective Series 2005 Bonds Reserve Account is required by the Authority, is vital to its purchase of the Series 2005 Bonds, and is reasonably required to assure payments of debt service on the Series 2005 Bonds.

Because amounts in the Renewal and Replacement Fund may be expended for other purposes, there is no reasonable assurance that any such amounts would be available to meet debt service if the Issuer encounters financial difficulties; thus, such amounts may be invested without yield limitation.

16. Not later than simultaneously with the delivery of the Series 2005 Bonds, the Issuer shall enter into a contract for the construction of the Project, and the amount to be expended pursuant to such contract exceeds 5% of the net sale proceeds of the Series 2005 Bonds.

17. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. The acquisition and construction of the Project is expected to be completed within 18 months of the date hereof.

18. Except for a reasonable temporary period until such proceeds are needed for the purpose for which such Series 2005 Bonds were issued or as otherwise allowed, no portion of the proceeds of the Series 2005 Bonds will be used, directly or indirectly, to acquire higher yielding investments, or to replace funds which were used, directly or indirectly, to acquire higher yielding investments, all within the meaning of Section 148 of the Code.

19. The Issuer will comply with the provisions of the Code, for which the effective date precedes the date of delivery of its Series 2005 Bonds to the Authority.

20. With the exception of the amount deposited in the respective Series 2005 Bonds Sinking Funds for payment of interest on the Series 2005 Bonds and the amount deposited in the respective Series 2005 Bonds Reserve Account, if any, all of the

proceeds of the Series 2005 Bonds will be expended on the Project within 21 months from the date of issuance thereof.

21. The Issuer does not expect to sell or otherwise dispose of the Project in whole or in part prior to the last maturity date of the Series 2005 Bonds.

22. The Series 2005 A Bonds Sinking Fund (other than the Series 2005 A Bonds Reserve Account therein) is intended primarily to achieve a proper matching of payments of debt service on the Series 2005 A Bonds each year. The Series 2005 A Bonds Sinking Fund (other than the Series 2005 A Bonds Reserve Account therein) will be depleted at least once a year except for a reasonable carryover amount not in excess of the greater of 1/12th of annual debt service on the Series 2005 A Bonds, or 1 year's interest earnings on the Series 2005 A Bonds Sinking Fund (other than the Series 2005 A Bonds Reserve Account therein). Except as otherwise allowed, any money deposited in the Series 2005 A Bonds Sinking Fund for payment of the principal of or interest on the Series 2005 A Bonds (other than the Series 2005 A Bonds Reserve Account therein), will be spent within a 13-month period beginning on the date of receipt and will be invested without yield limitation, and any monies received from the investment of amounts held in the Series 2005 A Bonds Sinking Fund (other than in the Series 2005 A Bonds Reserve Account therein) will be spent within a 1-year period beginning on the date of receipt.

23. The Series 2005 B Bonds Sinking Fund (other than the Series 2005 B Bonds Reserve Account therein) is intended primarily to achieve a proper matching of payments of debt service on the Series 2005 B Bonds each year. The Series 2005 B Bonds Sinking Fund (other than the Series 2005 B Bonds Reserve Account therein) will be depleted at least once a year except for a reasonable carryover amount not in excess of the greater of 1/12th of annual debt service on the Series 2005 B Bonds, or 1 year's interest earnings on the Series 2005 B Bonds Sinking Fund (other than the Series 2005 B Bonds Reserve Account therein). Except as otherwise allowed, any money deposited in the Series 2005 B Bonds Sinking Fund for payment of the principal of or interest on the Series 2005 B Bonds (other than the Series 2005 B Bonds Reserve Account therein), will be spent within a 13-month period beginning on the date of receipt and will be invested without yield limitation, and any monies received from the investment of amounts held in the Series 2005 B Bonds Sinking Fund (other than in the Series 2005 B Bonds Reserve Account therein) will be spent within a 1-year period beginning on the date of receipt.

24. The Series 2005 C Bonds Sinking Fund (other than the Series 2005 C Bonds Reserve Account therein) is intended primarily to achieve a proper matching of payments of debt service on the Series 2005 C Bonds each year. The Series 2005 C Bonds Sinking Fund (other than the Series 2005 C Bonds Reserve Account therein) will be depleted at least once a year except for a reasonable carryover amount not in excess of the greater of 1/12th of annual debt service on the Series 2005 C Bonds, or 1 year's interest earnings on the Series 2005 C Bonds Sinking Fund (other than the Series 2005 C Bonds Reserve Account therein). Except as otherwise allowed, any money

deposited in the Series 2005 C Bonds Sinking Fund for payment of the principal of or interest on the Series 2005 C Bonds (other than the Series 2005 C Bonds Reserve Account therein), will be spent within a 13-month period beginning on the date of receipt and will be invested without yield limitation, and any monies received from the investment of amounts held in the Series 2005 C Bonds Sinking Fund (other than in the Series 2005 C Bonds Reserve Account therein) will be spent within a 1-year period beginning on the date of receipt.

25. The amount designated as cost of issuance of the Series 2005 Bonds consists only of costs which are directly related to and necessary for the issuance of the Series 2005 Bonds.

26. All property financed with the proceeds of the Series 2005 Bonds will be held for federal income tax purposes by (or on behalf of) a qualified governmental unit.

27. No more than 10% of the proceeds of the Series 2005 Bonds will be used (directly or indirectly) in any trade or business carried on by, and less than 5% of the proceeds of the Series 2005 Bonds have been or will be used to make or finance loans to, any person who is not a governmental unit.

28. The original proceeds of the Series 2005 Bonds will not exceed the amount necessary for the purposes of the issue.

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

30. The Issuer shall not permit at any time or times any of the proceeds of the Series 2005 Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Series 2005 Bonds from treatment afforded by Section 103(a) of the Code by reason of classification of the Series 2005 Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions and refrain from taking such actions as shall be necessary to comply with the Code in order to ensure the interest on the Series 2005 Bonds is excludable from gross income for federal income tax purposes.

31. The Series 2005 Bonds are not and will not be, in whole or in part, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

32. The Issuer has retained the right to amend or supplement its authorizing documents if such amendment or supplement is necessary to preserve the exclusion from gross income for federal income tax purposes of the interest on the Series 2005 Bonds.

33. The Issuer shall comply with the yield restriction on the proceeds of the Series 2005 Bonds as set forth in the Code.

34. The Issuer has either (a) funded the respective Series 2005 Bonds Reserve Accounts at the maximum amount of principal and interest which will mature and become due on the respective Series 2005 Bonds in the then current or any succeeding year with the proceeds of the Series 2005 Bonds, or (b) created the respective Series 2005 Bonds Reserve Accounts which will be funded with equal payments made on a monthly basis over a 10-year period until each such Series 2005 Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the respective Series 2005 Bonds in the then current or any succeeding year. Monies in the respective Series 2005 Bonds Reserve Accounts and the respective Series 2005 Bonds Sinking Funds will be used solely to pay principal of and interest on the respective Series 2005 Bonds and will not be available to pay costs of the Project.

35. The Issuer shall submit to the Authority within 15 days following the end of each bond year a certified copy of its rebate calculation or, if the Issuer qualifies for the small governmental issuer exception to rebate, the Issuer shall submit a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge during the bond year which would make the Series 2005 Bonds subject to rebate.

36. There are no other obligations of the Issuer which (a) are to be issued at substantially the same time as the Series 2005 Bonds, (b) are to be sold pursuant to a common plan of financing together with any of the Series 2005 Bonds and (c) will be paid out of substantially the same source of funds or will have substantially the same claim to be paid out of substantially the same source of funds as any of the Series 2005 Bonds.

37. The transactions contemplated herein do not represent an exploitation of the difference between taxable and tax-exempt interest rates and the execution and delivery of the Series 2005 Bonds is not occurring sooner than otherwise necessary, nor are the Series 2005 Bonds in principal amounts greater than otherwise necessary or to be outstanding longer than otherwise necessary.

38. The Issuer will rebate to the United States the amount, if any, required by the Code and will take all steps necessary to make such rebates. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and obtain a waiver from the Internal Revenue Service in order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Series 2005 Bonds.

39. The Issuer covenants and agrees to comply with the rebate requirements of the Code if not exempted therefrom, and with all other requirements of the Code necessary, proper or desirable to maintain the tax-exempt status of the Series 2005 Bonds.

40. The Issuer shall file Form 8038-G in a timely fashion with the Internal Revenue Service Center.

41. All proceeds of the Series 2005 Bonds to be used for payment of costs of the Project will be expended for such purposes within 3 years of the date of issuance of the Series 2005 Bonds.

42. On the basis of the foregoing, it is not expected that the proceeds of any of the Series 2005 Bonds will be used in a manner that would cause any of the Series 2005 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

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

44. Steptoe & Johnson PLLC is entitled to rely upon the representations, expectations, covenants, certifications and statements contained herein in rendering its opinions regarding the tax-exempt status of interest on the Series 2005 Bonds.

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

WITNESS my signature as of the date first written above.

CITY OF HURRICANE

By: Raymond Beck
Its: Mayor

07/27/05
435630.00001

CITY OF HURRICANE

Sewer Revenue Bonds, Series 2005 A
(West Virginia Infrastructure Fund)
and
Sewer Revenue Bonds, Series 2005 B
(West Virginia Water Development Authority)
and
Sewer Revenue Bonds, Series 2005 C
(West Virginia Water Development Authority)

CERTIFICATE OF ENGINEER

On this 9th day of August, 2005, I, Aaron Randolph, P.E., Registered Professional Engineer, West Virginia License No. 13451, of Randolph Engineering Company, Inc., Scott Depot, West Virginia, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of certain extensions, additions, betterments and improvements (the "Project") to the existing public sewerage system (the "System") of the City of Hurricane (the "Issuer"), to be constructed in Putnam County, West Virginia, which acquisition and construction are being permanently financed by the proceeds of the above-captioned bonds (collectively, the "Bonds") of the Issuer. Capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Ordinance enacted by the Issuer on August 1, 2005, as amended by the Supplemental Resolution of the Issuer adopted August 1, 2005 (collectively, the "Bond Legislation"), the Loan Agreement for the Series 2005 A Bonds by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), dated August 9, 2005, and the respective Loan Agreements for the Series 2005 B Bonds and Series 2005 C Bonds, by and between the Issuer and the Authority, dated August 9, 2005 (collectively, the "Loan Agreements").

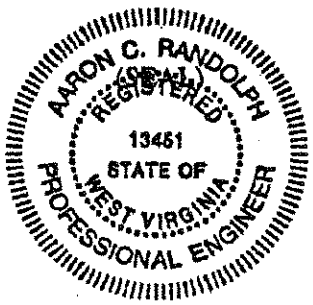
2. The Series 2005 Bonds are being issued (i) to pay a portion of the costs of acquisition and construction of the Project; (ii) to pay capitalized interest on the Series 2005 B Bonds; and (iii) to pay certain costs of issuance and related costs.

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the Council and the Authority and any change orders approved by the Issuer, the Authority, the Council and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended

purpose and has a useful life of at least 20 years, if properly constructed, operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B attached hereto as Exhibit A and Eric Embree, Esquire, counsel to the Issuer, will ascertain that all successful bidders have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds will be verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the Council and the bid forms provided to the bidders contain the critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the system; (ix) in reliance upon the certificate of an independent certified public accountant, Michael Griffith, CPA, of even date herewith, as of the effective date thereof, the rates and charges for the System as enacted by the Issuer will be sufficient to comply with the provisions of the respective Loan Agreements; (x) the net proceeds of the Bonds, together with all other monies on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the Council; and (xi) attached hereto as Exhibit A is the final amended "Schedule B - Estimated Total Cost of Project, Sources of Funds and Cost of Financing" for the Project.

WITNESS my signature and seal as of the date first written above.

RANDOLPH ENGINEERING COMPANY, INC.



Aaron Randolph, P.E.
West Virginia License No. 13451

07/28/05
435630.00001

HURRICANE, CITY OF

May 23, 2005

REVISED SCHEDULE B

A. COST OF PROJECT		TOTAL	IJDC	Bid overrun	WDA
1 Construction					
Contract 1	Hayslett	8,484,000.00	7,394,800.00		1,089,200.00
Alternate A		160,000.00	160,000.00		
Alternate B		22,000.00	22,000.00		
Contract 2	Rover	610,814.00	468,081.00	142,733.00	
2 Technical Services	Randolph				
a. Planning & Design		614,148.00	469,821.00	144,327.00	
b. Construction		43,779.00	45,481.00	-1,702.00	
c Inspection		262,674.00	272,895.00	-10,221.00	
d. Topography/Core Drilling		46,000.00		46,000.00	
3 Legal & Fiscal					
a. Legal	Embrie	10,000.00	10,000.00		
b. Legal	Flora	20,000.00	10,000.00	10,000.00	
c. Accounting	Griffith	20,000.00	10,000.00	10,000.00	
4 Administrative		4,000.00	4,000.00		
5 Sites & Other Lands					
a. Land acquisition / ROW		***14,800.00***	1,000.00	***13,800.00***	
6					
7 Contingency	5%	433,300.00			433,300.00
8					
9 TOTAL of Lines 1 through 8		10,745,515.00	8,868,078.00	354,937.00	1,522,500.00
B. COST OF FINANCING					
10 Capitalized interest		60,000.00			60,000.00
11 Other Costs					
a. Registrar fees		1,000.00	500.00		500.00
b Bond Counsel	Steptoe	34,000.00	17,000.00		17,000.00
12 Cost of Issuance		95,000.00	17,500.00	0.00	77,500.00
13 TOTAL PROJECT COST line 9 plus line 12		10,840,515.00	8,885,578.00	354,937.00	1,600,000.00
C. SOURCES OF FUNDS					
14 Federal Grants					
15 State Grants					
16 Other Grants					
17 Any Other Source					
18 TOTAL GRANTS Lines 14 through 17		0.00	0.00		0.00
19 Size of Bond Issue		10,840,515.00	8,885,578.00	354,937.00	1,600,000.00

Hurricane, City of

5/24/05
Date

Randolph Engineering

May 23, 05
Date

West Virginia

At a circuit court continued and held in and for the County of Putnam, at the court House thereof on Tuesday the 25th day of September 1888.

W. S. Tinsley, R. V. Dorsey
S. W. Blair and W. H. H. McCallister

Ex parte

A certificate under oath of C. W. Taylor, A. B. Burgess and J. H. Haynes on Monday filed showing that a majority of all the qualified voters residing in the following boundary, to wit; Beginning at the north west corner of the Baptist church lot, thence S 34° E 49 poles to a stake, thence N 64° E 200 poles to a stake, thence N 34° W. 128 poles to a stake thence S 64° W. 200 poles to a stake thence S 34° E 79 poles to the beginning, have been given in due form of law in favor of the incorporation of the Town of Hurricane in the county of Putnam, bounded as herein set forth. And it appearing to the satisfaction of the court

that all the provisions of chapter forty seven of the code of West Virginia have been complied with by the applicants for said incorporation, that said town is duly authorized within the corporate limits aforesaid to exercise all the corporate powers conferred by the said chapter from and after the date of this certificate.

And the court doth appoint and designate C. W. Taylor, J. H. Reynolds and O. M. Reynolds, three legal voters residing within the limits aforesaid who shall act as commissioners of election at the first election to be held in said Town of Hurricane as provided for and directed in section ten of chapter forty-seven of said code.

Given under my hand and official seal this the 1st day of October 1888.

H. L. Judge Clerk.
By Allen Hanly Deputy.

September Term, 2nd day 25th day of September

A certificate of incorporation for said town of Hu[illegible] in form or substance as follows:
"A certificate under oath of C. W. Taylor, A. B. Burg[illegible] and J. H. Mynes was this day filed showing that a majority of all the qualified voters residing in the follow[illegible] boundary to wit: Beginning at the North West corner of Baptist Church lot, thence S. 34° E. 49 poles to a stake, thence N 64° E. 200 poles to a stake, thence N. 34° W 128 poles to a stake, thence S 64° W 200 poles to a stake, thence S 34° E 79 poles to the [illegible]ning have been given in due form of law in favor of incorporation of the Town of Hurricane in the County of [illegible] bounded as herein set forth."
And the Court doth hereby appoint and designate C. W. Taylor, J. H. Mynes & C. M. Reynolds three legal voters residing within the territory aforesaid who shall act as commission of Election at the first Election to be held in said Town of Hurricane as provided for and directed in section [illegible] of Chapter forty seven of said Code.
And it appearing to the Court that this order which was directed to be entered on yesterday has been inadvertently omitted to be entered the Clerk is directed to enter the same nunc pro tunc.

State
vs) Felony
Charles Carr
This day came the attorney for the State and the defendant in his own proper person was led to the bar of the Court [illegible] custody of the sheriff of this County and thereupon the defendant pleaded not guilty as charged in the indictment against him as alleged but acknowledged himself to be guilty of Petit larceny. And neither party desiring a Jury but consenting to substitute the Court in lieu thereof, the Court after hearing all the evidence offered and the argument of Counsel finds the defendant guilty. It is therefore considered by the Court that the defendant be confined in the Common Jail of this County for the period of thirty days, and it is further ordered that the State recover her costs about her suit in this behalf

ARTICLE 935 AMENDMENT
STREETS, UTILITIES AND PUBLIC SERVICES CODE

Sanitary Stormwater Board

935.02 CREATED: POWERS AND DUTIES: MEMBERS: TERM.

There is hereby created in and for the City, a combined Sanitary Stormwater Board, which shall be charged with the construction, custody, supervision, control, administration, operation and maintenance of the municipal sewage and stormwater system, all as permitted and provided by West Virginia Code Article 16-13. The combined Sanitary Stormwater Board shall be composed of the Mayor and four persons appointed by Council, one of whom shall be a registered professional engineer; provided, that when no City sewer or stormwater collection is under construction, a registered professional engineer need not be a member of the Board. Members of the Board shall be appointed as follows: on or before the second Monday of July, 1979, and every three years thereafter, one member shall be appointed; and on or before the second Monday of July, 1980, and every three years thereafter, one member shall be appointed; and on or before the second Monday of August, 2003, two members shall be appointed and every three years thereafter. Members so appointed shall serve for a term of three years and/or until their respective successors have been duly appointed and qualified. Vacancies other than those due to expiration of term shall be filled for the unexpired term only.

936.03 OFFICERS; SALARIES; BOND OF TREASURER.

The Sanitary Stormwater Board shall elect a vice chairman from its members and shall designate a secretary and treasurer (who may be one and the same person) who shall hold office at the will of the Board.

Each member of the Board shall receive such salary as may be fixed from time to time by Council and shall be entitled to payment for his reasonable expenses incurred in the performance of his duties.

The secretary and treasurer shall be paid such reasonable compensation for services as from time to time may be fixed by Council, the treasurer shall give bond, with qualified corporate surety, in the amount of five thousand dollars ($5,000) or such other amount as Council may require, conditioned for the proper application of all moneys received by him as such and for the faithful performance of the duties of his office.

All compensation and all expenses incurred by the Board, its officers and employees, shall be paid solely from funds authorized to be collected and received by the Board as provided by West Virginia Code Article 16-13.

935.04 POWERS AND DUTIES.

(a) The construction, acquisition, improvement, equipment, custody, operation, maintenance and administration of all works for the collection, treatment or disposal of sewage and collection of stormwater within the City and in such other areas as may be within the jurisdiction of the Sanitary Stormwater Board which are acquired, constructed, operated or maintained by the Board, as well as the employment of all engineers, architects, inspectors, superintendents, managers, collectors, attorneys and other employees in the judgement of the Board necessary to the execution of its powers and duties, and the collection of all revenues from the works acquired, constructed, operated or maintained by it, shall be under the supervision and control of the Board.

(b) In addition to the authority and powers enumerated herein, the Board shall be invested with all other powers and authorities provided for such boards by west Virginia Code Article 16-13.

935.05 REGULATIONS ENFORCED

In addition to the specific authority granted by this article, the combined Sanitary Stormwater Board shall make and enforce such other rules and regulations subject to the approval of Council for the safe, economical and efficient management, control and protection of the city's public sewerage system and stormwater collection system as well as, for the construction and use of house sewers and connection to the sewerage system, for the construction and use of all other connections thereto, and for the regulation, collection, rebating and refunding of such sewerage service charges or stormwater fees as may be needful or necessary of such rules and regulations.

First Reading on July 14, 2003.

Second Reading and Adoption on August 4, 2003.

Approved,

Raymond Beal

Mayor

Attested:

Linda L Gibson

Recorder

CITY OF HURRICANE

RESOLUTION ON OPEN GOVERNMENTAL PROCEEDINGS RULES

Pursuant to Chapter 6, Article 9A, Section 3 of the West Virginia Code, the Council of the City of Hurricane does hereby adopt the following rules to make available, in advance, the date, time, place and agenda of all regularly scheduled meetings of the Council, and the date, time, place and purpose of all special meetings of the Council to the public and news media (except in the case of an emergency requiring immediate action) as follows:

1. Regular Meetings. A notice shall be posted and maintained by the Recorder at the front door or bulletin board of the City Hall of the date, time and place fixed and entered of record by Council for the holding of regularly scheduled meetings. In addition, a copy of the agenda for each regularly scheduled meeting shall be posted at the same location by the Recorder not less than 72 hours before such regular meeting is to be held. If a particular regularly scheduled meeting is canceled or postponed, a notice of such cancellation or postponement shall be posted at the same location as soon as feasible after such cancellation or postponement has been determined.

2. Special Meetings. A notice shall be posted by the City Clerk at the front door or bulletin board of the City Hall not less than 72 hours before a specially scheduled meeting is to be held, stating the date, time, place and purpose for which such special meeting shall be held. If the special meeting is canceled, a notice of such cancellation shall be posted at the same location as soon as feasible after such cancellation has been determined.

These rules regarding notice of meetings shall replace any and all previous rules heretofore adopted by Council.

Adopted this 6th day of October, 2003.

Raymond Beck
Mayor

ATTEST:

Linda L Gibson
Recorder

Hurricane

3255 Teays Valley Road • P.O. Box 1086 • Hurricane, West Virginia 25526
Telephone 304-562-5896 • 304-562-5988 FAX 304-562-5858 e-mail info@hurricanewv.com

Mayor Raymond Peak
Recorder Linda Gibson
Council David Boyles
Wanda Johnson
Wayne Lively
Reggie Billups
Frank Sergent

OATH OF OFFICE

I, Raymond Peak, solemnly swear or affirm that I will support the Constitution of the United States of America and the State of West Virginia and will faithfully discharge the duties of the office of Mayor of the City of Hurricane to the best of my skill and judgement.

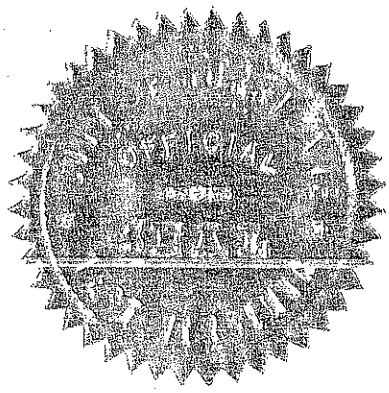
Raymond Peak

RAYMOND PEAK

6/30/03

DATE

Taken, subscribed and sworn to before O.C. Spaulding, Judge of the 29th Judicial Circuit, this 30th of June, 2003, in Putnam County, West Virginia.



O.C. Spaulding

O.C. SPAULDING, Judge

Hurricane

3255 Teays Valley Road • P.O. Box 1086 • Hurricane, West Virginia 25526
Telephone 304-562-5896 • 304-562-5988 FAX 304-562-5858 e-mail info@hurricanewv.com

Mayor Raymond Peak
Recorder Linda Gibson
Council David Boyles
Wanda Johnson
Wayne Lively
Reggie Billups
Frank Sergent

OATH OF OFFICE

I, Linda Gibson, solemnly swear or affirm that I will support the Constitution of the United States of America and the State of West Virginia and will faithfully discharge the duties of the office of Recorder of the City of Hurricane to the best of my skill and judgement.

Linda L Gibson

LINDA GIBSON

June 30, 2003

DATE

Taken, subscribed and sworn to before O.C. Spaulding, Judge of the 29th Judicial Circuit, this 30th of June, 2003, in Putnam County, West Virginia.

O.C. Spaulding

O.C. SPAULDING, Judge

Hurricane

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Telephone 304-562-5896 • 304-562-5988 FAX 304-562-5858 e-mail info@hurricanewv.com

Mayor Raymond Peak
Recorder Linda Gibson
Council David Boyles
Wanda Johnson
Wayne Lively
Reggie Billups
Frank Sergent

OATH OF OFFICE

I, David Boyles, solemnly swear or affirm that I will support the Constitution of the United States of America and the State of West Virginia and will faithfully discharge the duties of the office of Councilman of the City of Hurricane to the best of my skill and judgement.

DAVID BOYLES

4 AUG 03

DATE

Taken, subscribed and sworn to before O.C. Spaulding, Judge of the 29th Judicial Circuit, this ~~30th~~ 4TH of ~~June~~ AUGUST, 2003, in Putnam County, West Virginia.

O.C. SPAULDING, Judge

Since 1888

Hurricane

3255 Teays Valley Road • P.O. Box 1086 • Hurricane, West Virginia 25526
Telephone 304-562-5896 • 304-562-5988 FAX 304-562-5858 e-mail info@hurricanewv.com

Mayor Raymond Peak
Recorder Linda Gibson
Council David Boyles
Wanda Johnson
Wayne Lively
Reggie Billups
Frank Sergent

OATH OF OFFICE

I, Wanda Johnson, solemnly swear or affirm that I will support the Constitution of the United States of America and the State of West Virginia and will faithfully discharge the duties of the office of Councilwoman of the City of Hurricane to the best of my skill and judgement.

Wanda Johnson

WANDA JOHNSON

June 30, 2003

DATE

Taken, subscribed and sworn to before O.C. Spaulding, Judge of the 29th Judicial Circuit, this 30th of June, 2003, in Putnam County, West Virginia.

O.C. Spaulding

O.C. SPAULDING, Judge

Hurricane

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Telephone 304-562-5896 • 304-562-5988 FAX 304-562-5858 e-mail info@hurricanewv.com

Mayor Raymond Peak
Recorder Linda Gibson
Council David Boyles
Wanda Johnson
Wayne Lively
Reggie Billups
Frank Sergent

OATH OF OFFICE

I, Wayne Lively, solemnly swear or affirm that I will support the Constitution of the United States of America and the State of West Virginia and will faithfully discharge the duties of the office of Councilman of the City of Hurricane to the best of my skill and judgement.

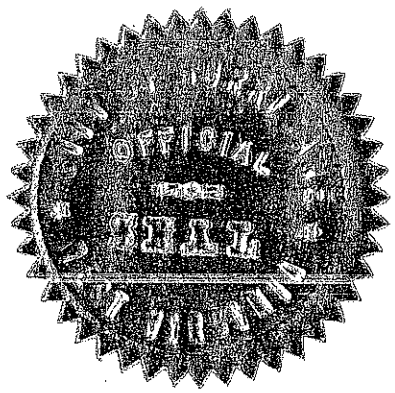
Wayne Lively

WAYNE LIVELY

June 30, 2003

DATE

Taken, subscribed and sworn to before O.C. Spaulding, Judge of the 29th Judicial Circuit, this 30th of June, 2003, in Putnam County, West Virginia.



O.C. Spaulding

O.C. SPAULDING, Judge

Hurricane

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Telephone 304-562-5896 • 304-562-5988 FAX 304-562-5858 e-mail info@hurricanewv.com

Mayor Raymond Peak
Recorder Linda Gibson
Council David Boyles
Wanda Johnson
Wayne Lively
Reggie Billups
Frank Sergent

OATH OF OFFICE

I, Reggie Billups, solemnly swear or affirm that I will support the Constitution of the United States of America and the State of West Virginia and will faithfully discharge the duties of the office of Councilman of the City of Hurricane to the best of my skill and judgement.

Reggie Billups

REGGIE BILLUPS

June 30, 2003

DATE

Taken, subscribed and sworn to before O.C. Spaulding, Judge of the 29th Judicial Circuit, this 30th of June, 2003, in Putnam County, West Virginia.

O.C. Spaulding

O.C. SPAULDING, Judge

Since 1888

Hurricane

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Telephone 304-562-5896 • 304-562-5988 FAX 304-562-5858 e-mail info@hurricanewv.com

Mayor Raymond Peak
Recorder Linda Gibson
Council David Boyles
Wanda Johnson
Wayne Lively
Reggie Billups
Frank Sergent

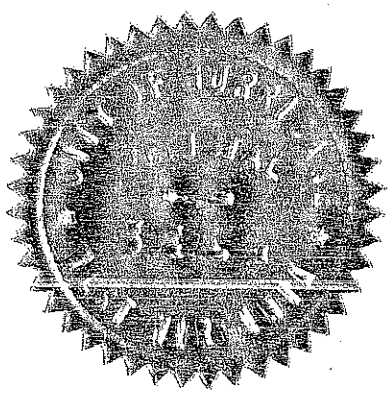
OATH OF OFFICE

I, Frank Sergent, solemnly swear or affirm that I will support the Constitution of the United States of America and the State of West Virginia and will faithfully discharge the duties of the office of Councilman of the City of Hurricane to the best of my skill and judgement.

FRANK SERGENT

June 30, 2003
DATE

Taken, subscribed and sworn to before O.C. Spaulding, Judge of the 29th Judicial Circuit, this 30th of June, 2003, in Putnam County, West Virginia.



O.C. SPAULDING, Judge

Hurricane, West Virginia

The Common Council of the Town of Hurricane, in Putnam County, West Virginia, met in regular session pursuant to law, and the rules of said Council, in the Town Hall, in said Town, at 7:30 o'clock, P. M., on August 1, 1960.

The meeting was called to order by the Mayor, and the roll being called, there were present, George T. Peak, Jr., Mayor, and the following Councilmen:

R. W. Parker

Walter Clark

C. D. Gibson

M. S. Potts

E. E. Allen

Also Present, A. L. Neville, Recorder

Absent, None.

Councilman Gibson introduced, caused to be read a proposed Ordinance as follows:

"AN ORDINANCE CREATING AND APPOINTING A SANITARY BOARD FOR THE TOWN OF HURRICANE, STATE OF WEST VIRGINIA, TO ACQUIRE, CONSTRUCT, EQUIP, ADMINISTER, OPERATE AND MAINTAIN A SEWAGE COLLECTION, PURIFICATION, TREATMENT AND DISPOSAL SYSTEM OR SYSTEMS WITHIN AND WITHOUT THE TOWN OF HURRICANE; TO INVEST IN SUCH BOARD THE CUSTODY, ADMINISTRATION, OPERATION, MAINTENANCE, SUPERVISION AND CONTROL OF SUCH SYSTEM OR SYSTEMS, AND TO FINANCE THE COST OF THE ACQUISITION, CONSTRUCTION AND EXTENSION OF ALL SUCH WORKS BY THE ISSUANCE OF REVENUE BONDS, AS PROVIDED BY ARTICLE 13 OF CHAPTER 16 OF THE CODE OF WEST VIRGINIA; PROVIDING THE METHOD OF APPOINTMENT, TERM OF OFFICE AND COMPENSATION OF MEMBERS OF SAID BOARD; PROVIDING FOR BOND; AND PROVIDING FOR POWER TO THE BOARD TO MAKE ITS OWN RULES AND REGULATIONS:

WHEREAS, it is the desire of the Town of Hurricane to own, acquire, construct, equip, operate and maintain a sewage collection system or systems, sewage treatment and/or purification plant or plants, intersepting sewers, outfall sewers, force mains, pumping stations, ejector stations and all other appurtenances necessary or useful and convenient for the collection, treatment, purification and disposal, in a sanitary manner, of the liquid and solid waste, night

soil and industcial waste of the Town of Hurricane and/or of the sanitary district which may be created, and to finance the acquisition, construction and extension of such system or systems, works and appurtenances by the issuance of revenue bonds, and to provide for the establishment and collection of rates for the use of such works and service rendered thereby, all as provided by Article 13, Chapter 16, Code of West Virginia, as amended:

NOW, THEREFORE, BE IT ORDAINED BY THE COMMON COUNCIL OF THE TOWN OF HURRICANE:

Section 1. There is hereby created and appointed the Sanitary Board of the Town of Hurricane consisting of the Mayor of the Town of Hurricane, who shall act as Chairman of said Board, J. R. Pritchard, a resident of the Town of Hurricane, who shall serve for a term of three years, and Jack W. Blair, a registered engineer, who shall serve for a term of two years, neither of said members having been an officer or employee of the Town of Hurricane within a period of one year prior to the date of the introduction of this ordinance.

Section 2. Upon the expiration of the terms of said appointees, other than the Mayor, and each succeeding term, a successor shall be appointed by the Council for a full term of three years, but during the construction period of the works constructed under the supervision and direction of said Board one member thereof shall be a registered professional engineer. The chairman of the Board shall always be the then Mayor of the Town of Hurricane and vacancies to fill unexpired terms shall be filled by the Council.

Section 3. The Board shall elect a vice chairman from its members and shall designate a secretary and treasurer (who may be one and the same person), who need not be members of the Board and who shall hold office at the will of the Board.

Each member of the Board, other than the Mayor, shall receive a salary of $25.00, per month, and shall be entitled to payment for his reasonable expenses incurred in the performance of his duties.

The Secretary and Treasurer shall be paid such reasonable compensation for services as from time to time may be fixed by the Council and Treasurer shall give bond, with qualified corporate surety, in the amount of $5,000.00, or such other amount as the Council subsequently may require, conditioned for the proper application of all monies received by him as such and for the faithful performance of the duties of his office.

All compensation, and all expenses, incurred by the Board, its officers and employees, shall be paid solely from funds authorized to be collected and received by the Board as provided by said Article 13, Chapter 16 of the Code of West Virginia.

Section 4. The construction, acquisition, improvement, equipment, custody, operation, maintenance and administration of all works for the collection, treatment or disposal of sewage within and without the Town of Hurricane, and in the sanitary district which may be acquired, constructed, operated or maintained by said Board, the employment of all engineers, architects, inspectors, superintendents, manager, collectors, attorneys and other employees in the judgment of the Board necessary to the execution of its powers and duties, and the collection of all revenues from the works acquired, constructed, operated or maintained by it, shall be under the supervision and control of the Board.

Section 5. In addition to the authority and powers enumerated herein, the Board created by this ordinance shall be invested with all other powers and authority provided for such Board by said Article 13, Chapter 16 of the Code of West Virginia, as amended, or as the same may be amended.

Section 6. The Sanitary Board shall have the power to establish by-laws, rules and regulations governing its members, employees, meetings and the conduct of its business.

Section 7. This ordinance shall be effective from passage.

And thereupon, Councilman Gibson moved that all rules that might otherwise require deferred consideration of said Ordinance be suspended, and that said Ordinance as read be adopted. Councilman M. S. Potts seconded the motion, and after due consideration the Mayor put the question on the motion, and the roll being called the following voted:

Aye: R. W. Parker

Walter Clark

C. D. Gibson

M. S. Potts

E. E. Allen

Nay: None

Whereupon, the Mayor declared the motion duly carried and said Ordinance adopted.

****

On motion and vote the meeting adjourned.

George T. Peak, Jr.
MAYOR

ARTICLE 935 AMENDMENT
STREETS, UTILITIES AND PUBLIC SERVICES CODE

Sanitary Stormwater Board

935.02 CREATED: POWERS AND DUTIES: MEMBERS: TERM.

There is hereby created in and for the City, a combined Sanitary Stormwater Board, which shall be charged with the construction, custody, supervision, control, administration, operation and maintenance of the municipal sewage and stormwater system, all as permitted and provided by West Virginia Code Article 16-13. The combined Sanitary Stormwater Board shall be composed of the Mayor and four persons appointed by Council, one of whom shall be a registered professional engineer; provided, that when no City sewer or stormwater collection is under construction, a registered professional engineer need not be a member of the Board. Members of the Board shall be appointed as follows: on or before the second Monday of July, 1979, and every three years thereafter, one member shall be appointed; and on or before the second Monday of July, 1980, and every three years thereafter, one member shall be appointed; and on or before the second Monday of August, 2003, two members shall be appointed and every three years thereafter. Members so appointed shall serve for a term of three years and/or until their respective successors have been duly appointed and qualified. Vacancies other than those due to expiration of term shall be filled for the unexpired term only.

936.03 OFFICERS; SALARIES; BOND OF TREASURER.

The Sanitary Stormwater Board shall elect a vice chairman from its members and shall designate a secretary and treasurer (who may be one and the same person) who shall hold office at the will of the Board.

Each member of the Board shall receive such salary as may be fixed from time to time by Council and shall be entitled to payment for his reasonable expenses incurred in the performance of his duties.

The secretary and treasurer shall be paid such reasonable compensation for services as from time to time may be fixed by Council, the treasurer shall give bond, with qualified corporate surety, in the amount of five thousand dollars ($5,000) or such other amount as Council may require, conditioned for the proper application of all moneys received by him as such and for the faithful performance of the duties of his office.

All compensation and all expenses incurred by the Board, its officers and employees, shall be paid solely from funds authorized to be collected and received by the Board as provided by West Virginia Code Article 16-13.

935.04 POWERS AND DUTIES.

(a) The construction, acquisition, improvement, equipment, custody, operation, maintenance and administration of all works for the collection, treatment or disposal of sewage and collection of stormwater within the City and in such other areas as may be within the jurisdiction of the Sanitary Stormwater Board which are acquired, constructed, operated or maintained by the Board, as well as the employment of all engineers, architects, inspectors, superintendents, managers, collectors, attorneys and other employees in the judgement of the Board necessary to the execution of its powers and duties, and the collection of all revenues from the works acquired, constructed, operated or maintained by it, shall be under the supervision and control of the Board.

(b) In addition to the authority and powers enumerated herein, the Board shall be invested with all other powers and authorities provided for such boards by west Virginia Code Article 16-13.

935.05 REGULATIONS ENFORCED

In addition to the specific authority granted by this article, the combined Sanitary Stormwater Board shall make and enforce such other rules and regulations subject to the approval of Council for the safe, economical and efficient management, control and protection of the city's public sewerage system and stormwater collection system as well as, for the construction and use of house sewers and connection to the sewerage system, for the construction and use of all other connections thereto, and for the regulation, collection, rebating and refunding of such sewerage service charges or stormwater fees as may be needful or necessary of such rules and regulations.

First Reading on July 14, 2003.

Second Reading and Adoption on August 4, 2003.

Approved,

Raymond Cook

Mayor

Attested:

Linda L Gibson

Recorder

HURRICANE CITY COUNCIL

July 14, 2003

The Hurricane City Council met in regular session on July 14, 2003, with the following members present:

Mayor:	Raymond Peak
Recorder:	Linda Gibson
Council:	Reggie Billups
	Wanda Johnson
	Frank Sergent
	Wayne Lively

The Pledge of Allegiance.

Motion was made by Frank Sergent and seconded by Wayne Lively to approve minutes of the June 2, 2003, regular session. Motion carried.

Motion was made by Frank Sergent and seconded by Wanda Johnson to approve the minutes of the June 16, 2003, Special Board of Canvassers Meeting. Motion carried.

Motion was made by Reggie Billups and seconded by Wayne Lively to approve paying the bills from the General Fund. Motion carried.

Motion was made by Reggie Billups and seconded by Wayne Lively to approve paying the bills from the Coal Severance Fund. Motion carried.

Motion was made by Reggie Billups and seconded by Wanda Johnson to approve the Coal Severence Budget Revision and submit to the State Tax Department. Motion carried.

Motion was made by Frank Sergent and seconded by Reggie Billups to accept the proposal from St. Paul Insurance for liability insurance for 2003-2004. Motion carried.

Motion was made by Reggie Billups and seconded by Wayne Lively to accept Morris Court from Morris and Clara Hauldren as a city street. Motion carried.

Motion was made by Frank Sergent and seconded by Reggie Billups to have the first reading of an Ordinance annexing 2.59 acres on Rt. 34 and Harbour Lane belonging to Bill Howes. Motion carried.

Motion was made by Reggie Billups and seconded by Wayne Lively to pass a resolution authorizing Raymond Peak, Mayor to sign all documents and enter into a contractual

agreement to administer the Drug and Violent Crime Control grant for the City of Hurricane's DARE Program. Motion carried.

Motion was made by Reggie Billups and seconded by Wanda Johnson to have the first reading of ORDINANCE ARTICLE 935 AMENDEMENT STREET, UTILITIES AND PUBLIC SERVICE CODE, combined Sanitary Stormwater Board ARTICLE 935.02 INCREASE SANITARY BOARD TO FIVE MEMBERS. Motion carried.

Motion was made by Frank Sergent and seconded by Reggie Billups to re-appoint Jim McGehee for three year term to the Hurricane Water Board. Motion carried.

Motion was made by Frank Sergent and seconded by Wanda Johnson to re-appoint Maureen Fitzgerald to the Municipal Planning Commission for a three year term. Motion carried.

Motion was made by Frank Sergent and seconded by Wayne Lively to re-appoint Derek Altizer to the Municipal Planning Commission for a two year term. Motion carried.

Brenda Campbell, Planning & Tourism Director, would like to thank Clinton Berry, Park Superintendent and the employees of the Street Department for their extra efforts making the July 4th celebration in Hurricane a success.

Mayor Peak read a letter from the Division of Criminal Justice Services in appreciation for Chuck Donovan and Ron Smith for the services they provide. Ron will be the state co-ordinator along with his work at the Middle School.

Ron Clay – 2629 Hayslette Avenue reported that he had lived there three years and been flooded two times. There is only one drain to handle all water from Henderson Avenue and the water coming from the Interstate. Councilman Lively said that the water was so excessive coming off the interstate that it came in the back door of his home. The Mayor advised that the City has applied for ½ million dollar grant to try to remedy the situation. We have been working with Highways for help with larger storm drains across I64. Mr Clay asked about the new Storm Water System. Mayor advised that residents in the whole area will be assessed to initiate the Federally mandated program that was not funded. Mayor advised that if people help to keep drains clear it will help while we are waiting for funding.

Motion was made by Reggie Billups and seconded by Wayne Lively that the meeting be adjourned. Motion carried.

Linda L Gibson — Submitted — 8/4/03 — Date

Raymond Peak — Approved — 8/4/03 — Date

HURRICANE CITY COUNCIL

August 4, 2003

The Hurricane City Council met in regular session on August 4, 2003, with the following members present:

Mayor:	Raymond Peak
Recorder:	Linda Gibson
Council:	
	Wanda Johnson
	Frank Sergent
	Wayne Lively
	David Boyles

The Pledge of Allegiance.

The Honorable Judge O.C. Spaulding administered the Oath of Office for Councilman David Boyles.

Motion was made by Frank Sergent and seconded by Wanda Johnson to approve minutes of the July 7, 2003, regular session. Motion carried.

Motion was made by Wanda Johnson and seconded by David Boyles to approve the minutes of the July 28, 2003, Special Meeting. Motion carried.

Motion was made by Frank Sergent and seconded by Wayne Lively to approve paying the bills from the General Fund. Motion carried.

Motion was made by Frank Sergent and seconded by David Boyles to approve paying the bills from the Coal Severance Fund. Motion carried.

Motion was made by Frank Sergent and seconded by David Boyles to have the second reading and adoption of ARTICLE 935 AMENDMENT STREETS, UTILITIES AND PUBLIC SERVICES CODE, combined Stormwater Board ARTICLE 935.02 INCREASE SANITARY BOARD TO FIVE MEMBERS. Motion carried.

Motion was made by Frank Sergent and seconded by Wanda Johnson to have the first reading of AN ORDINANCE ESTABLISHING THE POSITION OF CITY MANAGER, THE APPOINTMENT AND DUTIES THEREOF FOR THE CITY OF HURRICANE ARTICLE 104 City Manager. Motion carried.

Motion was made by Frank Sergent and seconded by Reggie Billups to have the first reading of an Ordinance annexing 2.59 acres on Rt. 34 and Harbour Lane belonging to Bill Howes. Motion carried.

The Mayor reminded everyone of the City Wide Yard Sale, Saturday, August 16, 2003.

Speakers - Not on agenda

Connie McDowell – 336 Belvue Drive – regarding water problem. Water runs from 2nd & 3rd Streets down onto Belvue. Storm Sewers are needed to fix the problem. She also had another problem concerning the Trailer Park – One trailer has been removed but there is another one that is an eyesore that needs to be removed. She showed pictures to support her problems. This is a real concern because she feels that this is hurting her property value. The Mayor advised that the city has applied for a Storm Sewer Block Grant to help with drainage problems. Councilman Boyles asked Mrs. McDowell to send her pictures along with a letter to Governor Wise to show the need for the grant.

Ralph Laton – 329 Belvue Drive – Reported that a house on Belvue has only mowed the grass once, on July 29th this entire summer. Mr. Laton showed pictures to support his problem. He is trying to sell his house and the nuisance of trash and grass is really a health hazard and he feels is keeping him from selling his house. Mr. Laton also reported that a truck has been sitting in the driveway since 1998. He requested the city to have Cummings Collection to pick up the trash and put a lien on the property. Mr. Laton stated that he was moving out of the city to a location that had a homeowners association with more control over property values. Mr. Norris stated that he is working with real estate agencies to address the up keep of property that they have listed.

Mr. David Williams – 328 Belvue Drive – He also is concerned about dogs and cats in the neighborhood. Dogs are threatening people. When the city removed snow in the winter they cut the curb and it needs to be fixed. He showed pictures of a deck on 326 Crestview Circle. He asked if there is anything that can be done with the deck because it draws animals and mosquitoes.

Motion was made by David Boyles and seconded by Frank Sergent that the meeting be adjourned. Motion carried.

Linda L Gibson
Submitted

9/2/03
Date

Raymond Beak
Approved

9/2/03
Date

Hurricane

3255 Teays Valley Road • P.O. Box 1086 • Hurricane, West Virginia 25526
Telephone 304-562-5896 • 304-562-5988 FAX 304-562-5858 e-mail info@hurricanewv.com

Mayor Raymond Peak
Recorder Linda Gibson
Council David Boyels
Wanda Johnson
Wayne Lively
Reggie Billups
Frank Sergent

OATH OF OFFICE

I, Jack Gibson do solemnly swear or affirm that I will support the Constitution of the United States of America and the State of West Virginia and will faithfully discharge the duties of the office of Hurricane Sanitary Board Member of the City of Hurricane to the best of my skill and judgement.

Jack H. Gibson
JACK H. GIBSON

6/30/01
DATE

Taken, subscribed and sworn to before Raymond Peak, Mayor of the City of Hurricane on this 30th day of June, 2001.

Raymond Peak
RAYMOND PEAK, MAYOR

STATE OF WEST VIRGINIA
COUNTY OF PUTNAM, TO WIT:

I, Scott Perfater, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia; and that I will faithfully discharge the duties of Board Member of the Sanitary/Stormwater Department for the City of Hurricane, Putnam County, West Virginia, to the best of my skill and judgment.

SO HELP ME GOD.

Scott Perfater

Subscribed and sworn to before the undersigned

this the 8th day of March 2004.

RAYMOND PEAK, MAYOR
City of Hurricane

Hurricane

3255 Teays Valley Road • P.O. Box 1086 • Hurricane, West Virginia 25526
Telephone 304-562-5896 • 304-562-5988 FAX 304-562-5858 e-mail info@hurricanewv.com

Mayor Raymond Peak
Recorder Linda Gibson
Council David Boyels
Wanda Johnson
Wayne Lively
Reggie Billups
Frank Sergent

OATH OF OFFICE

I, Lewis Powers, do solemnly swear or affirm that I will support the Constitution of the United States of America and the State of West Virginia and will faithfully discharge the duties of the office of Hurricane Sanitary Board Member of the City of Hurricane to the best of my skill and judgement.

Lewis Powers
LEWIS POWERS

6-30-2002
DATE

Taken, subscribed and sworn to before Raymond Peak, Mayor of the City of Hurricane on this 30th day of June, 2002.

Raymond Peak
RAYMOND PEAK, MAYOR

STATE OF WEST VIRGINIA
COUNTY OF PUTNAM, TO WIT:

I, Rich Tolley, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia; and that I will faithfully discharge the duties of Board Member of the Sanitary/Stormwater Department for the City of Hurricane, Putnam County, West Virginia, to the best of my skill and judgment.

SO HELP ME GOD.

Rich Tolley

Subscribed and sworn to before the undersigned

this the 8th day of March 2004.

RAYMOND PEAK, MAYOR
City of Hurricane

CITY OF HURRICANE

Sewer Revenue Bonds, Series 2005 A
(West Virginia Infrastructure Fund) and
Sewer Revenue Bonds, Series 2005 B
(West Virginia Water Development Authority)

PETITION OF SANITARY BOARD

The Sanitary Board of the City of Hurricane (the "City") hereby petitions the Council of the City to enact an ordinance directing that Sewer Revenue bonds, Series 2005 A (West Virginia Infrastructure Fund) and Sewer Revenue Bonds, Series 2005 B (West Virginia Water Development Authority) of the City be issued pursuant to the provisions of Chapter 16, Article 13 of the West Virginia Code of 1931, as amended, such bonds to be in aggregate amount not to exceed $12,000,000 for the purposes of (i) paying costs for certain additions, betterments and improvements to the existing public sewerage system of the City, together with all necessary appurtenances; and (ii) paying costs of issuance and related costs.

Directed this 6th day of June, 2005.

CITY OF HURRICANE

By: Raymond Beal
Its: Chairman

2004-003

THE CITY OF HURRICANE

ORDINANCE OF COUNCIL AMENDING, MODIFYING AND RE-ENACTING ARTICLE 935.14 OF THE CODIFIED ORDINANCES OF THE CITY OF HURRICANE, AS REVISED, REGARDING SEWER RATES AND CHARGES

THE COUNCIL OF THE CITY OF HURRICANE HEREBY ORDAINS:

933.14. SCHEDULE OF RATES AND CHARGES; USE OF WATER METERS

For the payment of the proper and reasonable expense of operation, repair, replacement, improvements, additions, betterments, extensions and the maintenance of the sewer system and for the payment of the sums required to pay the principal and interest of all sewer revenue bonds as they become due, Council shall enact and may from time to time amend a schedule of just and equitable rates or charges for the use of and service rendered by the municipal sewer system and works of the City, which schedule of rates or charges shall be based upon the metered amount of water supplied the premises; and each schedule shall be maintained on file in the office of the City while it is in effect and as hereinafter set forth.

CITY OF HURRICANE SANITARY BOARD **EFFECTIVE JANUARY 15, 2004**

PHASE I
SCHEDULE I

APPLICABILITY

Applicable in entire territory served.

(C) AVAILABILITY OF SERVICE

Available for domestic, commercial, and industrial (except unusual industrial waste) sewer service.

(C,I) RATE (Based upon metered volume of water supplied)

First	2,000	gallons used per month	$ 6.40 per 1,000 gallons
All over	2,000	gallons used per month	$ 6.10 per 1,000 gallons

(C,I) MINIMUM BILL

Each customer shall pay a minimum charge of **$12.80** per month

MULTIPLE OCCUPANCY

Apartment buildings and other multiple occupancy buildings shall be required to pay not less than the monthly minimum bill for each unit. Hotels and motels shall be exempt from this multiple occupancy charge. House trailer or mobile home courts served through a single meter shall be required to pay the monthly minimum bill multiplied by the number of units in place at the time the meter is read each month.

(C,I) UNMETERED RATE

A flat fee of **$28.05**, based on 4,500 gallons of water usage per month, will be charged for all unmetered water customers.

(I) SERVICE CONNECTION CHARGE

$300.00

DELAYED PAYMENT PENALTY

The above tariff is net. On all current usage billings not paid within twenty (20) days, ten percent (**10%**) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

(C,I) WATER DISCONNECT-RECONNECT-ADMINISTRATIVE FEES

Whenever water service has been disconnected for non-payment of sewer bills, a disconnection fee of **$20.00** shall be charged; or in the event the delinquent sewer bill is collected by the City in the field, an administrative fee of **$20.00** shall be charged. A **$20.00** reconnection fee will be assessed for each occurrence where water service to sewer customers is restored, after water service has been terminated for non-payment of sewer bills.

(I) Indicates increase (C) Indicates change in wording

CITY OF HURRICANE SANITARY BOARD

(C) RETURNED CHECK CHARGE

If a check received is returned by the bank for any reason, the bank's charge to the City shall be the City's charge to the customer for such returned check and under no circumstances shall the fee collected by the City exceed **$25.00**.

SCHEDULE II

SURCHARGE FORMULA TO BE APPLIED IN CASES WHERE SURFACE DRAINAGE IS CONNECTED TO THE CITY'S SANITARY SEWER SYSTEM

Where the City has discovered that a customer's roof drain, down spouts, storm sewer or other similar facilities conducting surface water have been connected to the City's sewer system, and such customer has failed to take appropriate action, within thirty (30) days of receipt of a demand by the City in accordance with the Rules and Regulations of the Public Service Commission, to eliminate such connection, a surcharge will be imposed upon the customer

calculated on the basis of the following formula:
2004-003

S = A X R X .OOO6233 X C

S - The surcharge in dollars

A - The area under roof and/or the area of any other water collection surface connected to the sanitary sewer, in square feet

R - The measured monthly rainfall, in inches

.0006233 - A conversion factor to change inches of rain x square feet of surface to thousands of gallons of water

C - The City's approved rate per thousand gallons of metered water usage

The City shall not impose the surcharge unless and until the customer has been notified by certified mail, return receipt requested, or by hand delivery, that it has been established by smoke testing, dye testing, or on-site inspection that rain or other surface water is being introduced into the sanitary sewer system at the customer's location, and that the customer has not acted within thirty (30) days from receipt of such notice to divert the water from the sanitary sewer system.

Said surcharge shall be calculated and imposed for each month that said condition continues to exist. Failure to pay the surcharge and/or correct the situation shall give rise to the possible termination of water service in accordance with the Rules and Regulations of the Public Service Commission of West Virginia.

(N) Indicates new

CITY OF HURRICANE SANITARY BOARD

(N) SCHEDULE III

SURCHARGE FORMULA TO BE APPLIED IN THE CASE OF USERS PRODUCING UNUSUAL WASTE

The charge for the treatment of unusual waste will be calculated on the basis of the following formula:

Ci = VoVi + BoBi + SoSi

Ci = charge to unusual users per year

Vo = average unit cost of transport and treatment chargeable to volume, in dollars per gallon

Vi = volume of waste water from unusual users, in gallons per year

Bo = average unit cost of treatment, chargeable to Biochemical Oxygen Demand (BOD) in dollars per year

Bi = weight of BOD from unusual users, in pounds per year

So = average unit costs of treatment (including sludge treatment chargeable to total solids, in dollars per pound

Si = weight of total solids from unusual users, in pounds per year

When an unusual user is to be served, a preliminary study of its wastes, and the cost of transport and treatment thereof, will be made. Waste containing material which, in the judgment of the Hurricane Sanitary Board, should not be introduced into the sewer system need not be handled by it. The results of this preliminary study will be used to determine the feasibility of the proposed sewer service and the charge thereof, based upon the formula set out above.

Thereafter, unusual sewage will be monitored on a regular basis and at the conclusion of each fiscal year, based on the investigation aforesaid and audit of the Hurricane Sanitary Board records, new cost figures will be calculated for use in the above formula. The cost of establishing the monitoring facilities shall be paid by the unusual user. Based on these audited figures, additional billings covering the past fiscal year will be made for payment by each unusual user, or refund given by the Hurricane Sanitary Board, as the case may be. Such audited figures will then be used for the preliminary billing for the next fiscal year, at the end of which an adjustment will be made as aforesaid.

Comment - Not part of the rate schedule:
This schedule is included on an if-and-when basis.

(N) Indicates new

CITY OF HURRICANE SANITARY BOARD

SCHEDULE IV

APPLICABLE INSIDE AND OUTSIDE OF THE CORPORATE LIMITS OF

THE CITY OF HURRICANE

Where the amount of sanitary sewage discharged into the Hurricane wastewater collection and/or transmission and/or treatment system by certain industrial plant or plants cannot be accurately determined by the use of the plant's water meter or meters, and said plant cannot install a flow meter to measure such waste, a special formula will be used whereby such plant or plants will pay to the Hurricane Sanitary Board a sewer charge calculated at fifty (50) gallons of water per each employee at the plant each working day.

This explanation is not part of the rate schedule:
This schedule is included on an if-and-when basis.

2004-003

(N) Indicates new

CITY OF HURRICANE SANITARY BOARD

(N)

SCHEDULE V

(N) APPLICABILITY

Applicable in entire territory served.

(N) AVAILABILITY OF SERVICE

Available for wastewater and leachate haulers.

(N) RATES

Commodity Charge - Each hauler shall pay a commodity charge of **$20.00** per 1,000 gallons per load. Load will be **two** times the actual capacity of the truck or other transport method delivering wastewater and leachate. Actual capacity shall be determined or verified by the City.

DELAYED PAYMENT PENALTY

The above tariff is net. On all current usage billings not paid within twenty (20) days, ten percent (**10%**) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

(N) RETURNED CHECK CHARGE

If a check received is returned by the bank for any reason, the bank's charge to the City shall be the City's charge to the customer for such returned check and under no circumstances shall the fee collected by the City exceed **$25.00**.

(I) Indicates increase (C) Indicates change in wording (N) Indicates new

CITY OF HURRICANE SANITARY BOARD **JUNE 1, 2004 Effective**

PHASE II

SCHEDULE I

APPLICABILITY

Applicable in entire territory served.

(C) AVAILABILITY OF SERVICE

Available for domestic, commercial, and industrial (except unusual industrial waste) sewer service.

(C,I) RATE (Based upon metered volume of water supplied)

First		2,000 gallons used per month	$ 7.04 per 1,000 gallons
All over	2,000	gallons used per month	$ 6.71 per 1,000 gallons

(C,I) MINIMUM BILL

Each customer shall pay a minimum charge of **$14.08** per month

MULTIPLE OCCUPANCY

Apartment buildings and other multiple occupancy buildings shall be required to pay not less than the monthly minimum bill for each unit. Hotels and motels shall be exempt from this multiple occupancy charge. House trailer or mobile home courts served through a single meter shall be required to pay the monthly minimum bill multiplied by the number of units in place at the time the meter is read each month.

(C,I) UNMETERED RATE

A flat fee of **$30.86**, based on 4,500 gallons of water usage per month, will be charged for all unmetered water customers.

(I) SERVICE CONNECTION CHARGE

$300.00

DELAYED PAYMENT PENALTY

The above tariff is net. On all current usage billings not paid within twenty (20) days, ten percent (**10%**) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

(C,I) WATER DISCONNECT-RECONNECT-ADMINISTRATIVE FEES

Whenever water service has been disconnected for non-payment of sewer bills, a disconnection fee of **$20.00** shall be charged; or in the event the delinquent sewer bill is collected by the City in the field, an administrative fee of **$20.00** shall be charged. A **$20.00** reconnection fee will be assessed for each occurrence where water service to sewer customers is restored, after water service has been terminated for non-payment of sewer bills.

(I) Indicates increase (C) Indicates change in wording

CITY OF HURRICANE SANITARY BOARD

(C) RETURNED CHECK CHARGE

If a check received is returned by the bank for any reason, the bank's charge to the City shall be the City's charge to the customer for such returned check and under no circumstances shall the fee collected by the City exceed **$25.00**.

SCHEDULE II

SURCHARGE FORMULA TO BE APPLIED IN CASES WHERE SURFACE DRAINAGE IS CONNECTED TO THE CITY'S SANITARY SEWER SYSTEM

Where the City has discovered that a customer's roof drain, down spouts, storm sewer or other similar facilities conducting surface water have been connected to the City's sewer system, and such customer has failed to take appropriate action, within thirty (30) days of receipt of a demand by the City in accordance with the Rules and Regulations of the Public Service Commission, to eliminate such connection, a surcharge will be imposed upon the customer calculated on the basis of the following formula:

S = A X R X .OOO6233 X C

S - The surcharge in dollars

A - The area under roof and/or the area of any other water collection surface connected to the sanitary sewer, in square feet

R - The measured monthly rainfall, in inches

.0006233 - A conversion factor to change inches of rain x square feet of surface to thousands of gallons of water

C - The City's approved rate per thousand gallons of metered water usage

The City shall not impose the surcharge unless and until the customer has been notified by certified mail, return receipt requested, or by hand delivery, that it has been established by smoke testing, dye testing, or on-site inspection that rain or other surface water is being introduced into the sanitary sewer system at the customer's location, and that the customer has not acted within thirty (30) days from receipt of such notice to divert the water from the sanitary sewer system.

Said surcharge shall be calculated and imposed for each month that said condition continues to exist. Failure to pay the surcharge and/or correct the situation shall give rise to the possible termination of water service in accordance with the Rules and Regulations of the Public Service Commission of West Virginia.

(N) Indicates new

CITY OF HURRICANE SANITARY BOARD

(N) SCHEDULE III

SURCHARGE FORMULA TO BE APPLIED IN THE CASE OF USERS PRODUCING UNUSUAL WASTE

2004-003

The charge for the treatment of unusual waste will be calculated on the basis of the following formula:

$$Ci = VoVi + BoBi + SoSi$$

Ci = charge to unusual users per year

Vo = average unit cost of transport and treatment chargeable to volume, in dollars per gallon

Vi = volume of waste water from unusual users, in gallons per year

Bo = average unit cost of treatment, chargeable to Biochemical Oxygen Demand (BOD) in dollars per year

Bi = weight of BOD from unusual users, in pounds per year

So = average unit costs of treatment (including sludge treatment chargeable to total solids, in dollars per pound

Si = weight of total solids from unusual users, in pounds per year

When an unusual user is to be served, a preliminary study of its wastes, and the cost of transport and treatment thereof, will be made. Waste containing material which, in the judgment of the Hurricane Sanitary Board, should not be introduced into the sewer system need not be handled by it. The results of this preliminary study will be used to determine the feasibility of the proposed sewer service and the charge thereof, based upon the formula set out above.

Thereafter, unusual sewage will be monitored on a regular basis and at the conclusion of each fiscal year, based on the investigation aforesaid and audit of the Hurricane Sanitary Board records, new cost figures will be calculated for use in the above formula. The cost of establishing the monitoring facilities shall be paid by the unusual user. Based on these audited figures, additional billings covering the past fiscal year will be made for payment by each unusual user, or refund given by the Hurricane Sanitary Board, as the case may be. Such audited figures will then be used for the preliminary billing for the next fiscal year, at the end of which an adjustment will be made as aforesaid.

Comment - Not part of the rate schedule:
This schedule is included on an if-and-when basis.

(N) Indicates new

CITY HURRICANE SANITARY BOARD

2004-003

SCHEDULE IV

APPLICABLE INSIDE AND OUTSIDE OF THE CORPORATE LIMITS OF

THE CITY OF HURRICANE

Where the amount of sanitary sewage discharged into the Hurricane wastewater collection and/or transmission and/or treatment system by certain industrial plant or plants cannot be accurately determined by the use of the plant's water meter or meters, and said plant cannot install a flow meter to measure such waste, a special formula will be used whereby such plant or plants will pay to the Hurricane Sanitary Board a sewer charge calculated at fifty (50) gallons of water per each employee at the plant each working day.

This explanation is not part of the rate schedule:
This schedule is included on an if-and-when basis.

(N) Indicates new

CITY OF HURRICANE SANITARY BOARD

(N)

SCHEDULE V

(N) APPLICABILITY

Applicable in entire territory served.

(N) AVAILABILITY OF SERVICE

Available for wastewater and leachate haulers.

(N) RATES

Commodity Charge - Each hauler shall pay a commodity charge of **$20.00** per 1,000 gallons per load. Load will be **two** times the actual capacity of the truck or other transport method delivering wastewater and leachate. Actual capacity shall be determined or verified by the City.

DELAYED PAYMENT PENALTY

The above tariff is net. On all current usage billings not paid within twenty (20) days, ten percent (**10%**) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

2004-003

(N) RETURNED CHECK CHARGE

If a check received is returned by the bank for any reason, the bank's charge to the City shall be the City's charge to the customer for such returned check and under no circumstances shall the fee collected by the City exceed **$25.00**.

(I) Indicates increase (C) Indicates change in wording (N) Indicates new

CITY OF HURRICANE SANITARY BOARD

EFFECTIVE THE EARLIER OF SUBSTANTIAL COMPLETION OF PROJECT OR INCURRENCE OF DEBT SERVICE

PHASE III
SCHEDULE I

APPLICABILITY

Applicable in entire territory served.

(C) AVAILABILITY OF SERVICE

Available for domestic, commercial, and industrial (except unusual industrial waste) sewer service.

(C,I) RATE (Based upon metered volume of water supplied)

First	2,000	gallons used per month	$ 8.75	per 1,000 gallons
All over	2,000	gallons used per month	$ 8.35	per 1,000 gallons

(C,I) MINIMUM BILL

Each customer shall pay a minimum charge of **$17.50** per month

MULTIPLE OCCUPANCY

Apartment buildings and other multiple occupancy buildings shall be required to pay not less than the monthly minimum bill for each unit. Hotels and motels shall be exempt from this multiple occupancy charge. House trailer or mobile home courts served through a single meter shall be required to pay the monthly minimum bill multiplied by the number of units in place at the time the meter is read each month.

(C,I) UNMETERED RATE

A flat fee of **$38.38**, based on 4,500 gallons of water usage per month, will be charged for all unmetered water customers.

2004-003

(I) SERVICE CONNECTION CHARGE

$300.00

DELAYED PAYMENT PENALTY

The above tariff is net. On all current usage billings not paid within twenty (20) days, ten percent (**10%**) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

(C,I) WATER DISCONNECT-RECONNECT-ADMINISTRATIVE FEES

Whenever water service has been disconnected for non-payment of sewer bills, a disconnection fee of **$20.00** shall be charged; or in the event the delinquent sewer bill is collected by the City in the field, an administrative fee of **$20.00** shall be charged. A **$20.00** reconnection fee will be assessed for each occurrence where water service to sewer customers is restored, after water service has been terminated for non-payment of sewer bills.

(I) Indicates increase (C) Indicates change in wording

HURRICANE SANITARY BOARD

(C) RETURNED CHECK CHARGE

If a check received is returned by the bank for any reason, the bank's charge to the City shall be the City's charge to the customer for such returned check and under no circumstances shall the fee collected by the City exceed **$25.00**.

SCHEDULE II

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connected to the City's sewer system, and such customer has failed to take appropriate action, within thirty (30) days of receipt of a demand by the City in accordance with the Rules and Regulations of the Public Service Commission, to eliminate such connection, a surcharge will be imposed upon the customer calculated on the basis of the following formula:

2004-003

S = A X R X .OOO6233 X C

S - The surcharge in dollars

A - The area under roof and/or the area of any other water collection surface connected to the sanitary sewer, in square feet

R - The measured monthly rainfall, in inches

.0006233 - A conversion factor to change inches of rain x square feet of surface to thousands of gallons of water

C - The City's approved rate per thousand gallons of metered water usage

The City shall not impose the surcharge unless and until the customer has been notified by certified mail, return receipt requested, or by hand delivery, that it has been established by smoke testing, dye testing, or on-site inspection that rain or other surface water is being introduced into the sanitary sewer system at the customer's location, and that the customer has not acted within thirty (30) days from receipt of such notice to divert the water from the sanitary sewer system.

Said surcharge shall be calculated and imposed for each month that said condition continues to exist. Failure to pay the surcharge and/or correct the situation shall give rise to the possible termination of water service in accordance with the Rules and Regulations of the Public Service Commission of West Virginia.

(N) Indicates new
HURRICANE SANITARY BOARD

(N) SCHEDULE III

SURCHARGE FORMULA TO BE APPLIED IN THE CASE OF USERS PRODUCING UNUSUAL WASTE

The charge for the treatment of unusual waste will be calculated on the basis of the following formula:

Ci = VoVi + BoBi + SoSi

Ci = charge to unusual users per year

Vo = average unit cost of transport and treatment chargeable to volume, in dollars per gallon

Vi = volume of waste water from unusual users, in gallons per year

2004-003

Bo = average unit cost of treatment, chargeable to Biochemical Oxygen Demand (BOD) in dollars per year

Bi = weight of BOD from unusual users, in pounds per year

So = average unit costs of treatment (including sludge treatment chargeable to total solids, in dollars per pound

Si = weight of total solids from unusual users, in pounds per year

When an unusual user is to be served, a preliminary study of its wastes, and the cost of transport and treatment thereof, will be made. Waste containing material which, in the judgment of the Hurricane Sanitary Board, should not be introduced into the sewer system need not be handled by it. The results of this preliminary study will be used to determine the feasibility of the proposed sewer service and the charge thereof, based upon the formula set out above.

Thereafter, unusual sewage will be monitored on a regular basis and at the conclusion of each fiscal year, based on the investigation aforesaid and audit of the Hurricane Sanitary Board records, new cost figures will be calculated for use in the above formula. The cost of establishing the monitoring facilities shall be paid by the unusual user. Based on these audited figures, additional billings covering the past fiscal year will be made for payment by each unusual user, or refund given by the Hurricane Sanitary Board, as the case may be. Such audited figures will then be used for the preliminary billing for the next fiscal year, at the end of which an adjustment will be made as aforesaid.

Comment - Not part of the rate schedule:
This schedule is included on an if-and-when basis.

(N) Indicates new

HURRICANE SANITARY BOARD

SCHEDULE IV

APPLICABLE INSIDE AND OUTSIDE OF THE CORPORATE LIMITS OF

THE CITY OF HURRICANE

Where the amount of sanitary sewage discharged into the Hurricane wastewater collection and/or transmission and/or treatment system by certain industrial plant or plants cannot be accurately determined by the use of the plant's water meter or meters, and said plant cannot install a flow meter to measure such waste, a special formula will be used whereby such plant or plants will pay to the Hurricane Sanitary Board a sewer charge calculated at fifty (50) gallons of water per each employee at the plant each working day.

2004-003

This explanation is not part of the rate schedule:
This schedule is included on an if-and-when basis.

(N) Indicates new

HURRICANE SANITARY BOARD

(N)

SCHEDULE V

(N) APPLICABILITY

Applicable in entire territory served.

(N) AVAILABILITY OF SERVICE

Available for wastewater and leachate haulers.

(N) RATES

Commodity Charge - Each hauler shall pay a commodity charge of **$20.00** per 1,000 gallons per load. Load will be **two** times the actual capacity of the truck or other transport method delivering wastewater and leachate. Actual capacity shall be determined or verified by the City.

DELAYED PAYMENT PENALTY

The above tariff is net. On all current usage billings not paid within twenty (20) days, ten percent (**10%**) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

(N) RETURNED CHECK CHARGE

If a check received is returned by the bank for any reason, the bank's charge to the City shall be the City's charge to the customer for such returned check and under no circumstances shall the fee collected by the City exceed **$25.00**.

(I) Indicates increase (C) Indicates change in wording (N) Indicates new

STATUTORY NOTICE AND PUBLIC HEARING

Upon introduction hereof, the Recorder shall publish a copy of this Ordinance once a week for 2 successive weeks within a period of 14 consecutive days, with at least 6 full days intervening between each publication, in a newspaper published and of general circulation in The City of Hurricane, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before Council on the **1st** day of **March**, **2004**, at **7:15 p.m., at the Hurricane Municipal Building at 3255 Teays Valley Road, Hurricane, West Virginia**, which date is not less than 10 days subsequent to the date of the first publication of the Ordinance and notice, and present protests. At such hearing all objections and suggestions shall be heard and the Council shall take **2004-003**

such action as it shall deem proper on the premises.

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of THE CITY OF HURRICANE on the 1st day of March, 2004.

Dated: March 1, 2004

(SEAL)

Lynda L Gibson
Recorder

2004-003

SPONSORED BY Karen S. Lilly, City Manager

APPROVED AS TO FORM _____

FIRST READING **February 17, 2004**

Motion by Reggie Billups

Seconded by Wayne Lively

SECOND READING **March 1, 2004**

Motion by Frank Sergent

Seconded by David Boyles

ADOPTION

~~Motion by Frank Sergent~~

Seconded by David Boyles

DATE March 1, 2004

Linda L Gibson

RECORDER

DATE March 1, 2004

Raymond Beck

MAYOR

6

APPROVE

DATE March 1, 2004

0

VETO

CITY OF HURRICANE
Special Meeting
Tuesday, February 17, 2004

Mayor	Raymond Peak
Recorder	Linda Gibson
Council	Reggie Billups
	Wanda Johnson
	Frank Sergent
	Wayne Lively
	David Boyles

The City of Hurricane met in Special Session on Tuesday, February 17, 2004 at 6:30 p.m. in Council Chambers in the Municipal Building at 3255 Teays Valley Road in Hurricane, West Virginia.

Motion made by Reggie Billups, seconded by Wayne Lively to have the second reading and adoption of AMENDMENT 2004-003, ARTICLE 103, ADMINISTRATIVE CODE, OFFICERS AND EMPLOYEES GENERALLY. Motion carried.

Motion was made by Wanda Johnson and seconded by David Boyles to have the second reading and adoption of AMENDMENT 2004-002, ARTICLE 115, COUNCIL. Motion carried.

Motion was made by Frank Sergent and seconded by David Boyles to have the second reading and adoption of AMENDMENT 2004-004, ARTICLE 133, POLICE DEPARTMENT. Motion carried.

Motion was made by Reggie Billups and seconded by Frank Sergent to have the second Reading and adoption of AMENDMENT 2004-001, ARTICLE 153, EMPLOYMENT PROVISIONS. Motion carried.

Motion was made by David Boyles and seconded by Frank Sergent to have the second reading and adoption of ORDANANCE 2004-01, AN ORDINANCE TO PROVIDE FOR THE COOPERATION OF THE CITY OF HURRICANE WITH THE PUTNAM COUNTY COMMISSION FOR THE IMPLEMENTATION OF 9-1-1 ADDRESSING AND MAPPING WITHIN THE CITY OF HURRICANE, WEST VIRGINIA, IN CONNECTION WITH THE WEST VIRGINIA STATEWIDE ADDRESSING AND MAPPING PROJECT. Motion carried.

flip mins. to put feb. first.
TG'K

Motion was made by Reggie Billups and seconded by Frank Sergent to have the second reading and adoption of ORDINANCE 2004-02, AN ORDINANCE ENACTING ARTICLE 936 OF THE HURRICANE CITY CODE, AS THE SAME APPLIES TO STORMWATER MANAGEMENT AND SURFACE WATER DISCHARGE CONTROL AND APPLICABLE RATES AND FEES. Motion carried

Motion was made by Reggie Billups and seconded by Wayne Lively to have the first reading of ORDINACE 2004-03, AN ORDINANCE MODIFYING AND RE-ENACTING ARTICLE 935.14 OF THE CODIFIED ORDINANCES OF THE CITY OF HURRICANE, AS REVISED, REGARDING SEWER RATES AND CHARGES. Motion carried.

Motion was made by Reggie Billups and seconded by David Boyles to have the first reading OF AN AMENDMENT 2004-005, ARTICLE 1353 BUSINESS AND HIGHWAY USE DISTRICT, SPECIAL PERMIT USES AND REGULATIONS. Motion carried.

Motion was made by Frank Sergent and seconded by David Boyles to appoint Bob Blankenship as Municipal Judge for the City of Hurricane. Motion carried.

Karen Lilly, City Manager, gave a presentation to Citizens of Hurricane and the surrounding drainage basin area, on the Stormwater Management Plan for Public Review and Comments.

Mr. Lewis, Attorney gave an overview of the efficiency and conglomerate of communities to pool resources to make a model Storm Water Management Plan. Members should be commended for coming together at less cost to meet obligation as mandated. All communities will follow same path.

Motion was made by Reggie Billups and seconded by David Boyles that the meeting be adjourned. Motion carried.

Linda L Gibson
Submitted

3/1/04
Date

Raymond Cook
Approved

3/1/04
Date

HURRICANE CITY COUNCIL

March 1, 2004

The Hurricane City Council met in regular session on March 1, 2004, with the following members present:

Mayor	Raymond Peak
Recorder:	Linda Gibson
Council:	Reggie Billups
	Wanda Johnson
	Frank Sergent
	Wayne Lively
	David Boyles

The Pledge of Allegiance was led by Boy Scout Troop #36.

Motion was made by Frank Sergent and seconded by Wanda Johnson to approve minutes of the February 2, 2004, regular session. Motion carried.

Motion was made by Reggie Billups and seconded by David Boyles to approve the minutes of the February 17, 2004, Public Hearing on Storm Water Management. Motion carried.

Motion was made by Frank Sergent and seconded by Wanda Johnson to approve the minutes of the February 17, 2004, Special Meeting. Motion carried.

Motion was made by Reggie Billups and seconded by Wayne Lively to approve paying the bills from the General Fund. Motion carried.

Motion was made by Frank Sergent and seconded by Wanda Johnson to approve paying the bills from the Coal Severance Fund. Motion carried.

Motion was made by Reggie Billups and seconded by David Boyles to approve the General Fund Budget Revision and submit to the State Tax Department. Motion carried.

Motion was made by Frank Sergent and seconded by David Boyles to have the second reading and adoption of AN AMENDMENT 2004-005, ARTICLE 1353 BUSINESS AND HIGHWAY USE DISTRICT, SPECIAL PERMIT USES AND REGULATIONS 1353.02 SPECIAL PERMIT USES. Motion carried.

Motion was made by Frank Sergent and seconded by David Boyles to have the second reading and adoption of an ORDINANCE NUMBER 2004-003, OF COUNCIL AMENDING, MODIFYING AND RE-ENACTING ARTICLE 935.14 OF THE CODIFIED ORDINANCES OF THE CITY OF HURRICANE, AS REVISED REGARDING SEWER RATES AND CHARGES. Motion carried.

Motion was made by Reggie Billups and seconded by Wayne Lively to have the first reading of ORDINANCE NO. 2004-006, ARTICLE 1361 FLOODPLAIN ORDINANCE. Motion carried.

Motion was made by Reggie Billups and seconded by David Boyles to appoint Rich Tolley to the Hurricane Sanitary/Stormwater Board for a two-year term beginning March 1, 2004. Motion carried.

Motion was made by Frank Sergent and seconded by Wanda Johnson to appoint Scott Perfater to the Hurricane Sanitary/Stormwater Board for a three-year term beginning March 1, 2004. Motion carried.

Motion was made by Frank Sergent and seconded by Wayne Lively to increase the salary for the Water and Sanitary/Stormwater Board Members $50.00. Motion carried.

Motion was made by Wanda Johnson and seconded by Reggie Billups to adopt the revised Hurricane Personnel Policy Handbook for all City employees. Motion carried.

Motion was made by Frank Sergent and seconded by David Boyles to adopt the City of Hurricane Stormwater Management Plan as presented on February 17, 2004. Motion carried.

Motion was made by Reggie Billups and seconded by Wanda Johnson to pass resolutions for the Juvenile Accountability Incentive Block Grant Program, Juvenile Justice and Delinquency Prevention Grant Program, and Enforcing the Underage Drinking Law Grant Program. Motion carried.
New Business

The Mayor announced that there will be a Special Council Meeting on Monday, March 22, at 6:30 p.m. for a public budget hearing.

The Mayor advised those present that there will be an educational presentation for Stormwater Management, sponsored by the WV Rural Water Association and the City of Hurricane on Monday, April 5th, at 6:30 p.m. before regular Council meeting.

John Shannon, discussing, Storm Water, stated that he found under Census Bureau & PSD – Urbanized Area that the Putnam County Commission has authority to set up a Public Storm Water Utility and the WV Code does not give a Municipality that authority. Karen Lilly, City Manager, advised that the City is working with Steptoe & Johnson and has followed the same guidelines as Morgantown Utility Board and other Municipalities in the State of West Virginia. The City set up the area that feeds into Hurricane water drainage basin. The City will be responsible for the clean water of the urbanized area that feeds into Hurricane Creek.

The Mayor said that the City of Hurricane is mandated by the Federal Clean Water Act to set up a stormwater plan to be submitted by March 6, 2004. The City has tried for 25 years to stop mud from flowing into the reservoir.

Mr. Shannon stated that he is not questioning the responsibility but is that the city is going out of the city jurisdiction. This falls under the urban authority that comes under the Putnam County Commission and they do not intend to name a storm water commission. Mrs. Lilly advised that WV Legislation has been passed addressing the situation and he should talk with Mr. Lewis of Steptoe & Johnson.

Motion was made by Reggie Billups and seconded by David Boyles that the meeting be adjourned. Motion carried.

Linda L Gibson
Submitted

4/5/04
Date

Raymond Beck
Approved

4/5/04
Date

ESTABLISHED 1900

COOKIE ALLEN
PUBLISHER

PHONE 304-562-9881

THE HURRICANE BREEZE

THE WEEKLY NEWSPAPER FOR ALL OF PUTNAM COUNTY
488 HURRICANE CREEK ROAD
P.O. BOX 310
HURRICANE, WEST VIRGINIA 25526

LEGAL ADVERTISEMENT

PUBLIC MEETING
City of Hurricane
March 1, 2004

The City of Hurricane will hold a PUBLIC MEETING for AN ORDINANCE AMENDING, MODIFYING AND RE-ENACTING ARTICLE 935.14 OF THE CODIFIED ORDINANCES OF THE CITY OF HURRICANE, AS REVISED, REGARDING SEWER RATES AND CHARGES. The meeting will be held on Monday, March 1, 2004 at 7:15 p.m. in the Council Chambers of the Municipal Building, 3255 Teays Valley Road, Hurricane, West Virginia. Copies of the Ordinance are available at the same location.

2-19-2t

CERTIFICATE OF PUBLICATION

STATE OF WEST VIRGINIA,
COUNTY OF PUTNAM, To wit:

This day personally appeared before me, a Notary Public of said County of Putnam,.....Ron.Allen.....of The Hurricane Breeze, and after being duly sworn deposes and says that the attached legal publication was duly published in The Hurricane Breeze for..Two..(2) consecutive issues, in its issues dated .... February 19 & 26, 2004..

Ron Allen
.....
The Hurricane Breeze

Subscribed and sworn to before me this..27th.....day of.....February ....., 2004...

Lora A Hart
.....
Notary Public

HURRICANE CITY COUNCIL

July 5, 2005

The Hurricane City Council met in regular session on July 5, 2005, with the following members present:

Mayor	Raymond Peak
Recorder:	Linda Gibson
Council:	Reggie Billups
	Wanda Johnson
	Frank Sergent
	Wayne Lively
	David Boyles

The Pledge of Allegiance.

Motion was made by Frank Sergent and seconded by Wanda Johnson to approve minutes of the June 6, 2005, regular session. Motion carried.

Motion was made by Frank Sergent and seconded by David Boyles to approve the minutes of the June 6, 2005, 7:00 p.m. Public Hearing. Motion carried.

Motion was made by Frank Sergent and seconded by Reggie Billups to approve the minutes of the June 6, 2005, 7:15 p.m.Public Hearing. Motion carried.

Motion was made by Frank Sergent and seconded by Reggie Billups to approve paying the bills from the General Fund. Motion carried.

Motion was made by Frank Sergent and seconded by Reggie Billups to approve paying the bills from the Coal Severance Fund. Motion carried.

Motion was made by Reggie Billups and seconded by Frank Sergent to approve the General Fund Budget Revision and submit to the State Auditor. Motion carried.

Motion was made by Frank Sergent and seconded by Reggie Billups to approve the Coal Severance Budget Revision and submit to the State Auditor. Motion carried.

Motion was made by Wayne Lively and seconded by Reggie Billups to have the first reading of the ORDINANCE AUTHORIZING THE ACQUISTION AND CONSTRUCTION OF CERTAIN EXTENSIONS ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF THE CITY OF HURRICANE AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $10,000,000 IN ORIGINAL AGGREGATE PRINCIPAL

AMOUNT OF SEWER REVENUE BONDS, SERIES 2005 A (WEST VIRGINIA INFRASTUCTURE FUND), AND NOT MORE THAN $2,000,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2005B (WEST VIRIGINIA WATER DEVELOPMENT AUTHORITY); AND NOT MORE THAN $1,000,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS SERIES 2005 C (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING RATIFYING AND CONFIRMING LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS RELATING THERETO. Motion carried.

Motion was made by Frank Sergent and seconded by Reggie Billups to have the first reading of AN ORDINANCE TO ESTABLISH A RESIDENTIAL VEHICULAR PARKING ZONE FOR THE EXCLUSIVE USE OF THE PHYSICALLY DISABLED. Motion carried.

The Mayor read a letter from the Municipal Planning Commission -
Motion was made by Frank Sergent and seconded by Reggie Billups to approve the Special Permit request from Mr. Lorva Lawrence requesting property at 2336 Virginia Avenue be re-zoned B-2. Motion carried.

The Mayor read a letter from Red Tape Processing Company requesting City Council to approve the rezoning, but not require the screening of the fence at 2336 Virginia Avenue. Mr. Alvis spoke concerning the fencing requirements. He proposed slats in the existing 6' fence with or without the barbed wire accordingly. The cost for new fencing was stated to be $60,000. Councilman Boyles stated that Council adopts the laws and referred the request to the Zoning Board of Appeals for determination.

Motion was made by Frank Sergent and seconded by David Boyles to have the first reading of AN ORDINANCE PROVIDING FOR THE ANNEXATION OF 14.41 ACRES OF ADDITIONAL TERRITORY INTO THE CORPORATE LIMITS OF THE CITY OF HURRICANE PURSUANT TO THE PROVISIONS OF WEST VIRGINIA CODE 8-6-4. Motion carried.

Motion was made by Reggie Billups and seconded by Frank Sergent to categorize all non-exempt employees with an hourly status. Motion carried.

Motion was made by David Boyles and seconded by Wayne Lively to accept the streets of Wedgewood Glen Housing Development. Motion carried.

Motion was made by Reggie Billups and seconded by Wayne Lively to authorize Mayor Raymond Peak to sign a line of credit for $250,000 at Putnam County Bank to begin maintenance of storage dams in Rooper Hollow. Motion carried.

New Business

Special Council Meeting on July 18, 2005, 6:30 p.m. The Mayor asked council members to meet at 5:30 on Hale Street to look at making it a through street by closing the railroad crossing. The State would assist with funding.

Councilman Sergent said Thank You to Mr. Wilson for July 4th fireworks.

Councilman Boyles asked about Policies & Procedures for the Police Department concerning hours worked on seconded jobs. Chief Baker replied.

Motion was made by Wayne Lively and seconded by David Boyles that the meeting be adjourned. Motion carried.

Linda L Gibson — 8/4/05
Submitted — Date

Raymond Beck — 8/4/05
Approved — Date

City of Hurricane
Special Meeting
July 18, 2005

The City of Hurricane Council met is Special Session on Monday, July 18, 2005, with the following members present:

Mayor:	Raymond Peak
Council:	Reggie Billups
	David Boyles
	Wanda Johnson
	Wayne Lively
	Frank Sergent

Councilman David Boyles led the Pledge of Alligience.

Motion was made by Frank Sergent, seconded by David Boyles to hear the second reading of AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF THE CITY OF HURRICANE AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $10,000,000 IN ORIGINIAL AGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2005 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND NOT MORE THAN $2,000,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), AND NOT MORE THAN $1,000,000 IN ORGINIAL AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS SERIES C (WEST VIRGINIA DEVELOPMENT AUTHORITY); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING RATIFYING AND CONFIRMATION LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO. Motion approved unanimously.

Motion was made by Reggie Billups and seconded by Wayne Lively to approve a RESOLUTION OF THE COUNCIL OF THE CITY OF HURRICANE APPROVING INVOICES RELATING TO THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWERAGE SYSTEM OF THE CITY AND AUTHORIZING PAYMENT THEREOF. Motion approved unanimously.

Motion was made by Reggie Billups, seconded by Wayne Lively to hear the second reading of AN ORDINANCE TO ESTABLISH A RESIDENTIAL VEHICULAR

PARKING ZONE FOR THE EXCLUSIVE USE OF THE PHYSICALLY DISABLED IN A RESIDENTIAL ZONE. Motion approved unanimously.

Motion was made by Frank Sergent, seconded by Reggie Billups to hear the second reading and adoption of AN ORDINANCE ANNEXING 14.41 ACRES ON MIDLAND TRAIL. Councilman Boyles questioned the zoning. Mayor Peak stated that in previous action the Council approved all property annexed along State Route 34 to be zoned B2. Motion was approved unanimously.

Motion was made by Reggie Billups, seconded by Wayne Lively to accept the streets and utilities of Pendletonwood Subdivision. Motion approved unanimously.

Recommendation was made to allow the six-foot fence currently enclosing the property at 2336 Virginia Avenue to remain with the following changes: remove the barbed wire and add webbing for privacy to surrounding residents. Motion by David Boyles, seconded by Frank Sergent. Motion approved unanimously.

Motion was made by Reggie Billups, seconded by David Boyles to adjourn the meeting. Motion approved unanimously.

Respectfully submitted,

Karen S. Lilly
Secretary Pro Tem

Approved,

Raymond Peak
Mayor

CITY OF HURRICANE

Sewer Revenue Bonds, Series 2005 A
(West Virginia Infrastructure Fund)
and
Sewer Revenue Bonds, Series 2005 B
(West Virginia Water Development Authority)
and
Sewer Revenue Bonds, Series 2005 C
(West Virginia Water Development Authority)

EXCERPT OF MINUTES ON ENACTMENT OF BOND
ORDINANCE AND ADOPTION OF SUPPLEMENTAL RESOLUTION

The undersigned duly appointed Recorder of the City Council of the City of Hurricane hereby certifies that the following is a true and correct excerpt of the minutes of a regular meeting of said City Council:

*** *** ***

The City Council of the City of Hurricane met in regular session, pursuant to notice duly posted, on the 1st day of August, 2005, in Hurricane, West Virginia, at the hour of 7:00 p.m.

PRESENT:	Raymond Peak	- Mayor
	Linda Gibson	- Recorder
	Reggie Billups	- Councilmember
	David Boyles	- Councilmember
	Wanda Johnson	- Councilmember
ABSENT:	Frank Sergent	- Council member
	Wayne Lively	- Councilmember

Raymond Peak, Mayor, presided, and Linda Gibson acted as Recorder. The Mayor announced that a quorum of members was present and that the meeting was open for any business properly before it.

Thereupon, the Mayor presented a proposed Bond Ordinance in writing entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF THE CITY OF HURRICANE AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $10,000,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2005 A (WEST VIRGINIA INFRASTRUCTURE FUND), NOT MORE THAN $2,000,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2005 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) AND NOT MORE THAN $1,000,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2005 C (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

and caused the same to be read and there was discussion. Thereupon, on motion duly made and seconded, it was unanimously ordered that said Bond Ordinance be adopted and be in full force and effect on and from the date hereof.

Next, the Mayor presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2005 A (WEST VIRGINIA INFRASTRUCTURE FUND), SEWER REVENUE BONDS, SERIES 2005 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) AND SEWER REVENUE BONDS, SERIES 2005 C (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) OF THE CITY OF HURRICANE; APPROVING AND RATIFYING THE LOAN AGREEMENTS RELATING TO SUCH BONDS AND THE SALE

AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Thereupon, on motion duly made and seconded, it was unanimously ordered that said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

*** *** ***

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

CERTIFICATION

I hereby certify that the foregoing action of the City of Hurricane remains in full force and effect and has not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 9th day of August, 2005.

Linda L. Gibson
Recorder

08/04/05
435630.00001

LEGAL ADVERTISEMENT

CITY OF HURRICANE
NOTICE OF PUBLIC HEARING ON ORDINANCE

A public hearing will be held on the following-entitled Ordinance at a regular meeting of the Council of the City of Hurricane (the "City") to be held on Monday, August 1, 2005, at 7:00 p.m. in Council Chambers at the City Hall, 3255 Teays Valley Road, Hurricane, West Virginia, and at such hearing any person interested may appear before the Council and present protests, and all protests and suggestions shall be heard by the Council and it shall then take such actions as it shall deem proper in the premises upon an Ordinance entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF THE CITY OF HURRICANE AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $10,000,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2005 A (WEST VIRGINIA INFRASTRUCTURE FUND), NOT MORE THAN $2,000,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2005 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) AND NOT MORE THAN $1,000,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2005 C (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

The above-entitled Ordinance was approved by the Council on July 18, 2005.

The above-quoted title of the Ordinance describes generally the contents thereof and the purposes of the Bonds contemplated thereby. The City contemplates the issuance of the Bonds described in the Ordinance. The proceeds of the Bonds will be used to pay acquisition and construction of additions, betterments and improvements for the existing sewerage system of the City and to pay certain costs of issuance of the Bonds and related costs. The Bonds are payable solely from revenues to be derived from the ownership and operation of the sewerage system of the City. No taxes may at any time be levied for the payment of the Bonds or the interest thereon.

A certified copy of the above-entitled Ordinance is on file with the Council at the office of the Recorder for review by interested parties during regular office hours.

Following the public hearing, the Council intends to enact the Ordinance upon final reading.

Dated: July 18, 2005.

/s/ Linda Gibson
Recorder

7-21-2(

900

COOKIE ALLEN
PUBLISHER

PHONE 304-562-9881

THE HURRICANE BREEZE

E WEEKLY NEWSPAPER FOR ALL OF PUTNAM COUNTY
488 HURRICANE CREEK ROAD
P.O. BOX 310
HURRICANE, WEST VIRGINIA 25526

CERTIFICATE OF PUBLICATION

STATE OF WEST VIRGINIA,
COUNTY OF PUTNAM, To wit:

This day personally appeared before me, a Notary Public of said County of Putnam,.....Ron.Allen.....of The Hurricane Breeze, and after being duly sworn deposes and says that the attached legal publication was duly published in The Hurricane Breeze for..Two..(2) consecutive issues, in its issues dated .... July 21 & 28, 2005..

Ron Allen
.....
The Hurricane Breeze

Subscribed and sworn to before me this..29th.....day of.....July ....., 2005...

Lora V. Hart
.....
Notary Public

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
LORA V. HART
105 Willard Circle
Hurricane, WV 25526
My Commission Expires Mar. 8, 2011

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW
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Bank One Center, Eighth Floor
P.O. Box 1588
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Writer's Contact Information
(304) 353-8196 - Telephone
(304) 353-8181 - Fax
stumpjc@steptoe-johnson.com

August 10, 2005

City of Hurricane
Sewer Revenue Bonds, Series 2005 A
(West Virginia Infrastructure Fund)

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Internal Revenue Service
Internal Revenue Service Center
Ogden, Utah 84201

Dear Sir or Madam:

Enclosed herewith is a completed and executed Internal Revenue Service Form 8038-G and a file copy thereof with regard to the above-captioned issue. Please file the original form in the appropriate Internal Revenue Service records and return the copy marked in red as the "File Copy" to me (after acknowledging receipt of the same) in the enclosed self-addressed envelope.

Thank you for your attention to this letter. If you have any questions regarding any of the issues set forth herein, or if I can be of any service, please do not hesitate to call.

My best regards.

Very truly yours,

John C. Stump

JCS/as
Enclosure
cc: Karen Lilly, City Manager (w/o encls.)

FILE COPY

435630.00001

CH771177.1

TERRALEX
The Worldwide Network of Independent Law Firms

Form **8038-G**
(Rev. November 2000)
Department of the Treasury
Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

▶ Under Internal Revenue Code section 149(e)
▶ See separate Instructions.
Caution: *If the issue price is under $100,000, use Form 8038-GC.*

OMB No. 1545-0720

Part I Reporting Authority

If Amended Return, check here ▶ ☐

1 Issuer's name: **City of Hurricane**	2 Issuer's employer identification number: **55 6000188**	
3 Number and street (or P.O. box if mail is not delivered to street address): **Post Office Box 1086**	Room/suite	4 Report number: **3 - 1**
5 City, town, or post office, state, and ZIP code: **Hurricane, West Virginia 25526**		6 Date of issue: **August 9, 2005**
7 Name of issue: **Sewer Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund)**		8 CUSIP number: **N/A**
9 Name and title of officer or legal representative whom the IRS may call for more information: **Raymond Peak, Mayor**	10 Telephone number of officer or legal representative: **(304) 562-5896**	

Part II Type of Issue (check applicable box(es) and enter the issue price) See instructions and attach schedule

11	☐ Education	11	
12	☐ Health and hospital	12	
13	☐ Transportation	13	
14	☐ Public safety	14	
15	☑ Environment (including sewage bonds)	15	9,240,515
16	☐ Housing	16	
17	☐ Utilities	17	
18	☐ Other. Describe ▶	18	
19	If obligations are TANs or RANs, check box ▶ ☐ If obligations are BANs, check box ▶ ☐		
20	If obligations are in the form of a lease or installment sale, check box ▶ ☐		

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	December 1, 2027	$ 9,240,515	$ 9,240,515	13.426 years	3.0359093 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22	Proceeds used for accrued interest			22	-0-
23	Issue price of entire issue (enter amount from line 21, column (b))			23	9,240,515
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	17,500		
25	Proceeds used for credit enhancement	25	-0-		
26	Proceeds allocated to reasonably required reserve or replacement fund	26	-0-		
27	Proceeds used to currently refund prior issues	27	-0-		
28	Proceeds used to advance refund prior issues	28	-0-		
29	Total (add lines 24 through 28)			29	17,500
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	9,223,015

Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)

31	Enter the remaining weighted average maturity of the bonds to be currently refunded ▶	N/A	years
32	Enter the remaining weighted average maturity of the bonds to be advance refunded ▶	N/A	years
33	Enter the last date on which the refunded bonds will be called ▶	N/A	
34	Enter the date(s) the refunded bonds were issued ▶	N/A	

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	-0-
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a	-0-
b	Enter the final maturity date of the guaranteed investment contract ▶		
37	Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	37a	-0-

b If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☐ and enter the name of the issuer ▶ _____ and the date of the issue ▶ _____

38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶ ☐

39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶ ☐

40 If the issuer has identified a hedge, check box ▶ ☐

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Sign Here

Raymond Peak 8/9/05

Signature of issuer's authorized representative — Date — **Raymond Peak, Mayor** — Type or print name and title

STEPTOE & JOHNSON PLLC
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August 10, 2005

City of Hurricane
Sewer Revenue Bonds, Series 2005 B
(West Virginia Infrastructure Fund)

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Internal Revenue Service
Internal Revenue Service Center
Ogden, Utah 84201

Dear Sir or Madam:

Enclosed herewith is a completed and executed Internal Revenue Service Form 8038-G and a file copy thereof with regard to the above-captioned issue. Please file the original form in the appropriate Internal Revenue Service records and return the copy marked in red as the "File Copy" to me (after acknowledging receipt of the same) in the enclosed self-addressed envelope.

Thank you for your attention to this letter. If you have any questions regarding any of the issues set forth herein, or if I can be of any service, please do not hesitate to call.

My best regards.

Very truly yours,

John C. Stump

JCS/as
Enclosure
cc: Karen Lilly, City Manager (w/o encls.)

435630.00001

FILE COPY

CH771177.1

TERRALEX
The Worldwide Network of Independent Law Firms

Form **8038-G**
(Rev. November 2000)
Department of the Treasury
Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

▶ Under Internal Revenue Code section 149(e)
▶ See separate Instructions.
Caution: *If the issue price is under $100,000, use Form 8038-GC.*

OMB No. 1545-0720

Part I Reporting Authority

If **Amended Return,** check here ▶ ☐

1	Issuer's name **City of Hurricane**	2 Issuer's employer identification number **55 6000188**
3	Number and street (or P.O. box if mail is not delivered to street address) **Post Office Box 1086**	Room/suite 4 Report number **3 - 2**
5	City, town, or post office, state, and ZIP code **Hurricane, West Virginia 25526**	6 Date of issue **August 9, 2005**
7	Name of issue **Sewer Revenue Bonds, Series 2005 B (West Virginia Water Development Authority)**	8 CUSIP number **N/A**
9	Name and title of officer or legal representative whom the IRS may call for more information **Raymond Peak, Mayor**	10 Telephone number of officer or legal representative **(304) 562-5896**

Part II Type of Issue (check applicable box(es) and enter the issue price) See instructions and attach schedule

11	☐ Education	11	
12	☐ Health and hospital	12	
13	☐ Transportation	13	
14	☐ Public safety	14	
15	☑ Environment (including sewage bonds)	15	1,114,236
16	☐ Housing	16	
17	☐ Utilities	17	
18	☐ Other. Describe ▶	18	
19	If obligations are TANs or RANs, check box ▶ ☐ If obligations are BANs, check box ▶ ☐		
20	If obligations are in the form of a lease or installment sale, check box ▶ ☐		

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	**October 1, 2025**	$ **1,114,236**	$ **1,114,236**	**12.588** years	**5.0007095** %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22	Proceeds used for accrued interest			22	-0-
23	Issue price of entire issue (enter amount from line 21, column (b))			23	1,114,236
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	17,000		
25	Proceeds used for credit enhancement	25	-0-		
26	Proceeds allocated to reasonably required reserve or replacement fund	26	-0-		
27	Proceeds used to currently refund prior issues	27	-0-		
28	Proceeds used to advance refund prior issues	28	-0-		
29	Total (add lines 24 through 28)			29	17,000
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	1,097,236

Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)

31	Enter the remaining weighted average maturity of the bonds to be currently refunded ▶	N/A	years
32	Enter the remaining weighted average maturity of the bonds to be advance refunded ▶	N/A	years
33	Enter the last date on which the refunded bonds will be called ▶	N/A	
34	Enter the date(s) the refunded bonds were issued ▶	N/A	

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	-0-
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a	-0-
b	Enter the final maturity date of the guaranteed investment contract ▶		
37	Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	37a	-0-

b If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☐ and enter the name of the issuer ▶ _____ and the date of the issue ▶ _____

38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶ ☐
39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶ ☐
40 If the issuer has identified a hedge, check box ▶ ☐

Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Raymond Peak — 8/9/05
Signature of issuer's authorized representative — Date

Raymond Peak, Mayor
Type or print name and title

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW
Clarksburg Charleston Morgantown Martinsburg Wheeling Huntington

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

Writer's Contact Information
(304) 353-8196 - Telephone
(304) 353-8181 - Fax
stumpjc@steptoe-johnson.com

August 10, 2005

City of Hurricane
Sewer Revenue Bonds, Series 2005 C
(West Virginia Infrastructure Fund)

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Internal Revenue Service
Internal Revenue Service Center
Ogden, Utah 84201

Dear Sir or Madam:

Enclosed herewith is a completed and executed Internal Revenue Service Form 8038-G and a file copy thereof with regard to the above-captioned issue. Please file the original form in the appropriate Internal Revenue Service records and return the copy marked in red as the "File Copy" to me (after acknowledging receipt of the same) in the enclosed self-addressed envelope.

Thank you for your attention to this letter. If you have any questions regarding any of the issues set forth herein, or if I can be of any service, please do not hesitate to call.

My best regards.

Very truly yours,

John C. Stump

JCS/as
Enclosure
cc: Karen Lilly, City Manager (w/o encls.)

FILE COPY

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TERRALEX
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Form **8038-G**
(Rev. November 2000)
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Information Return for Tax-Exempt Governmental Obligations

▶ Under Internal Revenue Code section 149(e)
▶ See separate Instructions.
Caution: *If the issue price is under $100,000, use Form 8038-GC.*

OMB No. 1545-0720

Part I Reporting Authority

If **Amended Return**, check here ▶ ☐

1	Issuer's name **City of Hurricane**	2 Issuer's employer identification number **55 6000188**
3	Number and street (or P.O. box if mail is not delivered to street address) **Post Office Box 1086**	Room/suite 4 Report number **3 - 3**
5	City, town, or post office, state, and ZIP code **Hurricane, West Virginia 25526**	6 Date of issue **August 9, 2005**
7	Name of issue **Sewer Revenue Bonds, Series 2005 C (West Virginia Water Development Authority)**	8 CUSIP number **N/A**
9	Name and title of officer or legal representative whom the IRS may call for more information **Raymond Peak, Mayor**	10 Telephone number of officer or legal representative **(304) 562-5896**

Part II Type of Issue (check applicable box(es) and enter the issue price) See instructions and attach schedule

11	☐ Education	11	
12	☐ Health and hospital	12	
13	☐ Transportation	13	
14	☐ Public safety	14	
15	☑ Environment (including sewage bonds)	15	485,764
16	☐ Housing	16	
17	☐ Utilities	17	
18	☐ Other. Describe ▶	18	
19	If obligations are TANs or RANs, check box ▶ ☐ If obligations are BANs, check box ▶ ☐		
20	If obligations are in the form of a lease or installment sale, check box ▶ ☐		

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	**October 1, 2025**	$ **485,764**	$ **485,764**	**12.588** years	**5.0007101** %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22	Proceeds used for accrued interest		22	-0-
23	Issue price of entire issue (enter amount from line 21, column (b))		23	485,764
24	Proceeds used for bond issuance costs (including underwriters' discount)	24 -0-		
25	Proceeds used for credit enhancement	25 -0-		
26	Proceeds allocated to reasonably required reserve or replacement fund	26 -0-		
27	Proceeds used to currently refund prior issues	27 -0-		
28	Proceeds used to advance refund prior issues	28 -0-		
29	Total (add lines 24 through 28)		29	-0-
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)		30	485,764

Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)

31	Enter the remaining weighted average maturity of the bonds to be currently refunded ▶	N/A	years
32	Enter the remaining weighted average maturity of the bonds to be advance refunded ▶	N/A	years
33	Enter the last date on which the refunded bonds will be called ▶	N/A	
34	Enter the date(s) the refunded bonds were issued ▶	N/A	

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	-0-
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a	-0-
b	Enter the final maturity date of the guaranteed investment contract ▶		
37	Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	37a	-0-

b If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☐ and enter the name of the issuer ▶ _____ and the date of the issue ▶ _____

38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶ ☐
39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶ ☐
40 If the issuer has identified a hedge, check box ▶ ☐

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Sign Here

Raymond Peak — 8/9/05

Signature of issuer's authorized representative — Date

Raymond Peak, Mayor
Type or print name and title

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

NEW ISSUE REPORT FORM

Date of Report: August 9, 2005

(See Reverse for Instructions)

ISSUE: City of Hurricane Sewer Revenue Bonds, Series 2005A (West Virginia Infrastructure Fund)

ADDRESS: Post Office Box 1086,Hurricane, WV 25526 COUNTY: Putnam

PURPOSE OF ISSUE: New Money: X
Refunding: _____

REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: August 9, 2005

CLOSING DATE: August 9, 2005

ISSUE AMOUNT: $ 9,240,515

RATE: 3%

1ST DEBT SERVICE DUE: March 1, 2008

1ST PRINCIPAL DUE: March 1, 2008

1ST DEBT SERVICE AMOUNT: $ 154,022.85

PAYING AGENT: Municipal Bond Commission

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

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

CLOSING BANK: Putnam County Bank
Contact Person: Rhonda Cunningham
Phone: (304) 562-9931

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Karen Lilly
Position: City Manager
Phone: (304) 562-5896

OTHER: WV Infrastructure Jobs Development Council
Contact Person: Katy Mallory, P.E.
Function: Executive Secretary
Phone: (304) 558-4607

DEPOSITS TO MBC AT CLOSE:
By: _____ Wire
_____ Check

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

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

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

NOTES: The 2005A Bonds Reserve Account will be funded over 10 years.

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

CH579695.1

29A

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

NEW ISSUE REPORT FORM

Date of Report: August 9, 2005

(See Reverse for Instructions)

ISSUE: City of Hurricane Sewer Revenue Bonds, Series 2005 B (West Virginia Water Development Authority)

ADDRESS: Post Office Box 1086, Hurricane, WV 25526 COUNTY: Putnam

PURPOSE OF ISSUE: New Money: X
Refunding: ____

REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: August 9, 2005 CLOSING DATE: August 9, 2005

ISSUE AMOUNT: $ 1,114,236 RATE: 3%

1ST DEBT SERVICE DUE: October 1, 2005 1ST PRINCIPAL DUE: October 1, 2007

1ST DEBT SERVICE AMOUNT: $ 8,047.26 PAYING AGENT: Municipal Bond Commission

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

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

CLOSING BANK: Putnam County Bank
Contact Person: Rhonda Cunningham
Phone: (304) 562-9931

ESCROW TRUSTEE: ____
Contact Person: ____
Phone: ____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Karen Lilly
Position: City Manager
Phone: (304) 562-5896

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

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

____ Accrued Interest: $____
X Capitalized Interest: $ 60,000
____ Reserve Account: $____
____ Other: ____ $____

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

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

NOTES: The Series 2005 B Bonds Reserve Account will be funded over 10 years.

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

CH768396.1

29B

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

NEW ISSUE REPORT FORM

Date of Report: August 9, 2005

(See Reverse for Instructions)

ISSUE: City of Hurricane Sewer Revenue Bonds, Series 2005 C (West Virginia Water Development Authority

ADDRESS: City of Hurricane Post Office Box 1086 Hurricane, WV 25526 COUNTY: Putnam

PURPOSE OF ISSUE: New Money: X
Refunding: _____

REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: August 9, 2005

CLOSING DATE: August 9, 2005

ISSUE AMOUNT: $ 485,764

RATE: 5%

1ST DEBT SERVICE DUE: October 1, 2005

1ST PRINCIPAL DUE: October 1, 2007

1ST DEBT SERVICE AMOUNT: $ 3,508.30

PAYING AGENT: Municipal Bond Commission

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

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

CLOSING BANK: Putnam County Bank
Contact Person: Rhonda Cunningham
Phone: (304) 562-9931

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Karen Lilly
Position: City Manager
Phone: (304) 562-5896

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

DEPOSITS TO MBC AT CLOSE:
By: _____ Wire
_____ Check

____ Accrued Interest: $_____
____ Capitalized Interest: $_____
____ Reserve Account: $_____
____ Other: _____ $_____

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

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

NOTES: The Series 2005 C Bonds Reserve Account will be funded over 10 years.

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

29C

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

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

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

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

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

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

CITY OF HURRICANE

Sewer Revenue Bonds, Series 2005 A
(West Virginia Infrastructure Fund)
and
Sewer Revenue Bonds, Series 2005 B
(West Virginia Water Development Authority)
and
Sewer Revenue Bonds, Series 2005 C
(West Virginia Water Development Authority)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

Putnam County Bank, Hurricane, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Ordinance of the City of Hurricane (the "Issuer") enacted by the Issuer on August 1, 2005, and a Supplemental Resolution adopted by the Issuer on August 1, 2005 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Sewer Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), Sewer Revenue Bonds, Series 2005 B (West Virginia Water Development Authority) and Sewer Revenue Bonds, Series 2005 C (West Virginia Water Development Authority), each dated August 9, 2005, in the respective aggregate principal amounts of $9,240,515, $1,114,236 and $485,764 (collectively the "Bonds"), and agrees to serve as Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

WITNESS my signature on this 9th day of August, 2005.

PUTNAM COUNTY BANK

By: _____
Its: Authorized Officer

07/27/05
435630.00001

CITY OF HURRICANE

Sewer Revenue Bonds, Series 2005 A
(West Virginia Infrastructure Fund)
and
Sewer Revenue Bonds, Series 2005 B
(West Virginia Water Development Authority)
and
Sewer Revenue Bonds, Series 2005 C
(West Virginia Water Development Authority)

ACCEPTANCE OF DUTIES AS REGISTRAR

The Huntington National Bank, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the City of Hurricane Sewer Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), Sewer Revenue Bonds, Series 2005 B (West Virginia Water Development Authority) and Sewer Revenue Bonds, Series 2005 C (West Virginia Water Development Authority),each dated August 9, 2005, in the respective aggregate principal amounts of $9,240,515, $1,114,236 and $485,764 (collectively the "Series 2005 Bonds"), and agrees to perform all duties of Registrar in connection with the Series 2005 Bonds, all as set forth in the Bond Legislation authorizing issuance of the Series 2005 Bonds.

WITNESS my signature on this 9th day of August, 2005.

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

07/27/05
435630.00001

CITY OF HURRICANE

Sewer Revenue Bonds, Series 2005 A
(West Virginia Infrastructure Fund)
and
Sewer Revenue Bonds, Series 2005 B
(West Virginia Water Development Authority)
and
Sewer Revenue Bonds, Series 2005 C
(West Virginia Water Development Authority)

CERTIFICATE OF REGISTRATION OF BONDS

The Huntington National Bank, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned Bonds of the City of Hurricane (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Sewer Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), of the Issuer, dated August 9, 2005, in the principal amount of $9,240,515, numbered AR-1, the single, fully registered Sewer Revenue Bonds, Series 2005 B (West Virginia Water Development Authority), of the Issuer, dated August 9, 2005, in the principal amount of $1,114,236, numbered BR-1, and the single, fully registered Sewer Revenue Bonds, Series 2005 C (West Virginia Water Development Authority), of the Issuer, dated August 9, 2005, in the principal amount of $485,764, numbered CR-1, were registered as to principal and interest in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of The Huntington National Bank, as Registrar.

WITNESS my signature on this 9th day of August, 2005.

HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

07/27/05
435630.00001

CITY OF HURRICANE

Sewer Revenue Bonds, Series 2005 A
(West Virginia Infrastructure Fund)
and
Sewer Revenue Bonds, Series 2005 B
(West Virginia Water Development Authority)
and
Sewer Revenue Bonds, Series 2005 C
(West Virginia Water Development Authority)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 9th day of August, 2005, by and between the CITY OF HURRICANE, a municipal corporation and political subdivision of the State of West Virginia (the "Issuer"), and THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $9,240,515 principal amount of Sewer Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), $1,114,236 principal amount of Sewer Revenue Bonds, Series 2005 B (West Virginia Water Development Authority) and $485,764 principal amount of Sewer Revenue Bonds, Series 2005 C (West Virginia Water Development Authority), all dated the date hereof, in fully registered form (collectively, the "Series 2005 Bonds"), pursuant to a Bond Ordinance of the Issuer duly enacted August 1, 2005, and a Supplemental Resolution of the Issuer duly adopted August 1, 2005 (collectively, the "Bond Legislation");

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

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Series 2005 Bonds; and

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

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

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Series 2005 Bonds, all as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver the Series 2005 Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the Series 2005 Bonds from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

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

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

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

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

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

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

ISSUER: City of Hurricane
P.O. Box 1086
Hurricane, West Virginia 25526
Attention: City Manager

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

8. The Registrar is hereby requested and authorized to authenticate, register and deliver the Series 2005 Bonds in accordance with the Bond Legislation.

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

CITY OF HURRICANE

By: Raymond Boal
Its: Mayor

THE HUNTINGTON NATIONAL BANK

By:
Its: Authorized Officer

07/27/05
435630.00001

EXHIBIT A

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

SCHEDULE OF COMPENSATION

(See Attached)

Private Financial Group
P.O. Box 633 - WE3013
Charleston, West Virginia 25322-0633

Huntington

STATEMENT OF TRUSTEE'S FEES
Invoice Date July 18, 2005

City of Hurricane
Account Number 6089001809

City of Hurricane
Sewer Revenue Bonds
Series 2005 A, 2005 B, 2005 C
C/O John C. Stump
Steptoe & Johnson, PLLC
P.O. Box 1588
Charleston, WV 25326-1588

SUMMARY OF ACCOUNT

****

FEE CALCULATION FOR July, 2005

****

TOTAL AMOUNT	$	500.00
TOTAL DUE	$	500.00

* FEE INVOICES ARE PAYABLE WITHIN 30 DAYS. IF PAYMENT *
* IS NOT RECEIVED, FEES WILL BE DEDUCTED FROM THE PLAN *
* .. MAIL CHECK TO: HUNTINGTON NATIONAL BANK, ATTN: DEBRA . . *
* .. BOWDEN, PO BOX 633, CHARLESTON, WV 25322-0633 . . . . . *

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT
Barry Morgan Griffith at (304)348-5035

PWSID WV3304005

State of West Virginia

OFFICE OF ENVIRONMENTAL HEALTH SERVICES

CAPITOL AND WASHINGTON STREETS, 1 DAVIS SQUARE, SUITE 200 CHARLESTON, WEST VIRGINIA 25301
TELEPHONE 304-558-2981

PERMIT

PROJECT: (Sewage and Water) Hurricane WWTP Upgrade And Collection System Improvements

PERMIT NO.: 16,389

LOCATION: Hurricane COUNTY: Putnam DATE: 2-9-2005

THIS IS TO CERTIFY that after reviewing plans, specifications, application forms, and other essential information that

City of Hurricane
Post Office Box 186
Hurricane, West Virginia25526

is hereby granted approval to: install approximately 760 LF of 42" sewer line; necessary manholes; add a fourth pump, replace two (2) existing pumps and rebuild one (1) existing pump at the main wastewater pump station; and all necessary valves, controls and appurtenances. Also, to upgrade the existing City of Hurricane wastewater treatment plant from a 3,000,000 G.P.D. plant to a 4,500,000 G.P.D. plant. Major changes to the wastewater treatment plant will be new screens and grit removal equipment at the intake headworks structure; addition of a third vertical loop reactor; addition of one (1) new clarifier; replacement of the existing ultra-violet disinfection equipment with new equipment; replacement of the existing sludge belt filter press with a sludge centrifuge; convert two (2) existing aerated sludge holding tanks to sludge digesters; refurbish two (2) existing clarifiers; replace air diffusion equipment in existing two (2) vertical loop reactors; add a new SCADA control system; and all necessary valves, piping and appurtenances. Also, to install approximately 597 LF of 8" and 365 LF of 12" water line and all necessary valves and appurtenances.

Facilities are to serve the City of Hurricane and the South Putnam Public Service District.

NOTE: **This permit is contingent upon: 1) All new water line being disinfected, flushed and bacteriologically tested, prior to use; and 2) Maintaining a minimum ten (10) feet horizontal separation between sewer and water lines and a minimum 18 inch vertical separation between crossing sewer and water lines, with the water line above the sewer line.**

The Environmental Engineering Division of the St. Albans District Office (304) 722-0611 is to be notified when construction begins.

Validity of this permit is contingent upon conformity with plans, specifications, application forms, and other information submitted to the West Virginia Bureau for Public Health.

FOR THE DIRECTOR

William S. Herold, Jr., P.E., Assistant Manager
Infrastructure and Capacity Development
Environmental Engineering Division

WSH:nlh

pc: ✓Randolph Engineering Co., Inc.
O. Robert Coontz, P.E., DEP
Cliff Whyte, P.E., DEP
James W. Ellars, P.E., PSC-Engineering Division
Amy Swann, Public Service Commission
Putnam County Health Department
OEHS-EED St. Albans District Office

west virginia department of environmental protection

Division of Water and Waste Management
601 57th Street SE
Charleston, WV 25304
Phone Number: (304) 926-0495
Fax Number: (304) 926-0496

Joe Manchin III, Governor
Stephanie R. Timmermeyer, Cabinet Secretary
www.wvdep.org

June 30, 2005

Raymond Peak, Mayor
City of Hurricane
P. O. Box 1086
Hurricane, WV 25526

CERTIFIED RETURN RECEIPT REQUESTED

Re: WV/NPDES Permit No. WV0028151
Modification No. 1

Dear Mr. Peak:

This correspondence shall serve as Modification No. 1 of your existing WV/NPDES Water Pollution Control Permit No. WV0028151, issued December 27, 2001.

After review and consideration of the information submitted on, and with, WV/NPDES Water Pollution Control Permit Modification Application No. WV0028151-A, dated November 11, 2003, and additional information received December 23, 2004 and other relevant information, the subject Permit is hereby modified to incorporate the following:

1. To construct, install, operate and maintain a wastewater collection system upgrade of the existing wastewater collection system comprised of approximately 760 linear feet of 42 inch sewer line, necessary manholes, add a fourth pump, replace two(2) existing pumps and rebuild one(1) existing pump at the main wastewater pump station, and all necessary valves, controls and appurtenances.

2. To construct, install, operate and maintain a wastewater treatment plant upgrade of the existing 3.0 mgd wastewater treatment plant to a 4.5 mgd wastewater treatment plant comprised of new screens and grit removal equipment at the headworks structure, addition of a third vertical loop reactor, addition of one(1) new clarifier, replacement of the existing ultraviolet disinfection equipment with new equipment, replacement of the existing sludge belt filter press with a sludge centrifuge, convert two(2) existing aerated sludge holding tanks to sludge digesters, refurbish two(2) existing clarifiers, replace air diffusion equipment in existing two(2) vertical loop reactors, add a new SCADA control system, and all necessary valves, piping and appurtenances.

3. The wastewater facility improvements shall be constructed in accordance with the plans and specifications approved by State of West Virginia Office of Environmental Health Services the 9th day of December 2005, prepared by Randolph Engineering Co. Inc.; 4414 Teays Valley Rd.; Scott Depot, West Virginia; and entitled "City of Hurricane Sanitary Sewer Board Sanitary Sewer Improvements Phase II"; Putnam County West Virginia.

4. Section A.002 shall be incorporated in the permit to reflect the increase in flow resulting from the plant upgrade via Outlet No. 002.

5. The permittee shall notify this Division when the upgrade to the wastewater treatment plant is complete. Upon completion of the upgrade to the wastewater treatment plant, the permittee shall use Outlet No. 002 Discharge Monitoring Reports (DMRs) to report effluent sampling results.

Enclosed are incorporated Section A.002 pages 5A, 5B, 5C, 5D of 18, incorporated Section C page 13A of 18 and the corresponding Discharge Monitoring Reports. These documents shall be incorporated, as appropriate, into your existing WV/NPDES Water Pollution Control Permit WV0028151.

All other terms and conditions of the subject WV/NPDES Water Pollution Control Permit shall remain in effect and unchanged. If you should have any questions, please contact Renee Clevenger of this office at (304) 926-0499 ext. 1016.

Sincerely,

Lisa A. McClung
Director

LAM/rc

Enclosures

cc: Env. Inspector Supervisor
Env. Inspector, Putnam County
EPA

CITY OF HURRICANE

SEWER REVENUE BONDS,
SERIES 1989 A AND SERIES 1989 B
and
INTERIM CONSTRUCTION FINANCING

BOND AND NOTES ORDINANCE

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CITY OF HURRICANE

ORDINANCE

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS FOR THE EXISTING PUBLIC SEWERAGE FACILITIES OF THE CITY OF HURRICANE AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $2,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1989 A, NOT MORE THAN $1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1989 B, AND NOT MORE THAN $3,500,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF BOND ANTICIPATION NOTES, GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES, OR ANY COMBINATION OF THE FOREGOING; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

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

B. The Issuer presently owns and operates a public sewage treatment, collection and transportation system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain additions, betterments and improvements for the existing sewerage facilities of the Issuer, consisting of a pretreatment building, vertical loop reactor aeration trains, two clarifiers and

a press building, together with all appurtenant facilities (the "Project") which constitute properties for the collection and transportation of liquid or solid wastes, sewage or industrial wastes (the existing sewerage facilities of the Issuer, the Project and any further additions thereto or extensions thereof is herein called the "System") at an estimated cost of $7,458,620, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of said System, the principal of and interest on the Prior Bonds and the Bonds and all Sinking Funds, Reserve Accounts and other payments provided for herein and in the Prior Ordinances, all as such terms are hereinafter defined.

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds in the total aggregate principal amount of not more than $3,500,000 in two series, being the Series 1989 A Bonds in the aggregate principal amount of not more than $2,500,000, and the Series 1989 B Bonds in the aggregate principal amount of not more than $1,000,000 (collectively, the "Original Bonds"), and (at the option of the Issuer) to issue its sewerage system bond anticipation notes prior to issuance of the Original Bonds and contemporaneously therewith, or as soon as practicable thereafter, to issue its sewerage system grant anticipation notes, and/or a note or notes evidencing a line of credit, or any combination of the foregoing (collectively, the "Notes") in the aggregate principal amount of not more than $3,500,000 to temporarily finance costs of construction and acquisition of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Notes during the term thereof and upon the Bonds prior to and during construction or acquisition and for a period not exceeding 6 months after completion of construction of the Project; amounts which may be deposited in the Reserve Accounts; engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees of the Authority (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Bonds and Notes and such other expenses as may be necessary or incidental to the financing herein authorized, the construction or acquisition of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, including, with respect to the Notes, any fees for the providing of a letter of credit, as hereinafter defined, and any costs of obtaining insurance thereon; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Bonds or Notes or the repayment of indebtedness incurred by the Issuer for such purposes, shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that its Original Bonds be sold to the Authority (as hereinafter defined) pursuant to the terms and provisions of a loan agreement and a supplemental loan agreement to be entered into between the Issuer and the Authority, in form satisfactory to the Issuer and the Authority, as shall be approved by supplemental resolution.

G. There are outstanding obligations of the Issuer which will rank senior and prior to the Bonds as to liens and sources of and security for payment, being the Sewer Revenue Bonds, dated April 1, 1961, issued in the original aggregate principal amount of $158,000, of which $83,000 remains outstanding as of the date of enactment of this Ordinance (the "1961 Bonds") and the Sewer Revenue Bonds, Series 1977, dated April 1, 1977, issued in the original aggregate principal amount of $465,000, of which $415,000 remains outstanding as of the date of enactment of this Ordinance (the "1977 Bonds") (collectively, the "Prior Bonds"), both held by the public.

The Series 1989 A Bonds shall be junior and subordinate to the Prior Bonds with respect to liens, pledges and sources of and security for payment and in all other respects. The Series 1989 B Bonds shall be junior and subordinate to both the Prior Bonds and the Series 1989 A Bonds with respect to liens, pledges and sources of and security for payment and in all other respects. The Grant Anticipation Notes, if issued, will not be payable from the Net Revenues, but shall be payable from Grant Receipts, Surplus Revenues and proceeds of a letter of credit, if any, all as shall be set forth in the Indenture or the Supplemental Resolution authorizing the Notes. The Bond Anticipation Notes, if issued, will be payable from the proceeds of the Bonds and Net Revenues, if necessary, all as shall be set forth in the Indenture or the Supplemental Resolution authorizing the Notes.

H. The Issuer has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bonds and the Notes, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a Certificate of Convenience and Necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Bonds or any of the Notes or such final order will not be subject to appeal.

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

J. Pursuant to the Act, the Issuer has heretofore established a Sanitary Board and the Sanitary Board has petitioned the Council to enact this Ordinance and issue the Bonds and Notes, as needed for the purposes set forth herein.

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

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

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

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

"Authorized Officer" means the Mayor of the Issuer or any acting Mayor duly appointed by the Governing Body.

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

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

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

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

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

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

"1961 Bonds" means the Sewer Revenue Bonds, of the Issuer described in Section 1.02G hereof.

"1977 Bonds" means the Sewer Revenue Bonds, Series 1977, of the Issuer described in Section 1.02G hereof.

"Closing Date" means the date upon which there is an exchange of the Bonds for the proceeds representing the purchase of the Bonds by the Authority.

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

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

"Consulting Engineers" means Shaw, Weiss & De Naples, Professional Corporation, Dayton, Ohio, or any engineer or firm of engineers that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System.

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

"Debt Service" means the scheduled amount of interest and amortization of principal payable on the Bonds during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

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

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

"EPA Grant" means the grant from the EPA pursuant to the commitment therefor.

"Excess Investment Earnings" means an amount equal to the sum of:

(A) The excess of

(i) The aggregate amount earned from the Closing Date on all Nonpurpose Investments in which Gross Proceeds of the Series 1989 A Bonds are invested [other than amounts attributable to an excess described in this clause (A) of this definition of Excess Investment Earnings], over

(ii) The amount that would have been earned if the Yield on such Nonpurpose Investments

[other than amounts attributable to an excess described in this clause (A) of this definition of Excess Investment Earnings] had been equal to the Yield on the Series 1989 A Bonds, plus

(B) Any income attributable to the excess described in clause (A) of this definition of Excess Investment Earnings.

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

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

"Governing Body" means the council of the Issuer, as may hereafter be constituted.

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

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

"Grant Receipts" means all moneys received by the Issuer on account of the EPA Grant after the date of issuance of any grant anticipation notes; provided that "EPA Grant Receipts" means only Grant Receipts on account of the EPA Grant, and "Other Grant Receipts" means only Grant Receipts on account of any or all of the Other Grants.

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

"Gross Proceeds," except as otherwise provided in the Regulations, means the sum of the following amounts:

(i) Original proceeds, namely, net amounts received by or for the Issuer as a result of the sale of the Series 1989 A Bonds, excluding original proceeds which become transferred proceeds (determined in accordance with applicable Regulations) of obligations issued to refund in whole or in part the Series 1989 A Bonds;

(ii) Investment proceeds, namely, amounts received at any time by or for the Issuer, such as interest and dividends, resulting from the investment of any original proceeds (as referenced in clause (i) above) or investment

proceeds (as referenced in this clause (ii)) in Nonpurpose Investments, increased by any profits and decreased (if necessary, below zero) by any losses on such investments, excluding investment proceeds which become transferred proceeds (determined in accordance with applicable Regulations) of obligations issued to refund in whole or in part the Series 1989 A Bonds;

(iii) Transferred proceeds, namely, original proceeds of any prior obligations, and interest earnings and profits less losses resulting from investment of such original proceeds in Nonpurpose Investments, which are used to discharge the outstanding principal of any prior bonds and which are deemed to become proceeds of the Series 1989 A Bonds ratably as original proceeds of the Series 1989 A Bonds, and interest earnings and profits resulting from investment of such original proceeds in Nonpurpose Investments, which are used to discharge the outstanding principal of any such prior obligations, all on the date of such ratable discharge;

(iv) Sinking fund proceeds of the Series 1989 A Bonds, namely, amounts, other than original proceeds, investment proceeds or transferred proceeds (as referenced in clauses (i) through (iii) above) of the Series 1989 A Bonds, which are held in any fund to the extent that the Issuer reasonably expects to use such fund to pay Debt Service on the Series 1989 A Bonds;

(v) Amounts in the Reserve Accounts and in any other fund established as a reasonably required reserve or replacement fund with respect to the Series 1989 A Bonds;

(vi) Investment Property pledged as security for payment of Debt Service on the Series 1989 A Bonds by the Issuer;

(vii) Amounts, other than as specified in this definition, used to pay Debt Service on the Series 1989 A Bonds;

(viii) Amounts received as a result of investing amounts described in this definition; and

(ix) Such other amounts designated as Gross Proceeds under the Code and/or Regulations and not set forth hereinbefore in this definition of Gross Proceeds.

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided, that "Gross Revenues" does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined, purchased pursuant to Article 8.01 hereof) or any Tap Fees, as hereinafter defined.

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

"Indenture" or "Trust Indenture" means the Trust Indenture which may, at the Issuer's option, be entered into between the Issuer and the Trustee relating to the Notes and all supplements or amendments thereto.

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

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract, investment-type property or residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes other than specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

"Issuer" means the City of Hurricane, in Putnam County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body and the Sanitary Board of the Issuer.

"Loan Agreement" shall mean, collectively, the Loan Agreement and the Supplemental Loan Agreement, to be entered into between the Authority and the Issuer providing for the purchase of the Original Bonds from the Issuer by the Authority, the forms of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 1989 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Series 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 1989 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property which is acquired with the Gross Proceeds of the Bonds and is not acquired in order to carry out the governmental purpose of the Bonds.

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

"Notes" means collectively, the not more than $3,500,000 in aggregate principal amount of sewerage system bond anticipation notes, grant anticipation notes or notes evidencing a line of credit originally authorized hereby which may be issued by the Issuer, the terms of which shall be set forth in a Supplemental Resolution, and unless the context clearly indicates otherwise, the terms "Notes" includes any refunding Notes of the Issuer.

"Notes Construction Trust Fund" means the Notes Construction Trust Fund which may be established by the Indenture.

"Notes Debt Service Fund" means the Notes Debt Service Fund which may be established by the Indenture.

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

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

"Original Bonds" or "Bonds originally authorized hereby" or similar phrases mean, collectively, the not more than $2,500,000 in aggregate principal amount of Series 1989 A Bonds and the not more than $1,000,000 in aggregate principal amount of Series 1989 B Bonds, issued for the purpose of paying a portion of the Costs of

the Project and for such other purposes permitted and authorized by this Bond Legislation.

"Original Notes Purchaser" means, in the event Notes are issued, the original purchaser of such Notes, as shall be named in the Supplemental Resolution, and, in the event a note or notes evidencing a line of credit are issued, such bank or banks as shall be named in a resolution supplemental hereto.

"Other Grants" means any grant other than the EPA Grant hereafter received by the Issuer to aid in financing any Costs.

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

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

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

"Prior Bonds" means, collectively, the Issuer's Sewer Revenue Bonds, dated April 1, 1961, issued in the original aggregate principal amount of $158,000, of which $83,000 remains outstanding as of the date of enactment of this Ordinance and the Issuer's Sewer Revenue Bonds, Series 1977, dated April 1, 1977, issued in the original aggregate principal amount of $465,000 of which $415,000 remains outstanding as of the date of enactment of this Ordinance.

"Prior Ordinances" means, collectively, the ordinance of the Issuer enacted April 3, 1961, authorizing issuance of the 1961 Bonds and the ordinance of the Issuer enacted May 10, 1977, authorizing issuance of the 1977 Bonds.

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, or in any activity carried on by a person other than a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, excluding, however, use by a state or local governmental unit and

use as a member of the general public. All of the foregoing shall be determined in accordance with the Code, including, without limitation, giving due regard to "incidental use," if any, of the proceeds of the issue and/or proceeds used for "qualified improvements," if any.

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

"Project" means the acquisition and construction of certain additions, betterments and improvements for the existing sewerage facilities of the Issuer, consisting generally of a pretreatment building, vertical loop reactor aeration trains, two clarifiers and a press building and all appurtenant facilities.

"Purchase Price," for the purpose of computation of the Yield of the Series 1989 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 1989 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 Series 1989 A Bonds of each maturity is sold or, if the Series 1989 A Bonds are privately placed, the price paid by the first buyer of the Series 1989 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 1989 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 1989 A Bonds.

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

(a) Government Obligations;

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

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

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

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

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

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

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

(i) Obligations of States or political subdivisions or agencies thereof, the interest on which is exempt from federal income taxation, and which are rated at least "A" by Moody's

Investors Service, Inc. or Standard & Poor's Corporation.

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

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

"Registrar" means as appropriate, either the Bond Registrar or the Notes Registrar or both.

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

"Sanitary Board" means the Sanitary Board of the Issuer.

"Series 1989 A Bonds" or "Series A Bonds" means the not more than $2,500,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1989 A, of the Issuer.

"Series 1989 A Bonds Reserve Account" means the Series 1989 A Bonds Reserve Account established in the Series 1989 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1989 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1989 A Bonds in the then current or any succeeding year.

"Series 1989 A Bonds Sinking Fund" means the Series 1989 A Bonds Sinking Fund established by Section 5.02 hereof.

"Series 1989 B Bonds" or "Series B Bonds" means the not more than $1,000,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1989 B, of the Issuer.

"Series 1989 B Bonds Reserve Account" means the Series 1989 B Bonds Reserve Account established in the Series 1989 B Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1989 B Bonds Reserve Requirement" means, as of the date of calculation, the maximum amount of principal which will become due on the Series 1989 B Bonds in the then current or any succeeding year.

"Series 1989 B Bonds Sinking Fund" means the Series 1989 B Bonds Sinking Fund established by Section 5.02 hereof.

"State" means the State of West Virginia.

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

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

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

"System" means the public service properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, owned by the Issuer, and any improvements or extensions thereto hereafter constructed or acquired from any sources whatsoever, and includes the Project.

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

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

"Yield" means that yield which, when used in computing the present worth of all payments of principal and interest (or other payments in the case of Nonpurpose Investments which require payments in a form not characterized as principal and interest) on a Nonpurpose Investment or on the Series 1989 A Bonds produces an amount equal to the Purchase Price of such Nonpurpose Investment or the Bonds, all computed as prescribed in applicable Regulations.

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

ARTICLE II

AUTHORIZATION OF CONSTRUCTION AND ACQUISITION OF THE PROJECT

Section 2.01. Authorization of Construction and Acquisition of the Project. There is hereby authorized the construction and acquisition of the Project, at an estimated cost of $7,458,620, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Notes and the Bonds hereby authorized shall be applied as provided in the Indenture, if any, and Article VI hereof, respectively.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 1989 A Bonds, funding a reserve account for each series of Original Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Original Bonds and related costs, or any of such purposes, as determined by the Supplemental Resolution, there shall be issued negotiable Original Bonds of the Issuer, in an aggregate principal amount of not more than $3,500,000. Said Bonds shall be issued in two series, to be designated respectively, "Sewer Revenue Bonds, Series 1989 A," in the aggregate principal amount of not more than $2,500,000, and "Sewer Revenue Bonds, Series 1989 B," in the aggregate principal amount of not more than $1,000,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. Such Bonds shall be issued contemporaneously with or prior to issuance of the Grant Anticipation Notes, if any. The proceeds of the Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the Bond Construction Trust Fund established by Section 5.01 hereof.

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

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

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

specified in a Supplemental Resolution and shall bear interest from such date.

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

Section 3.04. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the forms set forth in Section 3.09 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

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

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

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

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

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

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

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to Prior Bonds. The payment of the debt service of all the Series 1989 A Bonds shall be secured forthwith equally and ratably with each other by a lien on the Net Revenues derived from the System, but such lien shall be junior and subordinate to the lien on said Net Revenues in favor of the Holders of the Prior Bonds. The payment of the debt service of all the Series 1989 B Bonds shall also be secured forthwith equally and ratably with each other by a lien on the Net Revenues derived from the System, but such lien shall be junior and subordinate to the lien on said Net Revenues in favor of the Holders of the Prior Bonds

and the Series 1989 A Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and to make the payments into the Sinking Funds, the Reserve Accounts therein, the Depreciation Fund and/or the Renewal and Replacement Fund, either existing or hereinafter established, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

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

[Form of Series 1989 A Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF HURRICANE
SEWER REVENUE BOND, SERIES 1989 A

No. AR-_____ $_____

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

The interest rate on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year, beginning _____, 19_____. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated _____, 19_____.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing sewerage facilities of the Issuer (the "Project"); (ii) to pay interest on the Bonds of this Series (the "Bonds") during the construction of the Project and for not more than 6 months thereafter; (iii) to fund a reserve account for the

Bonds; and (iv) to pay certain costs of issuance hereof and related costs. The existing sewerage system of the Issuer, the Project, and any further additions, betterments or improvements thereto is herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance duly enacted by the Issuer on _____, 19_____ and a Supplemental Resolution duly adopted by the Issuer on _____, 19_____ (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is issued concurrently with the Sewer Revenue Bonds, Series 1989 B, of the Issuer (the "Series 1989 B Bonds"), issued in the aggregate principal amount of $_____, which Series 1989 B Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Bonds.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO CERTAIN OUTSTANDING SEWER REVENUE BONDS OF THE ISSUER AS FOLLOWS:

(i) SEWER REVENUE BONDS, DATED APRIL 1, 1961, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $158,000 (THE "1961 BONDS") AND

(ii) SEWER REVENUE BONDS, SERIES 1977, DATED APRIL 1, 1977, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $465,000 (THE "1977 BONDS").

The 1961 Bonds and the 1977 Bonds are herein collectively called the "Prior Bonds." This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System after there has first been paid from said Net Revenues all payments then due and owing on account of the Prior Bonds, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1989 A Bonds Reserve Account"), and unexpended proceeds of the Bonds and the Series 1989 B Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1989 A Bonds Reserve Account and unexpended proceeds of the Bonds and the Series 1989 B Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and

agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, the Series 1989 B Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds or the Series 1989 B Bonds, including the Prior Bonds, provided however, that so long as there exists in the Series 1989 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for the Series 1989 B Bonds and any other obligations outstanding prior to or on a parity with the Bonds or the Series 1989 B Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

IN WITNESS WHEREOF, the CITY OF HURRICANE has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated _____, 19_____.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1989 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

_____

In the presence of:

_____

[Form of Series 1989 B Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF HURRICANE
SEWER REVENUE BOND, SERIES 1989 B

No. BR-_____ $_____

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF HURRICANE, a municipal corporation and political subdivision of the State of West Virginia in Putnam County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of

_____

_____
($_____), in annual installments on _____ 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, without interest.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Supplemental Loan Agreement between the Issuer and the Authority, dated _____, 19_____.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing sewerage facilities of the Issuer (the "Project"); (ii) to fund a reserve account for the Bonds of this Series (the "Bonds"); and (iii) to pay certain costs of issuance hereof and related costs. The existing sewerage system of the Issuer, the Project, and any further additions, betterments or improvements thereto is herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance duly enacted by the Issuer on _____, 19_____ and a Supplemental Resolution duly adopted by the Issuer on _____, 19_____ (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would

be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO CERTAIN OUTSTANDING SEWER REVENUE BONDS OF THE ISSUER AS FOLLOWS:

(i) SEWER REVENUE BONDS, DATED APRIL 1, 1961, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $158,000 (THE "1961 BONDS");

(ii) SEWER REVENUE BONDS, SERIES 1977, DATED APRIL 1, 1977, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $465,000 (THE "1977 BONDS"); AND

(iii) SEWER REVENUE BONDS, SERIES 1989 A, ISSUED CONCURRENTLY HEREWITH IN THE AGGREGATE PRINCIPAL AMOUNT OF $_____ AND DESCRIBED IN THE BOND LEGISLATION (THE "SERIES 1989 A BONDS").

The 1961 Bonds and the 1977 Bonds are herein collectively called the "Prior Bonds." This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System after there has first been paid from said Net Revenues all payments then due and owing on account of the Prior Bonds and the Series 1989 A Bonds, all moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1989 B Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 1989 B Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, the Series 1989 A Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity therewith, including the Prior Bonds, provided however, that so long as there exists in the Series 1989 B Bonds Reserve Account and the reserve account established for the Series 1989 A Bonds, respectively, amounts at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds and the Series 1989 A Bonds in the then current or any succeeding

year, and any reserve account for any such prior or parity obligations, including the Prior Bonds, is funded at least at the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar") by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or its attorney duly authorized in writing.

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owners of the Bonds, which lien is subordinate to the lien in favor of the registered owners of the Series 1989 A Bonds.

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

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

IN WITNESS WHEREOF, the CITY OF HURRICANE has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated _____, 19_____.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1989 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.10. Sale of Original Bonds; Ratification of Execution of Loan Agreement with Authority. The Original Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous ordinance or resolution, the Mayor is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the Recorder is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, ratified and approved.

Section 3.11. "Amended Schedule A" Filing; Tender of Series 1989 B Bonds. Upon completion of acquisition and construction of the Project, the Issuer will file with the Authority a schedule in substantially the form of the "Amended Schedule A" to the Loan Agreement, setting forth the actual costs of the Project and sources of funds therefor. In the event such schedule reflects an excess of funding for the Project, or if the Authority is otherwise advised of an excess, the Authority may tender the Series 1989 B Bonds to the Issuer for payment in an amount equal to such excess. Notwithstanding the foregoing, if the Issuer has Notes outstanding upon completion of construction of the Project, it will advise the Authority of such fact and submit a second schedule to the Authority upon payment of such Notes, and the Authority will not tender its Series 1989 B Bonds for payment until the outstanding Notes have been paid.

ARTICLE IV

INTERIM CONSTRUCTION FINANCING

Section 4.01. Authorization and General Terms. In order to pay certain Costs of the Project pending receipt of the Grant Receipts or issuance of the Bonds, the Issuer may issue and sell its Notes in an aggregate principal amount not to exceed $3,500,000. The Notes may be in the form of bond anticipation notes, grant anticipation notes or as evidence of a line of credit from a commercial bank or other lender, at the discretion of the Issuer, and as shall be set forth in a resolution supplemental hereto. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the Indenture or supplemental resolution, as applicable.

Section 4.02. Terms of and Security for Notes; Trust Indenture. The Notes, if issued, shall be issued in fully registered form, in the denominations, with such terms and secured in the manner set forth in the Indenture, if applicable (which Indenture in the form to be executed and delivered by the Issuer shall be approved by a supplemental resolution), or supplemental resolution, if no Indenture is used.

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

Section 4.04. Letters of Credit. As additional security for any Notes, the Issuer may obtain a letter or letters of credit from a bank or banks, pursuant to which such bank or banks would agree to pay to the Trustee, upon presentation by the Trustee of certain certificates, the sum or sums set forth therein but not to exceed $500,000 in the aggregate. In the event of a draw under any such letter of credit, the Issuer shall issue its refunding notes to the bank issuing such letter of credit. Any such letter or letters of credit shall be authorized and shall have such terms as shall be set forth in a resolution supplemental hereto.

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

(1) Revenue Fund (established and continued by the Prior Ordinances and therein called the "Sewer Revenue Fund");

(2) Operation and Maintenance Fund (established and continued by the Prior Ordinances);

(3) Depreciation Fund (established and continued by the Prior Ordinances);

(4) Renewal and Replacement Fund; and

(5) Bond Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created (or continued if previously established and continued by the Prior Ordinances) with the Commission:

(1) Prior Bonds Sinking Fund (established and continued by the Prior Ordinances and therein called the "Sewer Revenue Bond Interest and Sinking Fund");

(2) Series 1989 A Bonds Sinking Fund;

(a) Within the Series 1989 A Bonds Sinking Fund, the Series 1989 A Bonds Reserve Account; and

(3) Series 1989 B Bonds Sinking Fund;

(a) Within the Series 1989 B Bonds Sinking Fund, the Series 1989 B Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided.

(1) The Issuer shall first each month transfer from the Revenue Fund to the Operation and Maintenance Fund the

amount necessary and sufficient to pay current Operating Expenses.

(2) The Issuer shall next, each month, transfer from the Revenue Fund and pay to the Commission the amounts required by the Prior Ordinances to be deposited in the Prior Bonds Sinking Fund for payment of the principal of and interest on the Prior Bonds and the maintenance of the reserves provided for in the Prior Ordinances.

(3) The Issuer shall next, (i) on the first day of each month, commencing 7 months prior to the first date of payment of interest on the Series 1989 A Bonds for which interest has not been capitalized, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in the Series 1989 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 1989 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 1989 A Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next semiannual interest payment date, the required amount of interest coming due on such date, and (ii) on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1989 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1989 A Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1989 A Bonds on the next ensuing principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1989 A Bonds Sinking Fund and the next annual principal payment date is less than 13 months then such monthly payments shall be increased proportionately to provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1989 A Bonds, if not fully funded upon issuance of the Series 1989 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1989 A Bonds Reserve Account, an amount equal to 1/120 of the Series 1989 A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1989 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1989 A Bonds Reserve Requirement.

(5) The Issuer shall next, each month, so long as the Prior Bonds or any portion thereof are Outstanding,

transfer from the Revenue Fund an amount equal to 5% of the Gross Revenues and shall deposit the same in the Depreciation Fund heretofore established by the Prior Ordinances. Withdrawals and disbursements may be made by the Issuer from the Depreciation Fund only for the following purposes:

(i) To meet renewal or replacement work in connection with the operation and maintenance of the System or for the payment of the cost of extensions and improvements to the System; and

(ii) To, first, meet the payment of interest on or principal of the Prior Bonds to whatever extent and if for any reason funds in the Prior Bonds Sinking Fund established with respect to the Prior Bonds are insufficient for such purpose, and next, to restore to the reserves established with respect to the Prior Bonds any sum or sums transferred therefrom; thereafter, and provided that payments into the Prior Bonds Sinking Fund are current and in accordance with the foregoing provisions and the provisions of the Prior Ordinances, to the extent necessary to meet the principal, interest and reserve payments upon the Series 1989 A Bonds to the extent that moneys in the Series 1989 A Reserve Account are insufficient therefor.

(6) When the Prior Bonds or any portion thereof are no longer Outstanding, the Issuer shall next, on the first day of each month, transfer to the Renewal and Replacement Fund, a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the reserves established with respect to the Prior Bonds or the Series 1989 A Bonds Reserve Account [except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof] shall be promptly eliminated with moneys form the Renewal and Replacement Fund.

(7) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1989 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1989 B Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1989 B

Bonds on the next ensuing principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1989 B Bonds Sinking Fund and the next annual principal payment date is less than 13 months then such monthly payments shall be increased proportionately to provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(8) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1989 B Bonds, if not fully funded upon issuance of the Series 1989 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1989 B Bonds Reserve Account, an amount equal to 1/120 of the Series 1989 B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1989 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1989 B Bonds Reserve Requirement.

Moneys in the Series 1989 A Bonds Sinking Fund and the Series 1989 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the respective series of Bonds as the same shall become due. Moneys in the Series 1989 A Bonds Reserve Account and the Series 1989 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the respective series of Bonds, as the same shall come due, when other moneys in the attendant Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the several Sinking Funds and Reserve Accounts shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Bond Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payments, if any, due on the respective series of Bonds, and then to the next ensuing principal payments due thereon.

Any withdrawals from the Series 1989 A Bonds Reserve Account which result in a reduction in the balance of the Series 1989 A Bonds Reserve Account to below the Series 1989 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full, first, to the Prior Bonds Sinking Fund for payment of debt service on the Prior Bonds and next, to the Series 1989 A Bonds Sinking Fund for payment of debt service on the Series 1989 A Bonds.

Any withdrawals from the Series 1989 B Bonds Reserve Account which result in a reduction in the balance of the Series 1989 B Bonds Reserve Account to below the Series 1989 B Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Prior Bonds Sinking Fund, the Series 1989 A Bonds Sinking Fund, the Series 1989 A Bonds Reserve Account, the Depreciation Fund and the Series 1989 B Bonds Sinking Fund have been made in full.

As and when additional Bonds ranking on a parity with the Bonds are issued, provision shall be made for additional payments into the respective Sinking Fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate Reserve Account in an amount equal to the maximum provided and required to be paid into the concomitant Sinking Fund in any year for account of the Bonds of such series, including such additional Bonds which by their terms are payable from such Sinking Fund.

The Issuer shall not be required to make any further payments into the Series 1989 A Bonds Sinking Fund, or the Series 1989 B Bonds Sinking Fund or into the Reserve Accounts therein when the aggregate amount of funds in said respective Sinking Funds and Reserve Accounts are at least equal to the aggregate principal amount of the respective Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the respective maturities thereof.

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

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

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

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

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

C. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay the Depository Bank's charges and the Paying Agent fees then due.

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

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

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

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

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

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

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

A. From the proceeds of the Series 1989 A Bonds, there shall first be deposited with the Commission in the Series 1989 A Bonds Sinking Fund, the amount, if any, specified in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 1989 A Bonds for the period commencing on the date of issuance of the Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 1989 A Bonds, there shall be deposited with the Commission in the Series 1989 A Bonds Reserve Account and from the proceeds of the Series 1989 B Bonds, there shall be deposited with the Commission in the Series 1989 B Reserve Account the respective sums, if any, set forth in the Supplemental Resolution for funding of the Reserve Accounts.

C. Next, from the proceeds of the Series 1989 A Bonds, there shall first be credited to the Bond Construction Trust Fund and then paid, any and all borrowings by the Issuer made for the purpose of temporarily financing a portion of the Costs of the Project, including interest accrued thereon to the date of such payment, not otherwise paid from funds of the Issuer.

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

E. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Bond Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Bond Construction Trust Fund set forth in the Bond Legislation. Moneys in the Bond Construction Trust Fund shall be used solely to pay Costs of the Project and until so expended, are hereby pledged as additional security for the Series 1989 A Bonds, and thereafter for the Series 1989 B Bonds. In the event that Notes are issued, the disposition of funds in the Bonds Construction Trust Fund may be modified from that set forth herein, with the written consent of the Authority.

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

Except as provided in Section 6.01 hereof, disbursements from the Bond Construction Trust Fund (except for the costs of issuance of the Original Bonds which shall be made upon request of the Issuer), shall be made only after submission to the Depository

Bank of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:

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

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

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

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

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

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

After completion of the Project, as certified by the Consulting Engineers, the Depository Bank shall transfer any moneys remaining in the Bond Construction Trust Fund to the Series 1989 A Bonds Reserve Account, and when fully funded to the Series 1989 B Bonds Reserve Account, and when both Reserve Accounts are fully funded, shall return such remaining moneys to the Issuer for deposit in the Revenue Fund. The Issuer shall thereafter, apply such moneys in full, first to the next ensuing interest payments, if any, due on the respective Series of Bonds and thereafter to the next ensuing principal payments due thereon. Notwithstanding the foregoing, if the Authority tenders any of its Series 1989 B Bonds to the Issuer pursuant to the provisions of the Supplemental Loan Agreement, such moneys shall be applied to the purchase of such Series 1989 B Bonds.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

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

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

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

Section 7.03. Bonds Secured by Subordinate Pledge of Net Revenues; Lien Positions with Respect to Prior Bonds. The payment of the debt service of the Series 1989 A Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on the Net Revenues derived from the operation of the System, but such lien shall be junior and subordinate to the lien on said Net Revenues in favor of the Holders of the Prior Bonds. Payment of the debt service of the Series 1989 B Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on said Net Revenues, but such lien shall be junior and subordinate to the lien on said Net Revenues in favor of the Holders of the Prior Bonds and the Series 1989 A Bonds. The Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Bonds and to make the payments into the Sinking Funds, including the Reserve Accounts therein, and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to the payment of the principal of and interest on the Bonds as the same become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the ordinance of the Issuer enacted September 18, 1989.

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

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Depreciation Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $10,000 and not in excess of $50,000, shall with the written consent of the Authority, be remitted by the Issuer to the Commission for deposit in the Sinking Fund and shall be applied only to the purchase of Bonds of the last maturities then Outstanding at prices

not greater than the par value thereof plus 3% of such par value or otherwise. Such payment of such proceeds into the Sinking Fund or the Depreciation Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of over 50% in amount of the Bonds then Outstanding and the Consulting Engineers. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and in Section 7.07B, the Issuer shall not issue any obligations whatsoever with a lien on or otherwise payable from any source of payment pledged originally to the Notes issued under the Indenture or supplemental resolution prior to or on a parity with the lien on behalf of such Notes until such Notes have been defeased in accordance with the provisions of the Indenture and the Bond Legislation; and, so long as any of the Bonds are Outstanding, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds; provided, however, that additional Bonds on a parity with the Series 1989 B Bonds only may be issued as provided for in Section 7.07 hereof. All obligations issued by the Issuer after the issuance of the Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 1989 A Bonds and the Series 1989 B Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the Reserve Accounts, the Depreciation Fund and/or the Renewal and Replacement Fund at the time of the issuance of such subordinate obligations have been made and are current.

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

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

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1989 B Bonds. No Parity Bonds shall be

issued which shall be payable out of the revenues of the System on a parity with the Series 1989 A Bonds, unless the Series 1989 B Bonds are no longer outstanding.

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

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

(1) The Prior Bonds and any other obligations with a lien on the Net Revenues prior to that of the Bonds;

(2) The Bonds then Outstanding;

(3) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Ordinance then Outstanding; and

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

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates adopted by the Issuer, the period for appeal of which has expired prior to the date of delivery of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Consulting Engineers, which shall be filed in the office of the Recorder prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12-consecutive-month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Consulting Engineers and the said Independent Certified Public Accountants, as stated in a certificate jointly made and signed by the Consulting Engineers and said Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System

adopted by the Issuer, the period for appeal of which has expired prior to issuance of such Parity Bonds.

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

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

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 1989 A Bonds and the Series 1989 B Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 1989 A Bonds or the Series 1989 B Bonds.

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

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

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

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

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

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of Bonds or Notes, as the case may be, and shall submit said report to the Trustee and the Authority, or any other original purchaser of the Bonds. Such audit report submitted to the Authority shall include a statement that the Issuer is in compliance with the terms and provisions of the Loan Agreement and this Bond Legislation.

Section 7.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the

Recorder, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the Reserve Requirements are on deposit respectively in the Reserve Accounts and reserve accounts for obligations prior to or on a parity with the Bonds (including the Prior Bonds) are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance described in Section 7.04.

Section 7.10. Operating Budget and Audit. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated expenditures for operation and maintenance of the System during the succeeding Fiscal Year. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the Consulting Engineers, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Trustee and the Authority and to any Holder of any Bonds or Notes, as the case may be, who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Trustee and to any Holder of any Bonds or Notes, as the case may be, or anyone acting for and in behalf of such Holder of any Bonds or Notes, as the case may be.

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

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

Section 7.12. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

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

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

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

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

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

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract and to be required of each contractor contracting directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

(4) FLOOD INSURANCE, to the extent available at reasonable cost to the Issuer.

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

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

Section 7.15. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30 day notice of the availability of the System, pay the rates and charges established therefor.

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

Section 7.16. Completion of Project. The Issuer will complete the Project and operate and maintain the System in good condition.

Section 7.17. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Bonds during the term thereof is, under the terms of the Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or

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

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

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

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

E. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including those deemed necessary by the Authority) so that the interest on the Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions, or fail to take any actions (including those determined by the Authority) which would adversely affect such exclusion.

ARTICLE VIII

INVESTMENT OF FUNDS; NON ARBITRAGE

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

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

The Trustee, if any, and the Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Bonds are Outstanding.

Section 8.02. Arbitrage. The Issuer covenants that (i) it will restrict the use of the proceeds of the Bonds in such manner and to such extent as may be necessary, in view of the Issuer's reasonable expectations at the time of issuance of the Bonds, so that the Bonds will not constitute "arbitrage bonds" under Section 148 of the Code and Regulations, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a Federal information return with respect to the Bonds) so that the interest on the Bonds will be and

remain excluded from gross income for Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. Small Issuer Exemption from Rebate of Excess Investment Earnings to the United States. In accordance with Section 148(f)(4)(C) of the Code, the Issuer covenants that it is a governmental unit with general taxing powers; that the Bonds are not private activity bonds as defined in Section 141 of the Code; that 95% or more of the Net Proceeds of the Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and that the aggregate face amount of all the tax-exempt obligations (other than private activity bonds as defined in Section 141 of the Code) issued by the Issuer during the calendar year in which the Bonds are issued will not exceed $5,000,000, determined in accordance with Section 148(f)(4)(C) of the Code and the Regulations promulgated thereunder. For purposes of this Section 8.03 and for purposes of applying Section 148(f)(4)(C) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a subordinate entity shall, for purposes of applying this Section 8.03 and Section 148(f)(4)(C) of the Code to any other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(C) of the Code and all other entities benefiting thereby shall be treated as one issuer.

Notwithstanding the foregoing, if in fact the Issuer is subject to the rebate requirements of Section 148(f) of the Code, and not exempted from such requirements, the Issuer shall take the following actions:

A. CREATION OF FUNDS. There are hereby created, to be held by the Depository Bank as separate funds distinct from all other funds and accounts held by the Depository Bank under this Bond Legislation, the Earnings Fund and the Rebate Fund. All interest earnings and profits on amounts in all funds and accounts established under this Bond Legislation, other than (i) interest earnings and profits on any funds referenced in Subsection C(5) of this Section if such earnings in any Bond Year are less than $500,000, provided that, if the Bonds are not private activity bonds (including any "qualified 501(c)(3) bond" as defined under Section 145 of the Code), if the average maturity of the issue of the Bonds (determined in accordance with Section 147(b)(2)(A) of the Code) is at least 5 years and if the rate of interest on the issue of the Bonds does not vary during the term of the issue, then this clause (i) of this Section 8.03A shall be applied without regard to such dollar limitation, (ii) interest earnings and profits on amounts in funds and accounts which do not constitute Gross Proceeds, (iii) interest earnings and profits on the Rebate Fund, and (iv) interest earnings and profits on amounts in funds and accounts otherwise excepted under the Regulations shall, upon receipt by the Depository Bank, be deposited in the Earnings Fund. In addition, all interest earnings and profits on Gross Proceeds in funds held by the Issuer shall, upon receipt, be paid to the Depository Bank for deposit in the Earnings Fund. Annually, before

the 30th day following the end of each Bond Year or on the preceding business day in the event that such last day is not a business day, or such earlier date as may be required under the Code, the Depository Bank shall transfer from the Earnings Fund to the Rebate Fund for purposes of ultimate payment to the United States an amount equal to Excess Investment Earnings, all as more particularly described in this Section. Following the transfer referenced in the preceding sentence, the Depository Bank shall transfer all amounts remaining in the Earnings Fund to be used for the payment of Debt Service on the next interest payment date and for such purpose, Debt Service due from the Issuer on such date shall be credited by an amount equal to the amount so transferred.

B. DUTIES OF ISSUER IN GENERAL. The Issuer shall calculate Excess Investment Earnings in accordance with Subsection C and shall assure payment of an amount equal to Excess Investment Earnings to the United States in accordance with Subsections D and E.

C. CALCULATION OF EXCESS INVESTMENT EARNINGS. Within 15 days following the last day of the first Bond Year, or such earlier date as may be required under the Regulations, the Issuer shall calculate, and shall provide written notice to the Authority and Depository Bank of, the Excess Investment Earnings referenced in clause (A) of the definition of Excess Investment Earnings. Thereafter, within 15 days following the last day of each Bond Year and within 15 days following the date of the retirement of the Bond, or such earlier dates as may be required under the Regulations, the Issuer shall calculate, and shall provide written notice to the Authority and Depository Bank of, the amount of Excess Investment Earnings. Said calculations shall be made or caused to be made by the Issuer in accordance with the following, or in accordance with such other requirements as may be applicable under the Regulations:

(1) Except as provided in (2), in determining the amount described in clause A(i) of the definition of Excess Investment Earnings, the aggregate amount earned on Nonpurpose Investments shall include (i) all income realized under federal income tax accounting principles (whether or not the person earning such income is subject to federal income tax) with respect to such Nonpurpose Investments and with respect to the reinvestment of investment receipts from such Nonpurpose Investments (without regard to the transaction costs incurred in acquiring, carrying, selling or redeeming such Nonpurpose Investments), including, but not limited to, gain or loss realized on the disposition of such Nonpurpose Investments (without regard to when such gains are taken into account under Section 453 of the Code relating to taxable year of inclusion of gross income), and income under Section 1272 of the Code (relating to original issue discount) and (ii) any unrealized gain or loss as of the date of retirement of the Bonds in the event that any Nonpurpose Investment is retained after such date.

(2) In determining the amount described in clause (A) of the definition of Excess Investment Earnings, Investment Property shall be treated as acquired

for its fair market value at the time it becomes a Nonpurpose Investment, so that gain or loss on the disposition of such Investment Property shall be computed with reference to such fair market value as its adjusted basis.

(3) In determining the amount described in clause (A)(ii) of the definition of Excess Investment Earnings, the Yield on the Bonds shall be determined based on the actual Yield of the Bonds during the period between the Closing Date of the Bonds and the date the computation is made (with adjustments for original issue discount or premium).

(4) In determining the amount described in clause (B) of the definition of Excess Investment Earnings, all income attributable to the excess described in clause (A) of said definition must be taken into account, whether or not that income exceeds the Yield of the Bonds, and no amount may be treated as "negative arbitrage."

(5) In determining the amount of Excess Investment Earnings, there shall be excluded any amount earned on any fund or account which is used primarily to achieve a proper matching of revenues and Debt Service within each Bond Year and which is depleted at least once a year except for a reasonable carryover amount not in excess of the greater of 1 year's earnings on such fund or account or 1/12th of annual Debt Service (which may include a portion of a fund or account, although not a separate and distinct fund or account) as well as amounts earned on said earnings if the gross earnings on such fund or account for the Bond Year is less than $500,000, provided that, if the Bonds are not private activity bonds (including any "qualified 501(c)(3) bond" as defined under Section 145 of the Code), if the average maturity of the issue of the Bonds (determined in accordance with Section 147(b)(2)(A) of the Code) is at least 5 years and if the rate of interest on the issue of the Bonds does not vary during the term of the issue, then all amounts earned on such fund or account as well as amounts earned on said earnings shall be excluded in determining the amount of Excess Investment Earnings.

D. PAYMENT TO THE UNITED STATES. The Issuer shall direct the Depository Bank to pay from the Rebate Fund an amount equal to Excess Investment Earnings to the United States in installments with the first payment to be made not later than 30 days after the end of the 5th Bond Year and with subsequent payments to be made not later than 5 years after the preceding payment was due, except to the extent otherwise required under the Regulations. The Issuer shall assure that each such installment is in an amount equal to at least 90% of the Excess Investment Earnings with respect to the Gross Proceeds as of the close of the computation period or other period required under the Regulations. Not later than 60 days after the retirement of the Bonds, the Issuer shall direct the Depository Bank to pay from the Rebate Fund to the

United States 100% of the theretofore unpaid Excess Investment Earnings in the Rebate Fund. In the event that there are any amounts remaining in the Rebate Fund following the payment required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States at the address prescribed by the Regulations as the same may be in time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required by this Subsection D, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor.

E. FURTHER OBLIGATIONS OF ISSUER. The Issuer shall assure that Excess Investment Earnings are not paid or disbursed except as required in this Section. To that end the Issuer shall assure that investment transactions are on an arm's length basis and that Nonpurpose Investments are acquired at their fair market value. In the event that Nonpurpose Investments consist of certificates of deposit or investment contracts, investment in such Nonpurpose Investments shall be made in accordance with the procedures described in applicable Regulations as from time to time in effect. The Depository Bank shall keep the moneys in the Earnings Fund and Rebate Fund invested and reinvested to the fullest extent practicable in Government Obligations with maturities consonant with the required use thereof and investment profits and earnings shall be credited to the account of such fund on which earned.

F. MAINTENANCE OF RECORDS. The Issuer shall keep, and retain for a period of 6 years following the retirement of the Bonds, records of the determinations made pursuant to this Section 8.03.

G. INDEPENDENT CONSULTANTS. In order to provide for the administration of this Section 8.03, the Issuer and the Depository Bank (at the expense of the Issuer) may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer or the Depository Bank may deem appropriate.

H. FURTHER AGREEMENT. Notwithstanding the foregoing, the Issuer further covenants to comply with all Regulations from time to time in effect and applicable to the Bonds, as may be necessary in order to fully comply with Section 148(f) of the Code.

I. REPORTING TO AUTHORITY. The Issuer shall furnish to the Authority, annually, at such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information relating thereto as may be requested by the Authority. In addition, the Issuer shall cooperate with the authority in preparing rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer.

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation or, if the Issuer qualifies for the small governmental issue exception to rebate, then the Issuer shall submit a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Bonds subject to rebate.

ARTICLE IX

DEFAULT AND REMEDIES

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

(1) If default occurs in the due and punctual payment of the principal of or interest on any Notes; or

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

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

B. Each of the following events shall constitute an "Event of Default" with respect to the Bonds:

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

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Note or Bond, as the case may be, may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or

charges for services rendered by the System, (iii) bring suit upon the Notes or Bonds, as the case may be, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Notes or Bonds, as the case may be, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Notes or Bonds, or the rights of such Registered Owners, provided however, that no remedy herein stated may be exercised by a Noteholder in a manner which adversely affects any remedy available to the Bondholders, and provided further, that all rights and remedies of the Holders of the Series 1989 B Bonds shall be subject to those of the Holders of the Series 1989 A Bonds and all rights and remedies of the Holders of the Original Bonds shall be subject to those of the Holders of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond or Bond Anticipation Note may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds or Bond Anticipation Notes any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

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

Such receiver, in the performance of the powers hereinabove conferred upon him or her or it, shall be under the direction and supervision of the court making such appointment,

shall at all times be subject to the orders and decrees of such court and may be removed thereby, and a successor receiver may be appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

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

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance of Series 1989 A Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1989 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1989 A Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1989 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1989 A Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Series 1989 A Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1989 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1989 A Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1989 A Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

Section 10.02. Defeasance of Series 1989 B Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1989 B Bonds, the principal due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with

respect to the Series 1989 B Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1989 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1989 B Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date the principal installments of such Series 1989 B Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1989 B Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of said Series 1989 B Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of said Series 1989 B Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

Section 10.03. Defeasance of Notes. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of any series of Notes, the principal of and interest due or to become due thereon, at the times and in the manner set forth in the Indenture, then with respect to such Notes only, this Bond Legislation, the Indenture, if any, and the pledges of Grant Receipts and other moneys and securities pledged thereby, and all covenants, agreements and other obligations of the Issuer to the Holders of the Notes shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. No material modification or amendment of this Bond Legislation, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the Notes or Bonds shall be made without the consent in writing of the Registered Owners of 66-2/3% or more in principal amount of the Notes, the Series 1989 A Bonds or the Series 1989 B Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or any Note or Notes or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein respectively pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds or Notes respectively, required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder or Noteholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest on the Bonds and the Notes from gross income of the holders thereof.

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

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

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

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

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the enactment of this Ordinance do exist, have happened, have

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the CITY OF HURRICANE on the _____ day of _____, 19_____.

Dated: _____

[SEAL]

_____
Recorder

12/27/89
HURRS.A4
43563/88001

been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, Recorder and members of the Governing Body were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

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

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

Passed on First Reading	-	December 4, 1989
Passed on Second Reading	-	December 11, 1989
Passed on Final Reading Following Public Hearing	-	December 27, 1989

_____
Mayor

_____
Recorder

CITY OF HURRICANE
(WEST VIRGINIA)

SEWER REFUNDING REVENUE BONDS, SERIES 2003 A

CONFORMED BOND ORDINANCE

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CITY OF HURRICANE

ORDINANCE AUTHORIZING THE REFUNDING OF THE SEWER REVENUE BONDS, SERIES 1977, OF THE CITY OF HURRICANE; THE ISSUANCE OF SEWER REFUNDING REVENUE BONDS, SERIES 2003 A, OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $350,000, THE PROCEEDS OF WHICH, TOGETHER WITH OTHER FUNDS OF THE CITY, SHALL BE EXPENDED FOR SUCH REFUNDING AND TO PAY COSTS IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS RELATING THERETO; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

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

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

A. The City of Hurricane (the "City") is a municipal corporation and political subdivision of the State of West Virginia in Putnam County of said State and the City presently owns and operates a public sewerage system (the "System").

B. Under the provisions of the Act, the System is under the supervision and control of the Sanitary Board of the City (the "Sanitary Board").

C. The acquisition and construction of the System were financed, in part, by the proceeds of prior bond issues of the City, of which there is presently outstanding the Sewer Revenue Bonds, Series 1977, dated April 1, 1977, issued in the original principal amount of $465,000 (the "Series 1977 Bonds"), the Sewer Revenue Bonds, Series 1989 A, dated December 28, 1989, issued in the original principal amount of $2,331,211 (the 'Series 1989 A Bonds") and the Sewer Revenue Bonds, Series 1989 B, dated December 28, 1989, issued in the original principal amount of $108,789 (the "Series 1989 B Bonds").

D. Under the provisions of the Act, the City is authorized and empowered to issue refunding revenue bonds for the purpose of refunding, paying or discharging all or any part of its outstanding revenue bonds, including interest thereon.

E. The City has determined and hereby determines that it is in the best interest of the residents of the City and other users of the System to currently refund the Series 1977 Bonds in order to achieve interest cost savings (the "Refunding").

F. The City is advised that present value interest savings will be realized as a result of the Refunding.

G. It is deemed necessary for the City to issue its Sewer Refunding Revenue Bonds, Series 2003 A (the "Series 2003 A Bonds"), in the maximum total aggregate principal amount of not more than $350,000, to currently refund the Series 1977 Bonds.

H. The Sanitary Board has petitioned the City to issue Bonds for the purposes set forth herein.

I. The Series 2003 A Bonds will rank on a parity with the Series 1989 A Bonds as to liens, pledge and source of and security for payment on the Net Revenues of the System and are hereinafter referred to as the "First Lien Bonds". The Series 1989 B Bonds are subordinate and junior to the First Lien Bonds as to liens, pledge and source of and security for payment on the Net Revenues of the System and are hereinafter referred to as the "Subordinate Bonds." The Series 1989 A Bonds and the Series 1989 B Bonds are collectively hereinafter referred to as the "Prior Bonds."

Prior to the issuance of the Series 2003 A Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the First Lien Bonds and Subordinate Bonds are met; (ii) the written consent of the Holders of the First Lien Bonds to the issuance of the Series 2003 A Bonds on a parity with the First Lien Bonds; and (iii) the written consent of the Holders of the Subordinate Bonds to the issuance of the Series 2003 A Bonds on a senior

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

J. It is in the best interests of the City that its Series 2003 A Bonds be sold to the Purchaser (as hereinafter defined) pursuant to the terms and conditions of the commitment letter of the Purchaser (the "Commitment Letter").

K. The City has complied with all requirements of West Virginia law relating to the issuance of the Series 2003 A Bonds, or will have so complied prior to issuance of the Series 2003 A Bonds.

Section 1.03. Definitions. All capitalized terms used in this Ordinance and not otherwise defined in the recitals or in the text hereof shall have the meanings specified below, unless the context expressly requires otherwise:

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

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

"Board" or "Sanitary Board" means the Sanitary Board of the City.

"Bond Counsel" shall mean any law firm having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds, appointed by the City, and shall initially mean Steptoe & Johnson PLLC, Charleston, West Virginia.

"Bondholder," "Holder of the Bonds," "Owner of the Bonds," or "Registered Owner" or any similar term means any person who shall be the registered owner of any outstanding Bond or Bonds.

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

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

"Bonds" means the Series 2003 A Bonds and any additional parity Bonds hereafter issued within the terms, restrictions and conditions contained herein.

"Bonds Payment Fund" means the Bonds Payment Fund established by Section 4.01 hereof.

"Bonds Proceeds Fund" means the Bonds Proceeds Fund established by Section 4.01 hereof.

"Business Day" means any day other than a Saturday, Sunday or a day on which national banking associations or West Virginia banking corporations are authorized by law to remain closed.

"City" means the City of Hurricane, a municipal corporation of the State of West Virginia, and, where appropriate, the City Council and/or Sanitary Board of the City.

"Closing Date" means the date upon which there is an exchange of the Series 2003 A 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.

"Costs" or similar terms, shall mean all those costs now or hereafter permitted by the Act and the Refunding Act to be financed with bonds issued pursuant hereto, including, without limitation, the costs of refunding the Series 1977 Bonds, including payment of redemption premiums and accrued interest thereon; amounts which may be deposited in any Reserve Account; legal, accounting, fiscal agent fees and expenses, initial fees for the services of registrars, paying agents, depositories, trustees or escrow trustees, or other costs in connection with the sale of the Series 2003 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, and the performance of the things herein required or permitted, in connection with any thereof.

"Depository Bank" means the bank to be designated as such in the Supplemental Resolution, and its successors and assigns.

"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.

"First Lien Bonds" means the Series 1989 A Bonds.

"First Lien Bonds Reserve Account" means the Series 1989 A Bonds Reserve Account established by the Prior Ordinance.

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

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

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

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

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

"Investment Property" means:

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

(B) any obligation,

(C) any annuity contract,

(D) any investment-type property, or

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

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

"Mayor" means the Mayor of the City.

"Net Proceeds" means the face amount of the Series 2003 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any. 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 2003 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

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

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the costs, fees and expenses of issuance of the Series 2003 A Bonds, fiscal agents, the Depository Bank, the Registrar and the Paying Agent (all as herein defined), other than those capitalized as part of the costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Ordinance" means this Ordinance and all resolutions and ordinances supplemental hereto or amendatory hereof.

"Outstanding," when used with reference to the Prior Bonds or the Bonds and as of any particular date, describes all Prior Bonds or Bonds theretofore and thereupon being issued and delivered except (a) any Prior Bond or 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); and (b) any Prior Bond or Bond deemed to have been paid as provided in their respective authorizing ordinances.

"Paying Agent" means the West Virginia Municipal Bond Commission, Charleston, West Virginia, and its successors and assigns.

"Prior Bonds" means the Series 1989 A Bonds and Series 1989 B Bonds of the City.

"Prior Ordinance" means the ordinance, as supplemented of the City, duly enacted December 27, 1989, authorizing the Prior Bonds.

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

"Purchaser" means the purchaser or purchasers of the Series 2003 A Bonds directly from the City, designated as such in the Supplemental Resolution, and its successors and assigns.

"Qualified Investments" means and includes any of the following, unless otherwise set forth in the Supplemental Resolution:

(a) Government Obligations;

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

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

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

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the

FDIC, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

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

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

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

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

"Recorder" means the Recorder of the City.

"Redemption Date" means the date fixed for redemption of any Bonds of the City called for redemption.

"Redemption Price" means the price at which any Bonds of the City may be called for redemption and includes the principal of and interest on such Bonds to be redeemed, plus the interest and premium, if any, required to be paid to effect such redemption.

"Refunding" means the defeasance and redemption of the Series 1977 Bonds and the payment of the costs of issuance of the Series 2003 A Bonds and other costs relating to the refunding of the Series 1977 Bonds.

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

"Registrar" means the bank or other entity to be designated in the Supplemental Resolution as the Registrar for the Series 2003 A Bonds, and its successors and assigns.

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

"Renewal and Replacement Fund" means the Renewal and Replacement established by Section 4.01 hereof.

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Prior Bonds and the Series 2003 A Bonds.

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

"Revenue Fund" means the Revenue Fund established by Section 4.01 hereof.

"Series 1977 Bonds" means the Sewer Revenue Bonds, Series 1977, of the City, dated April 1, 1977, issued in the original aggregate principal amount of $465,000.

"Series 1989 A Bonds" means the Sewer Revenue Bonds, Series 1989 A, of the City, dated December 28, 1989, issued in the original principal amount of $2,331,211.

"Series 1989 B Bonds" means the Sewer Revenue Bonds, Series 1989 B, dated December 28, 1989, issued in the original principal amount of $108,789.

"Series 2003 A Bonds" means the Sewer Refunding Revenue Bonds, Series 2003 A, of the City, originally authorized to be issued pursuant to this Ordinance.

"Series 2003 A Bonds Reserve Account" means the Series 2003 A Bonds Reserve Account established by Section 4.02 hereof.

"Series 2003 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2003 A Bonds in the then current or any succeeding year.

"State" means the State of West Virginia.

"Subordinate Bonds" means the Series 1989 B Bonds.

"Subordinate Bonds Reserve Account" means the Series 1989 B Bonds Reserve Account established by the Prior Ordinance.

"Supplemental Resolution" means any resolution, ordinance or order amendatory hereof or supplemental hereto and, when preceded by the article "the," refers specifically to the Supplemental Resolution to be adopted by the City following enactment of this Ordinance, setting forth the final amounts, maturities, interest rates and other terms of the Series 2003 A Bonds and authorizing the sale of the Series 2003 A Bonds to the 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 this Ordinance to be set aside and held for the payment of or security for the Bonds or any other obligations of the City, including any Sinking Fund or Reserve Account.

"System" means the complete existing public sewerage system now owned by the City, consisting of a sewerage system in its entirety or any integral part thereof, and shall include any further extensions, additions, betterments and improvements thereto hereafter acquired or constructed for said sewerage system from any sources whatsoever, both within and without the City.

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

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 adoption of this Ordinance.

Articles, sections and subsections mentioned by number only are the respective articles, sections and subsections of this Ordinance so numbered.

ARTICLE II

AUTHORIZATION OF REFUNDING

Section 2.01. Authorization of Refunding. All Series 1977 Bonds Outstanding as of the date of issuance of the Series 2003 A Bonds and all unpaid interest accrued thereon, if any, are hereby ordered to be refunded and paid in full and the pledge of Net Revenues in favor of the Holders of the Series 1977 Bonds imposed by the 1977 Ordinance, the monies in the funds and accounts created by the 1977 Ordinance pledged to payment of the Series 1977 Bonds, and any other funds pledged by the 1977 Ordinance to payment of the Series 1977 Bonds are hereby ordered terminated, discharged and released upon such payment to the Holders of the Series 1977 Bonds. Contemporaneously with the payment in full of the Series 1977 Bonds, the amounts on deposit in the sinking fund, and all other funds and accounts created and maintained on behalf of the Series 1977 Bonds, shall be released from the lien created by the 1977 Ordinance.

ARTICLE III

THE BONDS

Section 3.01. Authorization of the Bonds. For the purposes of currently refunding the Series 1977 Bonds, there shall be and hereby are authorized to be issued the Sewer Refunding Revenue Bonds, Series 2003 A, of the City, in an aggregate principal amount of not more than $350,000.

Section 3.02. Terms of Bonds. The Bonds shall be issued in fully registered form and shall be initially issued as one Bond, in the aggregate principal amount of not to exceed $350,000. The Bonds shall be dated such date, shall bear interest at such rate or rates, not exceeding the then legally permissible limit on such date or dates; shall mature on such dates; and shall be subject to such repayment or redemption, all as provided in the Supplemental Resolution or as specifically provided in the Bonds. The Bonds shall be payable as to principal and interest at the principal office of the Paying Agent in any coin or currency which, on the date of payment, is legal tender for the payment of public and private debts under the laws of the United States of America.

The entire principal amount of the Bonds (100% of par value), there being no interest accrued thereon, shall be paid to the City upon delivery of the Bonds.

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

No Bond shall be valid or entitled to any security or benefit under this Ordinance unless and until the certificate of authentication and registration on such Bond shall have been duly manually executed by the Registrar, and such executed certificate of the Registrar upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Legislation. The certificate of authentication and registration shall be deemed to have been executed by the Registrar if signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the certificate of authentication and registration on all of the Bonds issued hereunder.

Section 3.04. Negotiability, Transfer and Registration. Subject to the restrictions on transfer set forth below, the Bonds shall be and have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder, in accepting any of said Bonds, shall be conclusively deemed to have agreed that said Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Bonds remains Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Bonds. The Bonds shall be transferrable only upon the books of the Registrar which shall be kept for that purpose at the office of the Registrar by request of the registered owner thereof in person or by his attorney duly authorized in writing, and upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or his duly authorized attorney. Upon the transfer of a Bond, there shall be issued to the transferee another fully registered Bond or Bonds of the aggregate principal amount equal to the unpaid amount of the transferred Bond.

In all cases in which the privilege of transferring Bonds is exercised, Bonds shall be delivered in accordance with the provisions of this Ordinance. All Bonds surrendered in any such transfers shall forthwith be canceled by the Registrar. For every such transfer of Bonds, the Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such transfer and the cost of preparing each new Bond upon each transfer, and any other expenses of the Registrar incurred in connection therewith, which sum or sums shall be paid by the person requesting such transfer as a condition precedent to the exercise of the privilege of making such transfer. The Registrar shall not be obliged to make any such transfer of Bonds during the 15 days preceding an interest payment date on the Bonds or after notice of any prepayment of the Bonds has been given.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the City may, in its discretion, issue and deliver a new Bond in exchange and substitution for such mutilated Bond upon surrender and cancellation of such mutilated Bonds or in lieu of and substitution for the Bond destroyed, stolen or lost and upon the Holder's furnishing the City proof of ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the City may prescribe and paying such expenses as the City may incur. All Bonds so surrendered shall be submitted to and canceled by the Registrar and held for the account of the City. If such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the City may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.06. Form of Bonds. The text of the Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted by this Ordinance or any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 2003 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF HURRICANE
SEWER REFUNDING REVENUE BONDS, SERIES 2003 A

No. AR-1 $_____

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF HURRICANE, a municipal corporation and political subdivision of the State of West Virginia in Putnam County of said State (the "City"), for value received, hereby promises to pay, solely from the sources and in the manner hereinafter set forth, to the order of

- _____ -

or registered assigns (the "Registered Owner"), on _____, 2003, the principal sum of _____ DOLLARS ($_____), as set forth on the "Debt Service Schedule" attached as Exhibit A hereto and incorporated herein by reference, together with interest payable thereon, in monthly installments, on the first day of each month, commencing _____ 1, 2003, from the date thereof at the rates per annum set forth as follows:

A. Interest on this Bond shall be payable at the rate of _____% per annum (hereinafter sometimes called the "Tax-Exempt Rate").

B. Notwithstanding any other provision herein, in the event the interest on this Bond is declared to be includible in gross income for federal income tax purposes by the Internal Revenue Service ("Determination of Taxability"), interest on this Bond shall be payable at the rate of _____% per annum (hereinafter sometimes called the "Taxable Rate"). Interest at the Taxable Rate shall commence to accrue on the date of Determination of Taxability and such interest rate shall be charged retroactively and prospectively for all periods in which interest paid on this Bond is asserted, declared or determined to be includible in gross income for federal income tax

purposes, and shall continue until the entire principal of and interest on this Bond are paid, notwithstanding that the entire principal amount of this Bond may have been paid in full prior to the Determination of Taxability. Any interest being past due on this Bond by reason of such increase shall become immediately due and payable.

The principal of and interest on this Bond are payable in any coin or currency which on the date of payment thereof is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of _____, _____, West Virginia, as Registrar and Paying Agent.

This Bond is subject to prepayment of the principal balance in whole on a scheduled payment date with a 1% prepayment premium.

This Bond is issued to finance the costs of refunding the City of Hurricane's Sewer Revenue Bonds, Series 1977. The existing public waterworks facilities of the City and any further improvements or extensions thereto are herein called the "System". This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance duly enacted by the City on _____, 2003, as supplemented by a Supplemental Resolution duly adopted by the City on _____, 2003, and as supplemented by a Second Supplemental Resolution duly adopted by the City on _____, 2003 (collectively, the "Legislation"), and is subject to all the terms and conditions thereof.

The principal of and interest on this Bond are payable only from and secured by a first lien on the Net Revenues of the System on a parity with the Sewer Revenue Bonds, Series 1989 A, dated December 28, 1989 (the "Series 1989 A Bonds"), and senior and prior, with respect to liens, pledge and source of and security for payment, to the Sewer Revenue Bonds, Series 1989 B, dated December 28, 1989 (the "Series 1989 B Bonds"). The Series 1989 A Bonds and the Series 1989 B Bonds are referred to collectively as the "Prior Bonds". The monies from these sources shall be deposited into the Bonds Payment Fund established under the Legislation for the prompt payment of the principal of and interest on this Bond.

This Bond does not constitute a corporate indebtedness of the City within the meaning of any constitutional, statutory or charter provisions or limitations, nor shall the City be obligated to pay the same or the interest hereon except from the sources set forth above. Under the Legislation, the City has entered into certain covenants with the Registered Owner, for the terms of which reference is made to said Legislation. Remedies provided the Registered Owner are exclusively as provided in the Legislation, to which reference is here made for a detailed description thereof.

Subject to the requirements for transfer set forth below, this Bond is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia. This Bond is transferable, as provided in the Legislation, only by transfer of registration upon the books of the Registrar, to be made at the request of the Registered Owner hereof in person or by his attorney duly authorized in writing, and upon surrender hereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Owner or his duly authorized attorney.

All monies received from the sale of this Bond shall be applied solely to the refunding of the Series 1977 Bonds and the costs of issuance and related costs described in the Legislation, and there shall be and hereby is created and granted a lien upon such monies, until so applied, in favor of the Registered Owner of this Bond.

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

This Bond is hereby designated a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

In accordance with Section 148(f)(4)(D) of the Code, the Issuer covenants that it is a governmental unit with general taxing powers; that no part of the Bonds are private activity bonds; that 95% or more of the Net Proceeds of the Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and that the aggregate face amount of all the tax-exempt obligations (other than private activity bonds) issued by the Issuer during the calendar year in which the Bonds are issued does not and will not exceed $5,000,000, determined in accordance with Section 148(f)(4)(D) of the Code and the Regulations from time to time in effect as applicable to the Bonds.

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

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

This Bond shall not be valid or obligatory unless authenticated and registered by the Registrar by the execution of the Registrar's Certificate of Authentication and Registration attached hereto and incorporated herein.

IN WITNESS WHEREOF, the CITY OF HURRICANE has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated _____, 2003.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is to certify that this Bond is one of the Bonds described in and issued under the provisions of the within-mentioned Legislation and has been duly registered in the name of the registered owner set forth above.

Date: _____, 2003.

_____,
as Registrar

By _____
Authorized Officer

EXHIBIT A

DEBT SERVICE SCHEDULE

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____ the within-mentioned Bond and does hereby irrevocably constitute and appoint _____, attorney, to transfer said Bond on the books of the Registrar on behalf of said City with full power of substitution in the premises.

Dated: _____, 20__.

_____

IN THE PRESENCE OF:

_____

Section 3.07. Sale of Bonds and Bonds. The Bonds shall be sold to the Purchaser contemporaneously with, or as soon as practicable and authorized and permitted by applicable law after, adoption of the Supplemental Resolution; provided, that the Purchaser and the City shall have agreed to the purchase thereof.

Section 3.08. Security for the Bonds. The principal of and interest on the Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System on a parity with the First Lien Bonds, and senior and prior, with respect to liens, pledge and source of and security for payment, to the Subordinate Bonds.

Section 3.09. Bonds not to be Indebtedness of City. The Bonds shall be special obligations of the City, payable as to principal and interest solely from the sources described in Section 3.08 hereof. The Bonds do not and shall not constitute an indebtedness of the City within the meaning of any constitutional or statutory provision or limitation. The general funds of the City are not liable, and neither the full faith and credit nor the taxing power of the City is pledged for the payment of the Bonds. The Holders of the Bonds shall never have the right to compel the forfeiture of any property of the City. The Bonds shall not be a debt of the City, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the City or upon any of its income, receipts or revenues except as pledged therefor by this Ordinance.

Notwithstanding anything in this Ordinance, the City shall not be required to advance any money derived from any source of income other than that pledged by this Ordinance for the payment of the principal of or interest on the Bonds or for the performance of any of its duties under this Ordinance. the City may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose and may be used by the City for such purpose without incurring indebtedness.

Section 3.10. Prohibition of Other Loans. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Resolutions authorizing the Prior Bonds shall be applicable. So long as the Bonds are outstanding, no bonds, notes or other evidences of indebtedness shall be issued by the City without the prior written consent of the Purchaser; provided however, that the City may issue refunding notes or bonds to pay the entire outstanding principal of and all interest accrued on the Bonds in full.

Section 3.11. Advances of Principal of Bonds. The City shall request from the Purchaser the entire principal amount of the Bonds (100% of par value), there being no interest accrued thereon, on the Closing Date to pay the costs of refunding the Series 1977 Bonds and the costs of issuance hereof and related costs and only to pay costs authorized by this Ordinance. After payment of all such costs, any remaining Bond proceeds shall be transferred to the Bonds Payment Fund and applied only to the payment of the Bonds.

Section 3.12. Covenants with Holders of Bonds. In order to secure the payment of the Bonds, the City hereby covenants and agrees with the Holders of the Bonds as follows:

(A) General Statement. So long as the Bonds shall be outstanding and unpaid, or until there shall have been set apart a sum sufficient to prepay the entire principal of the Bonds remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the City and the Purchaser.

(B) Rates. The City will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide Revenues in each Fiscal Year sufficient to produce Net Revenues equal to not less than 110% of the annual debt service on the Bonds and all the necessary expenses of operating and maintaining the System during such Fiscal Year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate Revenues for such purposes.

(C) Sale of the System. The System will not be sold without the prior written consent of the Purchaser so long as the Bonds are outstanding. Such consent will provide for disposition of the proceeds of any such sale.

(D) Issuance of Additional Parity Bonds. No Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Bond pursuant to this Bond Legislation, except under the conditions and in the manner herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Bond, provided, however, that a separate debt service reserve fund may be established exclusively for such Parity Bonds.

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

No Parity Bonds shall be issued at any time, however, unless the City certifies in writing that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

(1) The Bonds then Outstanding;

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

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

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

The Net Revenues actually derived from the System during the 12-consecutive-month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, on account of increased rates, rentals, fees and charges for the System adopted by the City, the period for appeal of which, if any, has expired prior to issuance of such Parity Bonds.

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

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

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

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

(E) Insurance and Bonds. A. The City hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Bonds remain outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(i) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project from the contractor, and immediately upon any portion of the System now in use, on all above-ground structures of the System and mechanical and electrical equipment in place or stored on the site in an amount equal to the full insurable value thereof. In the event of any damage to or destruction of any portion of the System, the City will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The City will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the City during construction of the Project in the full insurable value thereof.

(ii) Public Liability Insurance, with limits of not less than $500,000 for one or more persons injured or killed in one accident to protect the City from claims for bodily injury and/or death, and not less than $200,000 to protect the City from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Bonds.

(iii) Vehicular Public Liability Insurance, in the event the City owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the City is operated at any time or times for the benefit of the City, with limits of not less than $500,000 for one or more persons injured or killed in one accident to protect the City from claims for bodily injury and/or death, and not less than $200,000 to protect the City from

claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle for the City.

(iv) Workers' Compensation Coverage for All Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds have been or will be filed with the Clerk of the County Commission of said County prior to commencement of construction of the Project in compliance with West Virginia Code Section 38-2-39. Workers' compensation coverage shall be maintained as required by the laws of the State of West Virginia.

(v) Flood Insurance to be procured, to the extent available at reasonable cost to the City.

(vi) Fidelity Bonds will be provided as to every member of the Governing Body and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the City in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount of $50,000 upon the treasurer.

(vii) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, so long as the Bonds are outstanding, the City will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the City.

B. All insurance proceeds awarded to the City that are not applied to the repair or replacement of the subject property damaged or destroyed, shall be applied by the City to prepayment of the Bonds, unless otherwise consented to in writing by the Bondholder.

(F) Statutory Mortgage Lien. For the further protection of the Holder of the Bond, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon the delivery of the Bonds.

(G) Fiscal Year; Budget; Financial Statements. While the Bonds are outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a Fiscal Year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than 30 days prior to the beginning of each Fiscal Year, the City agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such Fiscal Year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Bondholder by the beginning of each Fiscal Year.

If for any reason the City shall not have adopted the Annual Budget before the 1st day of any Fiscal Year, it shall adopt a Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the next year preceding by more than 10%; and provided further, that adoption of a Budget of Current Expenses shall not constitute compliance with the covenant to adopt an Annual Budget unless failure to adopt an Annual Budget be for a reason beyond the control of the City. Each such Budget of Current Expenses shall be mailed immediately to the Bondholder.

The City shall submit to the Purchaser a balance sheet and statement of revenues and expenses within sixty (60) days of each calendar quarter and an annual financial statement within one hundred twenty (120) days of its fiscal year-end, audited or prepared by Independent Certified Public Accountants acceptable to the Purchaser. Additional financial information is to be provided upon Purchaser's request.

(H) Compensation of Members of Governing Body. The City hereby covenants and agrees that no compensation for policy direction shall be paid to the members of the Governing Body in excess of the amount permitted by the Act. Payment of any compensation to any such member for policy direction shall not be made if such payment would cause the Net Revenues to fall below the amount required to meet all payments provided for herein, nor when there is default in the performance of or compliance with any covenant or provision hereof.

(I) Books and Records; Audits. The City will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the City, in which complete and correct entries shall be made of all transactions relating to the System, and the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the City relating thereto.

The City shall, at least once a year, cause said books, records and accounts of the System to be properly audited by an independent competent firm of certified public accountants and shall mail a copy of such audit report to the Purchaser. The City shall further comply with the Act with respect to such books, records and accounts.

(J) Maintenance of System. The City covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Bonds are outstanding.

(K) No Competition. To the extent legally allowable, the City will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the City or within the territory served by the System.

(L) Application of Bond Proceeds. The City will not make or cause or permit to be made any application of the proceeds of the Bonds except in accordance with the provisions of Article IV hereof, or of any monies held in the Bonds Payment Fund, except in accordance with the provisions of Article IV hereof.

(M) The City shall comply with all other requirements as are required by the Commitment Letter, the terms of which are incorporated herein and made a part hereof.

Section 3.13. [RESERVED]

Section 3.14. Arbitrage and Tax Exemption. The City covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Bonds which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Bonds) so that the interest on the Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 3.15. Small Issuer Exemption from Rebate of Excess Investment Earnings to the United States. In accordance with Section 148 (f)(4)(D) of the Code, the City covenants that it is a governmental unit with general taxing powers; that no part of the Bonds are private activity bonds; that 95% or more of the Net Proceeds of the Bonds are to be used for local governmental activities of the City (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the City); and that the aggregate

face amount of all the tax-exempt obligations (other than private activity bonds) issued by the City during the calendar year in which the Bonds are issued does not and will not exceed $5,000,000, determined in accordance with Section 148(f)(4)(D) of the Code and the Regulations from time to time in effect an applicable to the Bonds. For purposes of the first paragraph of this Section and for purposes of applying Section 148(f)(4)(D) of the Code, the City and all entities which issue obligations on behalf of the City shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this first paragraph of this Section and Section 148(f)(4)(D) of the Code, be treated as not issued by such unit; all obligations issued by a subordinate entity shall, for purposes of applying this first paragraph of this Section and Section 148(f)(4)(D) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(D) of the Code and all other entities benefitting thereby shall be treated as one issuer.

Section 3.16. Tax Covenants. The City hereby further covenants and agrees as follows:

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

B. PRIVATE LOAN LIMITATION. The City shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Bonds or $5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The City shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be directly or indirectly "federally guaranteed" within the meaning of Section 149(b) of the Code and Regulations promulgated thereunder.

D. INFORMATION RETURN. The City will file all statements, instruments and returns necessary to assure the tax-exempt status of the Bonds and the interest thereon, including without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The City will take all actions that may be required of it so that the interest on the Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 3.17. Designation of Bonds as "Qualified Tax-Exempt Obligations". The City hereby designates the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Code and covenants that the Bonds do not constitute private activity bonds as defined in Section 141 of the Code, and that not more than $10,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income tax purposes (excluding, however, obligations issued to currently refund any obligation of the City to the extent the amount of the refunding obligation does not exceed the amount of the refunded obligation and private activity bonds, as defined in Section 141 of the Code, other than qualified 501(c)(3) bonds as defined in Section 145 of the Code), including the Bonds, have been or shall be issued by the City, including all subordinate entities of the City, during the calendar year 2003, all as determined in accordance with the Code.

Section 3.18. Disposition of Proceeds of Bonds. Upon the issuance and delivery of the Series 2003 A Bonds, the City shall forthwith deposit the proceeds thereof as follows:

A. All interest accrued, if any, on the Series 2003 A Bonds from the date thereof to the date of delivery thereof shall be deposited in the Bonds Payment Fund and applied to payment of interest on the Series 2003 A Bonds at the first interest payment date.

B. An amount of the proceeds of the Series 2003 A Bonds which, together with other monies or securities deposited therein and the earnings thereon, shall be sufficient to accomplish the refunding and defeasance of the Series 1977 Bonds (which amount shall be set forth in the Supplemental Resolution) shall be paid to the Holders of the Series 1977 Bonds.

C. An amount of the proceeds of the Series 2003 A Bonds which shall be sufficient to pay all costs of issuance shall be deposited with the Depository Bank in the Bonds Proceeds Fund and shall be drawn out, used and applied by the City solely to pay costs of issuance of the Series 2003 A Bonds and miscellaneous costs of refunding the Series 1977 Bonds at the written direction of the City. All such costs of issuance shall be paid within 60 days of the Closing Date. Monies not to be applied immediately to pay such costs of issuance and refunding may be invested in accordance with this Ordinance, subject however, to applicable yield restrictions as may be in effect under the Code. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to such purpose within 6 months after the Closing Date, such unapplied proceeds shall be transferred by the City to the Bonds Payment Fund.

ARTICLE IV

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF; INVESTMENT OF FUNDS

Section 4.01. Establishment of Funds and Accounts with Depository Bank. Pursuant to this Article IV, the following special funds or accounts are hereby created with (or continued if previously established by the Prior Ordinance), and shall be held by, the Depository Bank, segregated and apart from all other funds or accounts of the Depository Bank and the City and from each other:

(1) Revenue Fund (established and continued by the Prior Ordinance and therein called the "Sewer Revenue Fund");

(2) Operation and Maintenance Fund;

(3) Renewal and Replacement Fund (established by the Prior Ordinance); and

(4) Bonds Proceeds Fund; and

(5) Bonds Payment Fund.

Section 4.02. Establishment of Account with the Paying Agent. The following account is hereby created with and shall be held by the Paying Agent, separate and apart from all other funds or accounts of the Paying Agent or the Issuer:

(1) Series 2003 A Bonds Reserve Account.

Section 4.03. System Revenues; Flow of Funds. So long as any of the Bonds shall be Outstanding and unpaid, the City covenants as follows:

A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt by the City in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Ordinance and shall be kept separate and distinct from all other funds of the City and the Depository Bank and used only for the purposes and in the manner herein provided.

(1) The City shall first each month transfer from the Revenue Fund to the Operation and Maintenance Fund the amount necessary to pay the current Operating Expenses.

(2) The Issuer shall next, each month, transfer from the Revenue Fund and pay (i) to the Commission the amounts required by the Prior Ordinance to pay the interest, if any, on the First Lien Bonds; and (ii) to the Paying Agent the amounts required to pay interest on the Series 2003 A Bonds;

(3) The Issuer shall next, each month, transfer from the Revenue Fund and pay (i) to the Commission the amounts required by the Prior Ordinance to pay the principal on the First Lien Bonds; and (ii) to the Paying Agent the amounts required to pay principal on the Series 2003 A Bonds;

(4) The City shall next, on the first day of each month, transfer from the Revenue Fund and remit (i) to the Commission for deposit in the First Lien Bonds Reserve Account the amounts required by the Prior Ordinance;

(5) The City shall next, from the monies remaining in the Revenue Fund (as previously set forth in the Prior Ordinance and not in addition thereto), on the first day of each month, transfer to the Renewal and Replacement Fund, a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the City or of the Depository Bank and shall be invested and reinvested in Qualified Investments. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in any Reserve Account (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

(6) The City shall next, each month, transfer from the Revenue Fund and pay to the Commission the amounts required by the Prior Ordinance to pay the principal of and interest, if any, on the Subordinate Bonds; and

(4) The City shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission for deposit in the Subordinate Bonds Reserve Account the amounts required by the Prior Ordinance.

Monies in the Bonds Payment Fund shall be used only for the purposes of paying principal of and interest on the Series 2003 A Bonds as the same shall become due, whether by maturity or redemption prior to maturity. Monies in the Series 2003 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2003 A Bonds, as the same shall come due, when other monies in the Bonds Payment Fund are insufficient therefor, and for no other purpose.

The City shall not be required to make any further payments into the Bonds Payment Fund or the Series 2003 A Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of Series 2003 A Bonds issued pursuant to this Ordinance then Outstanding, plus the amount of interest due or thereafter to become due on the Series 2003 A Bonds then Outstanding.

Any withdrawals from the Series 2003 A Bonds Reserve Account which result in a reduction in the balance of such account to below the Series 2003 A Bonds Reserve Requirement thereof, shall be restored from the first Net Revenues available after all required payments have been made in full to the First Lien Bonds as set forth in Section 4.03(5) above.

As and when additional Bonds ranking on a parity with the Series 2003 A Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at or before maturity and to accumulate a balance in the respective reserve account in an amount equal to the maximum amount of principal and interest which will become due in any year for account of such additional parity Bonds.

The payments into the Bonds Payment Fund shall be made on the first day of each month, except that, when the first day of any month shall be a Saturday, Sunday or legal holiday, then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Depository Bank with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Ordinance.

Section 4.04. Investment of Funds. Pending application as provided above, any monies held in the Bonds Proceeds Fund, the Bonds Payment Fund or the Series 2003 A Bonds Reserve Account shall be invested and reinvested by the Depository Bank and the Paying Agent, as applicable, at the direction of the City to the fullest extent possible

under applicable laws, and to the extent practicable, in Qualified Investments having maturities consonant with the required use thereof.

The Depository Bank and the Paying Agent shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the City, at least once each year (or more often if reasonably requested by the City), a summary of such funds, accounts and investment earnings. The City shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Bonds are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of interest on the Bonds from gross income for federal income tax purposes.

ARTICLE V

DEFAULTS AND REMEDIES

Section 5.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2003 A Bonds:

(A) If default occurs in the due and punctual payment of the principal of or interest on the Series 2003 A Bonds or the Prior Bonds;

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part in this Ordinance or any Supplemental Resolution or in the Series 2003 A Bonds contained, and such default shall have continued for a period of 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to Issuer by any Bondholder;

(C) If the Issuer files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America; or

(D) If default occurs with respect to the Prior Bonds or the Prior Ordinance.

The Issuer must cure any covenant default within 30 days after notice of the default, and failure to pay principal of or interest on the Bonds shall be an immediate event of default.

Section 5.02. Remedies. Upon the happening and continuance of any Event of Default, any Holder of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of the Holders of the Bonds including the right to require the City to perform its duties under the Act and the Legislation relating thereto, (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the City to account as if it were the trustee of an express trust for the Holders of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Legislation with respect to the Bonds, or the rights of the Holders of the Bonds; provided that, all rights and remedies of the Holders of the Series

2003 A Bonds shall be on a parity with those of the Holders of the First Lien Bonds and senior to the Holders of the Subordinate Bonds.

No remedy by the terms of this Ordinance conferred upon or reserved to the Holders of the Bonds is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Holders of the Bonds hereunder or now or hereafter existing at law or by statute.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Event of Default hereunder by the Holders of the Notes or Bonds shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereto.

ARTICLE VI

DEFEASANCE; DISCHARGE OF PLEDGE OF ORDINANCE

Section 6.01. Defeasance; Discharge of Pledge of Ordinance. If the City shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 2003 A Bonds the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Ordinance, then this Ordinance and the pledges of the Net Revenues and other monies and securities pledged hereunder, and all covenants, agreements and other obligations of the City on behalf of the Holders of the Series 2003 A Bonds made hereunder, shall thereupon cease, terminate and become void and be discharged and satisfied, except as may be necessary to assure the exclusion of interest on the Series 2003 A Bonds from gross income for federal income tax purposes.

The Series 2003 A Bonds for the payment of which either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on the Series 2003 A Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 2003 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with an escrow trustee either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with said escrow trustee at the same or earlier time shall be sufficient, to pay when due the principal of, any redemption premium on and interest due and to become due on the Series 2003 A Bonds on and prior to the maturity date thereof, or if the City irrevocably determines to redeem any of the Series 2003 A Bonds prior to the maturity thereof, on and prior to said Redemption Date. Neither securities nor monies deposited with an escrow trustee pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Series 2003 A Bonds; provided, that any cash received from such principal, redemption premium, if any, and interest payments on such securities deposited with said escrow trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of and redemption premium, if any, and interest to become due on the Series 2003 A Bonds on and prior to such maturity or Redemption Dates thereof, and interest earned from such reinvestments shall be paid over to the City as received by said escrow trustee, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations, as such term is limited by the provisions in Section 1.01 hereof or such additional securities as shall be set forth in the Supplemental Resolution.

ARTICLE VII

MISCELLANEOUS

Section 7.01. Amendment or Modification of Ordinance. Prior to issuance of the Bonds, this Ordinance may be amended or supplemented in any way by any Supplemental Resolution. Following issuance of the Bonds, no material modification or amendment of this Ordinance, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Bondholders shall be made without the consent in writing of the Holders of the Bonds then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the respective Holder thereof. Notwithstanding the foregoing, this Ordinance may be amended without the consent of the Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest on the Notes and Bonds from gross income of the Bondholder.

Section 7.02. Ordinance Constitutes Contract. The provisions of the Ordinance shall constitute a contract between the Issuer and the Holders of the Bonds, respectively, and no change, variation or alteration of any kind of the provisions of the Ordinance shall be made in any manner, except as in this Ordinance provided.

Section 7.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, any Supplemental Resolution or the Bonds.

Section 7.04. Headings, Etc. The headings and catchlines of the articles, sections and subsections hereof are for convenience of reference only, and shall not affect in any way the meaning or interpretation of any provision hereof.

Section 7.05. Conflicting Provisions Repealed. All ordinances, resolutions, indentures or orders, or parts thereof, in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed; provided that, this section shall not be applicable to the Prior Ordinance. In the event of any conflict between this Ordinance and the Prior Ordinance, the Prior Ordinance shall control (unless less restrictive); as long as the Prior Bonds are outstanding.

Section 7.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption and passage of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, the Clerk, the City Administrator and members of the Council were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

Section 7.07. Effective Date. This Ordinance shall be effective following the public hearing and final reading hereof.

Section 7.08. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance, determined by the Issuer to contain sufficient information as to give notice of the contents hereof, shall be published once a week for two successive weeks within a period of fourteen consecutive days, with at least six full days intervening between each publication, in the *Hurricane Breeze*, a newspaper of general circulation in the City of Hurricane, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Bonds and that any person interested may appear before Council upon a date certain, not less than 10 days subsequent to the date of the first publication of the said abstract and notice, and present protests, and that a certified copy of the Ordinance is on file in the office of the Clerk for review by interested parties during the office hours of the Clerk.

At such hearing, all objections and suggestions shall be heard and Council shall take such action as it shall deem proper in the premises.

Passed on First Reading:	September 2, 2003
Passed on Second Reading:	September 22, 2003
Passed on Final Reading following Public Hearing:	October 6, 2003

Enacted this 22nd day of October, 2003.

Raymond Prat

Mayor

CERTIFICATION

Certified a true copy of a Conformed Bond Ordinance duly enacted by the Council of the City of Hurricane on the 22nd day of October, 2003.

Dated this 28th day of October, 2003.

[SEAL]

Recorder

10/09/03
435630.00001

ACORD. INSURANCE BINDER

ISSUE DATE (MM/DD/YY) 7/08/05

THIS BINDER IS A TEMPORARY INSURANCE CONTRACT, SUBJECT TO THE CONDITIONS SHOWN ON THE REVERSE SIDE OF THIS FORM

PRODUCER

Acordia of WV-Charleston
One Hillcrest Drive, East
PO Box 1551
Charleston, WV 25326-1551

CODE SUB-CODE

INSURED

City of Hurricane
P.O.Box 1086
Hurricane
WV 25526

COMPANY St. Paul Travelers

BINDER NO. 232144

DATE EFFECTIVE	TIME		DATE EXPIRATION	TIME	
7/01/05	12:01	X AM / PM	10/01/05	X	12:01 AM / NOON

[ ] THIS BINDER IS ISSUED TO EXTEND COVERAGE IN THE ABOVE NAMED COMPANY PER EXPIRING POLICY NO:

DESCRIPTION OF OPERATIONS/VEHICLES/PROPERTY (Including Location)

Municipality

COVERAGES

TYPE OF INSURANCE	COVERAGE/FORMS	LIMITS: AMOUNT	DEDUCTIBLE	COINSUR.
PROPERTY CAUSES OF LOSS [ ] BASIC [ ] BROAD [ ] SPEC.				
GENERAL LIABILITY [ ] COMMERCIAL GENERAL LIABILITY [ ] CLAIMS MADE [ ] OCCUR [ ] OWNER'S & CONTRACTOR'S PROT.	RETRO DATE FOR CLAIMS MADE:	GENERAL AGGREGATE $ / PRODUCTS - COMP/OP AGG. $ / PERSONAL & ADV. INJURY $ / EACH OCCURRENCE / FIRE DAMAGE (Any one fire) $ / MED. EXPENSE (Any one person) $		
AUTOMOBILE LIABILITY [ ] ANY AUTO [ ] ALL OWNED AUTOS [ ] SCHEDULED AUTOS [ ] HIRED AUTOS [ ] NON-OWNED AUTOS [ ] GARAGE LIABILITY		COMBINED SINGLE LIMIT $ / BODILY INJURY (Per person) $ / BODILY INJURY (Per accident) $ / PROPERTY DAMAGE $ / MEDICAL PAYMENTS $ / PERSONAL INJURY PROT. $ / UNINSURED MOTORIST $ / $		
AUTO PHYSICAL DAMAGE DEDUCTIBLE [ ] COLLISION: [ ] OTHER THAN COL:	[ ] ALL VEHICLES [ ] SCHEDULED VEHICLES	[ ] ACTUAL CASH VALUE / [ ] STATED AMOUNT / [ ] OTHER $		
EXCESS LIABILITY [ ] UMBRELLA FORM [ ] OTHER THAN UMBRELLA FORM	RETRO DATE FOR CLAIMS MADE:	EACH OCCURRENCE $ / AGGREGATE $ / SELF-INSURED RETENTION $		
WORKER'S COMPENSATION AND EMPLOYER'S LIABILITY		[ ] STATUTORY LIMITS / EACH ACCIDENT $ / DISEASE-POLICY LIMIT $ / DISEASE-EACH EMPLOYEE $		

SPECIAL CONDITIONS/OTHER COVERAGES

COVERAGE IS BOUND AS PER THE ST PAUL TRAVELERS PROPOSAL DATED JUNE 2005 WITH THE FOLLOWING OPTIONS: TERRORISM IS INCLUDED, THE UM/UIM LIMIT IS $1,000,000 AND THE UMBRELLA GOES OVER THE UM/UIM COVERAGE.

NAME & ADDRESS

[ ] MORTGAGEE [ ] ADDITIONAL INSURED
[ ] LOSS PAYEE

LOAN #

AUTHORIZED REPRESENTATIVE

119627000

© ACORD CORPORATION 1990

CONDITIONS

This Company binds the kind(s) of insurance stipulated on the reverse side. The insurance is subject to the terms, conditions and limitations of the policy(ies) in current use by the Company.

This binder may be cancelled by the Insured by surrender of this binder or by written notice to the Company stating when cancellation will be effective. This binder may be cancelled by the Company by notice to the Insured in accordance with the policy conditions. This binder is cancelled when replaced by a policy. If this binder is not replaced by a policy, the Company is entitled to charge a premium for the binder according to the Rules and Rates in use by the Company.

APPLICABLE IN NEVADA

Any person who refuses to accept a binder which provides coverage of less than $1,000,000.00 when proof is required: (A) Shall be fined not more than $500.00, and (B) is liable to the party presenting the binder as proof of insurance for actual damages sustained therefrom.

CLOSING MEMORANDUM

To: **Financing Team**

From: **John C. Stump, Esquire**

Date: **August 9, 2005**

Re: **City of Hurricane Sewer Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), Sewer Revenue Bonds, Series 2005 B (West Virginia Water Development Authority) and Sewer Revenue Bonds, Series 2005 C (West Virginia Water Development Authority)**

DISBURSEMENTS TO THE CITY OF HURRICANE

1.	Payor:	West Virginia Infrastructure Fund
	Source:	Series 2005 A Bonds Proceeds
	Amount:	$ 704,757
	Form:	Wire Transfer
	Payee:	City of Hurricane
	Bank:	Putnam County Bank
	Routing #:	0515-0285-8
	Account #:	2512341
	Contact:	Rhonda Cunningham (304) 562-9931
	Account:	Series 2005 Bonds Construction Trust Fund
2.	Payor:	West Virginia Water Development Authority
	Source:	Series 2005 B Bonds Proceeds
	Amount:	$1,054,236
	Form:	Wire Transfer
	Payee:	City of Hurricane
	Bank:	Putnam County Bank
	Routing #:	0515-0285-8
	Account #:	2512341
	Contact:	Rhonda Cunningham (304) 562-9931
	Account:	Series 2005 Bonds Construction Trust Fund
3.	Payor:	West Virginia Water Development Authority
	Source:	Series 2005 C Bonds Proceeds
	Amount:	$ 485,764
	Form:	Wire Transfer
	Payee:	City of Hurricane
	Bank:	Putnam County Bank
	Routing #:	0515-0285-8
	Account #:	2512341
	Contact:	Rhonda Cunningham (304) 562-9931
	Account:	Series 2005 Bonds Construction Trust Fund

DISBURSEMENT TO BOND COMMISSION

1.	Payor:	West Virginia Water Development Authority
	Source:	Series 2005 B Bonds Proceeds
	Amount:	$ 60,000
	Form:	Wire Transfer
	Payee:	West Virginia Municipal Bond Commission
	Bank:	Branch Banking & Trust Company
	Routing #:	051503394
	Account #:	5270517317
	Contact:	State Treasurer for Bond Commission
	Account:	Series 2005 B Bonds Sinking Fund as capitalized interest

State of West Virginia

WATER DEVELOPMENT AUTHORITY

180 Association Drive, Charleston, WV 25311-1217
(304) 558-3612 - (304) 558-0299 (Fax)
Internet: www.wvwda.org - Email: contact@wvwda.org

BOND CLOSING ATTENDANCE LIST

Date August 9, 2005 Time 9:30 a.m. LGA City of Hurricane Program IF/WDA

NAME	COMPANY, AGENCY, OR ORGANIZATION	TELEPHONE	FAX	E-MAIL
Sammie Gee	Jackson Kelly PLLC	340.1318	340.1090	sgee@jacksonkelly.com
Doug Olds	WVWDA	558-3612	558-0299	dolds@wvwda.org
BERNIE YONKOSKY	WV WDA	558-3612	558-0299	dyonkosky@wvwda.org
Barbara B Meadows	Water Development Authority	558-3612	558-0299	bmeadows@wvwda.org
John Stump	Steptoe & Johnson PLLC	353.8196	353.8181	stumpja@steptoe-johnson.com

The Authority requests that the following information concerning the individual who will be responsible for sending Debt Service Payments to the Municipal Bond Commission be provided. (If that individual is in attendance, he/she should also sign above.) Please Print:

Name Karen Lilly, Gen. Manager Telephone 304.562.5896 E-Mail N/A

Address City of Hurricane, P.O. Box 1086, Hurricane WV 25526

REMINDER: As a participant in this program, the Local Governmental Agency (LGA) agrees and is required to submit annually to the WDA a copy of its audited financial statements and a copy of its adopted budget. Also, pursuant to the Loan Agreement and the NonArbitrage Certificate (both of which are contained in the bond transcript) you are to provide annually to the WDA a rebate calculation certificate or an exception opinion showing whether a rebate amount is due to the US Government under arbitrage requirements in Section 148(f) of the US Internal Revenue Code, 1986, as amended.

WEST VIRGINIA
Water Development Authority

Celebrating 31 Years of Service 1974 - 2005

City of Hurricane
Sewer Revenue Bonds, Series 2005 A
(West Virginia Infrastructure Fund)
and
Sewer Revenue Bonds, Series 2005 B
(West Virginia Water Development Authority)
and
Sewer Revenue Bonds, Series 2005 C
(West Virginia Water Development Authority)

CONSENT OF WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

In reliance upon the certificate of Michael Griffith, CPA, an independent certified public accountant, stating that the coverage and parity requirements have been met (copy attached), the undersigned duly authorized representative for the West Virginia Water Development Authority, the registered owner of the Series 1989 A Bonds and the Series 1989 B Bonds, hereinafter defined and described, hereby consents to the issuance of the Sewer Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund) (the "Series 2005 A Bonds"), the Sewer Revenue Bonds, Series 2005 B (West Virginia Water Development Authority) (the "Series 2005 B Bonds") and the Sewer Revenue Bonds, Series 2005 C (West Virginia Water Development Authority) (the "Series 2005 C Bonds"), in the original aggregate principal amounts of $9,240,515, $1,114,236 and $485,764, respectively, by the City of Hurricane, under the terms of the bond ordinance authorizing the issuance of the Bonds, with (i) the Series 2005 A Bonds and Series 2005 B Bonds on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's Sewer Revenue Bonds, Series 1989 A (the "Series 1989 A Bonds"), and senior and prior as to liens, pledge and source of and security for payment to the Issuer's Sewer Revenue Bonds, Series 1989 B (the "Series 1989 B Bond"), and (ii) the Series 2005 C Bonds on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's Series 1989 B Bonds, and junior and subordinate to the Series 1989 A Bonds, Series 2005 A Bonds and Series 2005 B Bonds.

WITNESS my signature on this 9th day of August, 2005.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: _____
Its: Authorized Representative

BB&T

Branch Banking & Trust Co.

Governmental Finance
501 Tennessee Avenue
Charleston, WV 25302
(304) 353-1635
Fax (304) 340-4702

City of Hurricane
Sewer Revenue Bonds, Series 2005 A
(West Virginia Infrastructure Fund)
and
Sewer Revenue Bonds, Series 2005 B
(West Virginia Water Development Authority)
and
Sewer Revenue Bonds, Series 2005 C
(West Virginia Water Development Authority)

CONSENT OF BRANCH BANKING AND TRUST COMPANY

The undersigned duly authorized representative of the Branch Banking and Trust Company, the registered owner of the entire outstanding principal amount of the Prior Bonds, as hereinafter defined and described, hereby consents to (i) the issuance of the Sewer Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund) and the Sewer Revenue Bonds, Series 2005 B (West Virginia Water Development Authority), in the original aggregate principal amounts of $9,240,515 and $1,114,236, respectively, by the City of Hurricane (the "Issuer"), under the terms of the Ordinance authorizing the Series 2005 Bonds, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Sewer Refunding Revenue Bonds, Series 2003 A (the "Prior Bonds") and (ii) the issuance of the Sewer Revenue Bonds, Series 2005 C (West Virginia Water Development Authority), in the original aggregate principal amount of $485,764, by the Issuer, subordinate and junior to the Prior Bonds.

WITNESS my signature on this 9th day of August, 2005

BRANCH BANKING AND TRUST COMPANY

By: Russell R Akers II
Its: Authorized Representative

07/28/05
435630 00001

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 8th day of August, 2005.

CASE NO. 04-0163-S-CN (Reopened)

CITY OF HURRICANE SANITARY BOARD
Petition to reopen for approval of revised financing and a Revised Joint Stipulation and Agreement for Settlement.

COMMISSION ORDER

By Recommended Decision entered on January 20, 2005 (final January 31, 2005), the City of Hurricane Sanitary Board (City) was granted a certificate of convenience and necessity to upgrade its sewer facilities. Project financing was approved and consisted of a $8,885,578 West Virginia Infrastructure and Jobs Development Council (WVIJDC) loan at a 3% interest rate payable over twenty years, and a $1,600,000 West Virginia Water Development Authority (WDA) loan at a 6% interest rate payable over forty years. Also approved was a Joint Stipulation dealing primarily with engineering issues and a Joint Stipulation and Agreement for Settlement dealing primarily with financial issues.

On July 13, 2005, the City and the South Putnam Public Service District (District)[1] filed a joint petition to reopen for approval of revised funding, as well as a Revised Joint Stipulation and Agreement for Settlement (revised agreement). First, the parties explained that due to a bid overrun, the City applied for and received a commitment for additional funding from the WVIJDC, consisting of an additional $354,937.00 loan at 3% interest payable over twenty years. Second, following confirmation of the bid totals and confirmation of the revised funding, the City and the District negotiated a revision to the Joint Stipulation and Settlement Agreement. The revised agreement establishes a mechanism to provide sufficient revenues to fund the additional debt service and establishes a rate pursuant to the terms of the Service Agreement sufficient to provide

[1]During the initial proceeding, the District moved for and was granted intervenor status by Commission Order of May 5, 2004.

both debt service and bond coverage for the funding. The proposed revised agreement was attached to the petition to reopen and was executed by counsel for the City, counsel for the District and Commission Staff. Pursuant to the petition, the parties further assert that no residential customers will be affected by the additional borrowing and that the District is the sole resale customer.

On August 2, 2005, the City filed a Revised Stipulation Cash Flow Analysis which had been inadvertently omitted from the Joint Stipulation.

DISCUSSION

With regard to the proposed revised financing and upon review of all of the foregoing, the Commission will approve the revised financing, which consists of an additional $354,937.00 WVIJDC loan at 3% interest payable over twenty years.

With regard to the parties' proposed revised agreement, the Commission notes the parties' assertion that the revised agreement addresses all issues raised in this reopening and request that the Commission accept the revised agreement in complete resolution of the case. *See* Exhibit A at ¶12. In addition to the parties' agreement pertaining to the revised financing, the parties specifically set forth particulars of the revised agreement which they believe to be fair and reasonable, including, in part, that in order to meet the specified level of sales revenues, the rate to the District should be increased to $2.177 per thousand gallons of flow. *See* Exhibit A at pp. 4-5. The City and the District also agreed, among other things, upon the establishment of and the funding for a restricted maintenance account at a local bank to be utilized for correcting any maintenance deficiencies found during an annual plant inspection. *See* Exhibit A at pp. 6-7. The revised agreement also addressed the amount owed and repayment by the City to the District under the terms of the Service Agreement. *See* Exhibit A at p. 7.

The Commission finds it reasonable to adopt the parties' revised agreement as a reasonable resolution of the case.

FINDINGS OF FACT

1. By Recommended Decision entered on January 20, 2005 (final January 31, 2005), the City was granted a certificate of convenience and necessity to upgrade its sewer facilities.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

2. Project financing was approved by the Recommended Decision and consisted of a $8,885,578 WVIJDC loan at a 3% interest rate payable over twenty years, and a $1,600,000 WDA loan at a 6% interest rate payable over forty years.

3. Also approved was a Joint Stipulation dealing primarily with engineering issues and a Joint Stipulation and Agreement for Settlement dealing primarily with financial issues.

4. On July 13, 2005, the City and the District filed a joint petition to reopen for approval of revised funding, as well as a Revised Joint Stipulation and Settlement Agreement.

5. Due to a bid overrun, the City applied for and received a commitment for additional funding from the WVIJDC, consisting of an additional $354,937.00 loan at 3% interest payable over twenty years.

6. The City, the District and Staff entered into a Revised Joint Stipulation and Agreement for Settlement, which establishes a mechanism to provide sufficient revenues to fund the additional debt service and establishes a rate pursuant to the terms of the Service Agreement sufficient to provide both debt service and bond coverage for the funding. *See* Attachment A.

7. On August 2, 2005, the City filed a Revised Stipulation Cash Flow Analysis which had been inadvertently omitted from the Joint Stipulation.

CONCLUSIONS OF LAW

1. The City's petition for revised funding should be granted, consisting of an additional $354,937.00 WVIJDC loan at 3% interest payable over twenty years.

2. It is reasonable to adopt the parties' Revised Joint Stipulation and Agreement for Settlement.

ORDER

IT IS, THEREFORE, ORDERED that the joint petition to reopen, filed by the City of Hurricane Sanitary Board and the South Putnam Public Service District, is hereby granted.

IT IS FURTHER ORDERED that the City of Hurricane Sanitary Board's proposed revised funding is hereby approved, consisting of an additional $354,937.00 WVIJDC loan at 3% interest payable over twenty years.

IT IS FURTHER ORDERED that in the event of any change to the funding, terms of financing, plans, or scope of the approved project, the City of Hurricane Sanitary Board shall petition the Commission to reopen this proceeding for approval of the same.

IT IS FURTHER ORDERED that the parties Revised Joint Stipulation and Agreement for Settlement, attached hereto as Exhibit A, is hereby adopted.

IT IS FURTHER ORDERED that, upon entry hereof, this proceeding shall be removed from the Commission's active docket of cases.

IT IS FURTHER ORDERED that the Commission's Executive Secretary serve a copy of this order upon all parties of record by facsimile and United States First Class Mail and upon Commission Staff by hand delivery.

A True Copy, Teste:

Sandra Squire

Sandra Squire
Executive Secretary

TBS/ljm
040163cf.sca

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

This service contract made this the 10th day of August, 1981, by and among the City of Hurricane, a municipal corporation in Putnam County, West Virginia and the Sanitary Board of the City of Hurricane, West Virginia hereinafter collectively referred to as "Hurricane" and the South Putnam Public Service District, a public corporation in Putnam County, West Virginia hereinafter referred to as "South Putnam".

WITNESSETH

Whereas, Hurricane and Teays Valley Public Service District, the predecessor to "South Putnam" entered into and executed an Agreement on the 6th day of December, 1976, relating to the acquisition, construction, and operation of sewage treatment facilities and collection systems for the Hurricane-Teays Valley area, and entered into and executed a "Service Contract" on the 28th day of June, 1978, which further described the legal relationship between Hurricane and Teays Valley Public Service District in connection with operation of their respective sewer system; copies of which Agreements are attached and made a part hereof and:

Whereas the Putnam County Commission has expanded the boundaries and changed the name of the Teays Valley Public Service District to the South Putnam Public Service District and whereas Article XII of said Agreement binds the successors to all provisions of the contract and;

Whereas Hurricane has constructed a sewage treatment plant and interceptor sewers to receive the discharge from South Putnam and;

Whereas South Putnam desires to expand its sewer collection system and is discharging sewage into the Hurricane system in accordance with the terms and conditions of said Agreement and Service Contract and;

Whereas South Putnam desires to expand its sewer collection system and is preparing to file a petition with the Public Service Commission of the State of West Virginia for a Certificate of Convenience and Necessity to operate said sewer collection system and to place into effect certain rates and charges to be made by it for the sale of its services to its customers;

Whereas said Agreement and Service Contract provided for an annual establishment each year of the charge per thousand gallons of sewage delivered by South Putnam into the Hurricane system for treatment and whereas the first years proportional treatment cost are now available, and

Whereas the proposed new collection system to be constructed by South Putnam requires other modifications to the "Service Contract" and;

Whereas Hurricane and South Putnam on May 27, 1981, made and entered into a modification agreement and said modification agreement called for both parties to enter into a service contract as provided in Article XIII of the December 6, 1976 agreement;

Now, Therefore be it agreed by and among the City of Hurricane and the South Putnam Public Service District as follows:

Article I Agreement to Use and Accept

During the period of this contract and during the period of any renewal hereof, South Putnam will utilize the sewage treatment facilities of Hurricane for all sewage from,

a) that portion of South Putnam lying to the west of Crooked Creek as set forth in Exhibit A attached to the Agreement of December 6, 1976 and,

b) that portion of South Putnam as described by the U.S. Environmental Protection Agency, Project C540502.

c) that portion of South Putnam to a point five thousand feet (5,000') north of the west bound lane of I64 and lying in the Lick Branch of Poplar Fork and the Poplar Fork Creek watersheds including that area in and around the water impoundment of the Teays Valley Water Plant,

and will not utilize any competing sewage treatment facilities for the aforesaid portion of South Putnam, whether, owned by South Putnam or otherwise and Hurricane will accept and treat the sewage delivered by South Putnam into the Hurricane system. The sewage delivered by South Putnam to Hurricane will be from the residential,

small business, commercial, authorized industrial, and all other customers which are connected and served by the sewage collection system of South Putnam. Hurricane shall construct and maintain, at its own expense, subject to the provisions for payment by South Putnam as set forth hereinafter, adequate sewage treatment facilities and an adequate interceptor sewer or adequate interceptor sewers for the purpose of accepting and treating all of the sewage delivered or tendered for delivery by South Putnam into the Hurricane system, and shall expand its sewage treatment system and interceptor sewer or sewers from time to time so as to provide adequate capacity in the system to treat the sewage so delivered by South Putnam; it is estimated that after September 1, 1982, but prior to December 31, 1982, South Putnam will have approximately 2,200 customers connected to and served by the sewage collection system of South Putnam.

Article II Points of Service

Hurricane shall provide and maintain a collection sewer of adequate design and capacity to receive the discharge from the outlet sewer lines of South Putnam at the following locations:

1) at the Route 34 metering station adjacent to the Hurricane Water Reservoir
2) at the terminal manhole #1 on the main interceptor line near the old treatment plant
3) at the terminal manhole adjacent to Standard Foods on Virginia Avenue
4) at the manhole located approximately fifty feet (50') east of Carlile Street, midway between Virginia and Putnam Avenue
5) at the manhole north of the C & O Railroad crossing near Standard Foods
6) at the terminal manhole on the east side of Lynn Street near Interstate 64
7) at manhole #72 near the main pump station on Hurricane Creek near Hurricane High School
8) at the Force Main to the treatment plant just south of Interstate 64
9) at the following manholes on the new interceptor from Teays Valley to the pump station

1) Manhole #28

2) Manhole #73

3) Manhole #75

4) at a new manhole to be constructed between manhole #22 and #23

Additional points of service for future requirements or the discontinuance thereof shall be provided by an amendment or amendments to this contract as provided for in Article VIII of this contract.

Article III Rates and Charges

a) South Putnam Public Service District will pay a charge per 1,000 gallons of sewage delivered by South Putnam into the Hurricane system as measured at the points of service set forth in Article II above or as computed from water use records as set forth in Article IV.

b) At the end of each fiscal year (June 30th) the Independent Accountant provided for in Article IX, paragraph 3 of the Agreement dated December 6, 1976 shall calculate on a per thousand (1,000) gallon basis, the amount that would have been necessary during the proceeding year to provide total revenues from South Putnam sufficient to pay South Putnam's proportionate share of the actual cost of operation and maintenance of the Hurricane treatment facility and of any of Hurricane's sewer lines used to provide and make available such services and facilities to South Putnam plus South Putnam's proportionate share of the principal of and interest on the outstanding bonds, the proceeds of which, or other necessary capital expenditures which, were used to design and construct such treatment facility and sewer line or lines. In computing the proportionate share, South Putnam shall receive a credit for the actual cost of operations and maintenance of the South Putnam line or lines used to provide and make service available to Hurricane plus Hurricane's proportionate share of the principal of and interest on the outstanding bonds, the proceeds of which, ot other necessary capital expenditures which, were used to design and construct such sewer line or lines. Such proportionate share shall be based upon the proportional relationship between the total number of gallons of sewage delivered by South Putnam into the Hurricane system and the total number of gallons of sewage treated at the Hurricane sewage treatment facility during the preceeding year.

1) The amount calculated pursuant to this Sub-paragraph "b", on a 1,000 gallon basis, shall then be the rate to be charged by Hurricane and to be paid by South Putnam during the next succeeding year and until the next annual review and recalculation.

2) In addition, the amount calculated pursuant to this Sub-paragraph "b" shall be applied retroactively to the bills for service rendered during the preceeding years and an appropriate adjustment shall be made either by refunding to South Putnam the amount of any overpayment or by paying to Hurricane the amount of any underpayment.

c) If at any time during the continuance of this contract or any renewal hereof, an accurate measurement of sewage flow is not available, corrections shall be made as set forth in Article IV, Paragraph d. below.

d) Bills will be rendered each calendar month by Hurricane to South Putnam for the services rendered by Hurricane during the preceeding calendar month, and each bill shall be payable at the office of Hurricane on or before the twentieth (20th) day after the date of such bill.

Article IV Meters and Metering

a) Hurricane shall install, connect, maintain and operate at the following points of service meters as shall be necessary to measure and record the amount of sewage delivered by South Putnam into the Hurricane system.

1) East Hurricane Metering Station.

The terminal point of the Hurricane interceptor at the former boundary line of the Teays Valley Public Service District adjacent to Route 34 and the Hurricane Water Reservoir.

2) West Hurricane Metering Station.

At a point near the connection point of the existing Hurricane interceptor and the South Putnam interceptor between manhole 3018 A and B.

b) Hurricane shall install, connect, maintain and operate on the intake of influent line or lines into its sewage treatment plant such meters as shall be necessary to measure and record the amount of intake or influent into the sewage treatment plant.

c) All of the meters described in paragraphs a and b, Article IV, shall belong to Hurricane. The meters shall be read by Hurricane and tested and calibrated regularly by Hurricane and shall, at reasonable times, upon written request and in the presence of the duly authorized representative of South Putnam, be subject to such additional standard tests as may be necessary to establish their accuracy. In any event, each meter shall be tested and calibrated by Hurricane no less frequently than once every twelve (12) calendar months. Hurricane shall, at all times, maintain a ~~complete~~ Reasonable spare parts inventory, ~~and a standby transmitter and recorder for said meters~~.

d) South Putnam shall, under no circumstances, interfere with the meters. However, South Putnam may, at its own expense, install, connect, maintain and operate a recorder in its office to receive simultaneous flow records from each meter, and all meters shall be designed, installed, connected, and maintained in a manner to permit such connection by South Putnam. In case of defective service, South Putnam shall immediately give notice thereof to Hurricane. If tests show that a meter is not accurate, the meter shall be restored to a condition of accuracy satisfactory to the representatives of both parties. If the inaccuracy of any meter shall exceed two percent (2%), the previous readings of such meters shall be corrected for the two months previous to such test in accordance with the percentage of inaccuracy found by such test, but such correction shall not be for any period prior to the most recent date on which such meter was found to be accurate within the two percent (2%).

If any meter fails to register for any period, the amount of waste water furnished during such period shall be deemed to be the amount of waste water delivered in the corresponding period immediately prior to the failure, unless Hurricane and

South Putnam shall agree upon a different amount.

e) For those customers of South Putnam whose point of service is not provided with a waste water meter, Hurricane shall compute the waste water furnished from water consumption records plus infiltration and inflow. The infiltration inflow factor shall be established by the Independent Accountant provided for in Article IX of the December 6, 1976 Agreement. The Independent Accountant shall compute the infiltration rate for the unmetered service points by comparing the water consumption records and the pumping records at the various South Putnam lift stations with the flow records obtained from the West Hurricane waste water metering station identified in Article IV, a) 2. The infiltration factor shall then be applied to the total water consumption for all water customers receiving sewer service from South Putnam and for the 3,500 gallons of waste water allocated to each well customer receiving sewer service.

f) Hurricane shall provide South Putnam with monthly water use records for all South Putnam sewer customers receiving water service from Hurricane and South Putnam shall pay for this service at a fee to be determined and agreed upon. South Putnam shall provide Hurricane with a monthly record of all well customers and of the monthly water usage of all customers served by the unmetered sewer service points who are not Hurricane water customers.

Article V. Treatment Standards and Indemnification

Hurricane shall provide, operate and maintain sewage treatment facilities sufficient to meet all applicable requirements of the Federal, State and local governments and governmental agencies, and shall assume responsibility for all sewage delivered to Hurricane by South Putnam at the point or points of service. Hurricane shall further defend, indemnify and save harmless South Putnam from any compliance order issued against said treatment facilities and from any claims, liability or damages against South Putnam arising out of the operation of the said treatment facilities or the handling and treatment of sewage delivered to it by South Putnam at the point or points of service.

Article VI. Approval of Public Service Commission

It is understood that this contract is subject to approval by the Public Service Commission of West Virginia and the parties hereto agree to cooperate in submitting a petition to the Public Service Commission of West Virginia for approval of this contract in accordance with the rules and regulations promulgated by said Public Service Commission and the pertinent laws of West Virginia.

Article VII. Service Within City Limits

a) That the City of Hurricane authorizes South Putnam to provide sewer service to the customers located between the C & O Railroad tracks and Virginia Avenue near the western boundary of Hurricane. Said customers of this area will be customers of the South Putnam Public Service District.

b) That the City of Hurricane authorizes South Putnam to remove certain Hurricane collection lines and service lines where such removal is necessitated by construction. The customers are to be immediately reconnected to the Hurricane line or connected to the new South Putnam line where this is more feasible. Said customers will remain customers of the Hurricane system and continue to pay their sewer charge to Hurricane.

Article VIII. Modification

This contract may be modified by amendment mutually acceptable to and agreed upon by all of the parties to this agreement, provided that any such amendment is approved, ratified, and confirmed by ordinance adopted by the Council of the City of Hurricane.

Article IX. Term

This contract shall remain in full force and effect for a period of forty (40) years, provided that unless either party gives written notice to the other party, not less that five (5) years prior to termination of the period, of an intention not to renew, this agreement shall be automatically reviewed on the same terms and conditions for succeeding terms of fifteen (15) years.

Article X. Relation To Previous Agreement

It is understood and agreed by the parties hereto that this contract is intended to supplement the agreement between the parties made and entered on December 6, 1976, remains in full force and effect, except that if and to the extent that there is any conflict between this contract and the Agreement of December 6, 1976, this contract shall control.

Article XI. Succession Or Assignment

This contract shall be binding upon and its benefits shall insure to the successors and assigns of the parties hereto and any sale or transfer by the perties hereto of all or any portion of their respective sewage collection and/or treatment systems shall be made in such a manner so that the rights of the parties to this contract shall be fully preserved and perpetuated.

IN WITNESS WHEREOF, The City of Hurricane, pursuant to an ordinance adopted by the Council of said City on Oct 10, 1981, has caused its name to be subscribed hereto by Raymond Peak, its Mayor, and The Sanitary Board of the City of Hurricane, pursuant to a resolution adopted by the Board scribed hereunto by B M Hoffman, its duly authorized Chairman, and attested by ~~George R. Greenacre~~ Fred Stottlemyer, the Secretary of said District, this the 10th day of August, 1981.

THE CITY OF HURRICANE

BY Raymond Peak
Mayor

THE SANITARY BOARD OF THE CITY

BY Raymond Peak
Chairman

ATTEST:

George R Greenacre
Secretary-Treasurer

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

BY B M Hoffman
Chairman

ATTEST:

M O D I F I C A T I O N

THIS MODIFICATION, made and entered into this 27th day of May, 1981, by and among the City of Hurricane, a municipal corporation in Putnam County, West Virginia, and the Sanitary Board of the City of Hurricane, West Virginia, hereinafter collectively referred to as "Hurricane", and the South Putnam Public Service District, a public corporation in Putnam County, West Virginia, hereinafter referred to as "South Putnam".

W I T N E S S E T H:

WHEREAS, the parties hereto entered into that certain Agreement dated December 6, 1976, thereby establishing certain terms and conditions with regard to the collection and treatment of sewage and establishing the means for modifying said agreement; and

WHEREAS, subsequent to the said Agreement Hurricane constructed and now operates a sewage treatment facility which has been designed and constructed to serve additional areas; and

WHEREAS, by order of the County Commission of Putnam County dated the 10th day of March, 1981, the name of the Teays Valley PSD was changed to South Putnam Public Service District and its service area was increased to include service for sewage collection for areas outside the City of Hurricane; and

WHEREAS, engineering plans and specifications for additional collection sewers for the Hurricane area have been completed; and

WHEREAS, this Modification, the Agreement of December 6, 1976, and the engineering plans and specifications are intended to promote and facilitate the application for funds to construct a sewage collection system to serve the Hurricane area; and

WHEREAS, Hurricane and South Putnam are willing to do all things necessary relating to the acquisition and construction of the Hurricane area collection system; now

THEREFORE, be it agreed by and between the City of Hurricane and the South Putnam PSD as follows:

A) Throughout the Agreement where the term "Teays Valley" is used to refer to the public service district, the term shall be modified to read "South Putnam".

B) The Hurricane area collector system is as defined in the Environmental Protection Agency project number C-540502-02.

C) That Hurricane and South Putnam shall enter into a service agreement as provided in Article XIII of the Agreement.

D) The South Putnam service areas shall be expanded to include the area defined in (B) above, and the area as defined in EPA project #C-540214.

IN WITNESS WHEREOF, pursuant to a resolution adopted by the Sanitary Board of the City of Hurricane on May 27, 1981, has caused its name to be subscribed hereto by L. I. Williams, its Mayor, and the Sanitary Board of the City of Hurricane, pursuant to a resolution adopted by the Board on May 27, 1981, has caused its name to be subscribed hereunto by L. I. Williams, as the duly authorized Chairman of its Sanitary Board, and attested by GEORGE R. GREENACRE, the Secretary-Treasurer of said Sanitary Board, and South Putnam Public Service District, pursuant to a resolution adopted May 26, 1981, by the Commissioners of said District, has caused its name to be subscribed hereunto by B. M. Hoffman, its duly authorized Chairman, and attested by Fred D. Stottlemyer, the Secretary of said District, this the 26th day of May, 1981.

THE CITY OF HURRICANE

By _____
Mayor

THE CITY OF HURRICANE

_____
TESTE: Secretary/Treasurer

THE SANITARY BOARD OF THE CITY

By _____
Chairman

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

By _____
Chairman

WITNESS:

_____
Secretary

JUNE 28, 1978

AMENDMENT

SERVICE CONTRACT

THIS SERVICE CONTRACT, Made this the 28th day of June, 1978, by and among THE CITY OF HURRICANE, a municipal corporation in Putnam County, West Virginia, and THE SANITARY BOARD OF THE CITY OF HURRICANE, WEST VIRGINIA, hereinafter collectively referred to as "Hurricane", and THE TEAYS VALLEY PUBLIC SERVICE DISTRICT, a public corporation in Putnam County, West Virginia, hereinafter referred to as "Teays Valley".

W I T N E S S E T H:

WHEREAS, Hurricane and Teays Valley entered into and executed an Agreement on the 6th day of December, 1976, relating to the acquisition, construction and operation of sewage treatment facilities and collection systems for the Hurricane-Teays Valley area, a copy of which Agreement is attached hereto and made a part hereof; and

WHEREAS, the said Agreement calls for the entering into and execution of a Service Contract to describe further the legal relationship between Hurricane and Teays Valley in connection with the operation of their respective sewer systems; and

WHEREAS, Hurricane is constructing the sewage treatment facilities and preparing to construct the interceptor sewer to receive the discharge from the outlet sewer line of Teays Valley, as set forth in said Agreement; and

WHEREAS, Teays Valley is preparing to construct a sewage collection system as set forth in said Agreement and is preparing to file a petition with the Public Service Commission of the State of West Virginia for a Certificate of Convenience and Necessity to operate said sewer collection system and to place into effect certain rates and charges to be made by it for the sale of its services to its customers;

NOW, THEREFORE, be it agreed by and among The City of Hurricane, The Sanitary Board of the City of Hurricane, and The Teays Valley Public Service District as follows:

ARTICLE I. AGREEMENT TO USE AND ACCEPT

During the period of this contract and during the period of any renewal hereof, Teays Valley will utilize the sewage treatment facilities of Hurricane for all sewage from that portion of Teays Valley lying to the west of Crooked Creek, as set forth in Exhibit A attached to the Agreement of December 6, 1976, and will not utilize any competing sewage treatment facilities for the aforesaid portion of Teays Valley, whether owned by Teays Valley or otherwise, and Hurricane will accept and treat the sewage delivered by Teays Valley into the Hurricane collection system. The sewage delivered by Teays Valley to Hurricane will be from residential, small business, commercial, authorized industrial, and all other customers which are connected and served by the sewage collection system of Teays Valley. Hurricane shall construct and maintain, at its own expense,

subject to the provision for payment by Teays Valley as set forth hereinafter, adequate sewage treatment facilities and an adequate interceptor sewer or adequate interceptor sewers for the purpose of accepting and treating all of the sewage delivered or tendered for delivery by Teays Valley into the Hurricane system, and shall expand its sewage treatment system and interceptor sewer or sewers from time to time as such expansion becomes necessary to provide adequate capacity in the system to treat the sewage so delivered by Teays Valley; it is estimated that after January 1, 1979, but prior to December 31, 1979, Teays Valley will have approximately 1,300 customers connected to and served by the sewage collection system of Teays Valley.

ARTICLE II. POINTS OF SERVICE

Hurricane shall provide and maintain a collection sewer of adequate design and capacity to receive the discharge from the outlet sewer line of Teays Valley at the following location: at the southwest corner of the intersection of West Virginia Route No. 34 and the boundary of Teays Valley.

Additional points of service for future requirements or the discontinuance thereof shall be provided by an amendment or amendments to this contract as provided for in ARTICLE VII of this contract.

ARTICLE III. RATES AND CHARGES

1. In consideration of the additional capital cost

incurred by Hurricane for the construction of sewage treatment facilities of sufficient size and capacity to serve the users of the sewage collection system of Teays Valley and for the services rendered by Hurricane in accepting and treating the sewage received from the sewage collection system of Teays Valley, Hurricane will charge Teays Valley, and Teays Valley will pay to Hurricane as an operating expense of Teays Valley's sewage collection system and solely from the revenues derived from the operation thereof, as follows:

a. During the first year that sewage treatment services are provided pursuant to this contract, Teays Valley will pay a charge of $0.98 for every 1,000 gallons, or fraction thereof, of sewage delivered by Teays Valley into the Hurricane system as measured at the point or points of service set forth in ARTICLE II above.

b. After the first anniversary of the commencement of sewage treatment services rendered pursuant hereto, and annually thereafter, the Independent Accountant provided for in ARTICLE IX, paragraph 3 of the Agreement dated December 6, 1976, shall calculate, on a per 1,000 gallons basis, the amount that would have been necessary during the preceding year to provide total revenues from Teays Valley sufficient to pay Teays Valley's proportionate share of the actual cost of operation and maintenance of

the Hurricane treatment facility and of any of Hurricane's sewer line or lines used to provide and make available such services and facilities to Teays Valley plus Teays Valley's proportionate share of the principal of and interest on the outstanding bonds the proceeds of which, or other necessary capital expenditures which, were used to design and construct such treatment facility and such sewer line or lines. Such proportionate share shall be based upon the proportional relationship between the total number of gallons of sewage delivered by Teays Valley into the Hurricane system and the total number of gallons of sewage treated at the Hurricane sewage treatment facility during the preceding year.

(1) The amount calculated pursuant to this Subparagraph b., on a 1,000 gallons basis, shall then be the rate to be charged by Hurricane and to be paid by Teays Valley during the next succeeding year and until the next annual review and recalculation.

(2) In addition, the amount calculated pursuant to this Subparagraph b. shall be applied retroactively to the bills for service rendered during the preceding year, and an appropriate adjustment shall be made either by refunding to Teays Valley the amount of any overpayment or by paying to Hurricane the amount of any underpayment.

c. If, at any time during the continuance of this contract or any renewal hereof, an accurate measurement

of sewage flows is not available, corrections shall be made as set forth in ARTICLE IV, Paragraph 4 below.

d. Bills will be rendered each calendar month by Hurricane to Teays Valley for the services rendered by Hurricane during the preceding calendar month, and each such bill shall be payable at the office of Hurricane on or before the fifteenth (15th) day after the date of such bill.

e. In any event, there shall be a minimum monthly charge in the amount of $2,500 to be paid to Hurricane by Teays Valley commencing with the commencement of sewage treatment services rendered pursuant thereto.

ARTICLE IV. METERS

1. Hurricane shall install, connect, maintain and operate at each point of service provided for in Article II, above, such meter or meters as shall be necessary to measure and record the amount of sewage delivered by Teays Valley into the Hurricane system. The meters required in this paragraph shall be bubbler system meters.

2. Hurricane shall install, connect, maintain and operate on the intake of influent line or lines into its sewage treatment plant such meters as shall be necessary to measure and record the amount of intake or influent into the sewage treatment plant.

3. All of the meters described in paragraphs 1 and 2, next above, shall belong to Hurricane. The meters shall be read by Hurricane and tested and calibrated regularly by Hurricane and shall, at reasonable times, upon the written request and in the presence of the duly authorized representative of Teays Valley, be subject to such additional standard tests as may be necessary to establish their accuracy. In any event, each meter shall be tested and calibrated by Hurricane no less frequently than once every twelve (12) calendar months. Hurricane shall, at all times, maintain a complete spare parts inventory and a standby transmitter and recorder for all meters.

4. Teays Valley shall, under no circumstances, interfere with the meters. However, Teays Valley may, at its own expense, install, connect, maintain and operate a recorder in its office to receive simultaneous flow records from each meter, and all meters shall be designed, installed, connected and maintained in a manner to permit such connection by Teays Valley. In case of defective service, Teays Valley shall immediately give notice thereof to Hurricane. If tests show that a meter is not accurate, the meter shall be restored to a condition of accuracy satisfactory to the representatives of both parties. If the inaccuracy of any meter shall exceed two percent (2%), the previous readings of such meter shall be corrected for the two months previous to such test in accordance with the percentage of inaccuracy found by such test, but such correction shall not be for any period prior to the most recent date on which such meter was found to be accurate within two percent (2%).

If any meter fails to register for any period, the amount of waste water furnished during such period shall be deemed to be the amount of waste water delivered in the corresponding period immediately prior to the failure, unless Hurricane and Teays Valley shall agree upon a different amount.

ARTICLE V. TREATMENT STANDARDS AND INDEMNIFICATION

Hurricane shall provide, operate and maintain sewage treatment facilities sufficient to meet all applicable requirements of the Federal, State and local governments and governmental agencies, and shall assume responsibility for all sewage delivered to Hurricane by Teays Valley at the point or points of service. Hurricane shall further defend, indemnify and save harmless Teays Valley from any compliance order issued against said treatment facilities and from any claims, liability or damages against Teays Valley arising out of the operation of the said treatment facilities or the handling and treatment of sewage delivered to it by Teays Valley at the point or points of service.

ARTICLE VI. APPROVAL OF PUBLIC SERVICE COMMISSION

It is understood that this contract is subject to approval by the Public Service Commission of West Virginia and the parties hereto agree to cooperate in submitting a petition to the Public Service Commission of West Virginia for approval of this contract in accordance with the rules and regulations promulgated by said Public Service Commission and the pertinent laws of West Virginia.

ARTICLE VII. MODIFICATION

This contract may be modified by amendment mutually acceptable to and agreed upon by all of the parties to this agreement, provided that any such amendment is approved, ratified, and confirmed by ordinance adopted by the City Council of Hurricane.

ARTICLE VIII. TERM

This contract shall remain in full force and effect for a period of forty (40) years, provided that unless either party gives written notice to the other party, not less than five (5) years prior to termination of the period, of an intention not to renew, this agreement shall be automatically revewed on the same terms and conditions for succeeding terms of fifteen (15) years.

ARTICLE IX. RELATION TO PREVIOUS AGREEMENT

It is understood and agreed by the parties hereto that this contract is intended to supplement the agreement between the parties made and entered into on December 6, 1976, and that the Agreement of December 6, 1976, remains in full force and effect, except that if and to the extent that there is any conflict between this contract and the Agreement of December 6, 1976, this contract shall control.

ARTICLE X. SUCCESSION OR ASSIGNMENT

This contract shall be binding upon and its benefits shall inure to the successors and assigns of the parties hereto

and any sale or transfer by the parties hereto of all or any portion of their respective sewage collection and/or treatment systems shall be made in such manner so that the rights of the parties to this contract shall be fully preserved and perpetuated.

IN WITNESS WHEREOF, The City of Hurricane, pursuant to an ordinance adopted by the Council of said City on June 28, 1978, has caused its name to be subscribed hereto by L. I. Williams, its Mayor, and The Sanitary Board of the City of Hurricane, pursuant to a resolution adopted by the Board on June 28, 1978, has caused its name to be subscribed hereunto by L. I. Williams, as the duly authorized Chairman of its Sanitary Board, and attested by Jack H. Gibson, the Secretary-Treasurer of said Sanitary Board, and Teays Valley Public Service District, pursuant to a resolution adopted June 28, 1978, by the Commissioners of said District, has caused its name to be subscribed hereunto by T. A. Galyean, Jr., its duly authorized Chairman, and attested by William Snyder, the Secretary of said District, this the 28th day of June, 1978.

THE CITY OF HURRICANE

By L. I. Williams
Mayor

THE SANITARY BOARD OF THE CITY

By L. I. Williams
Chairman

ATTEST:

Jack H. Nelson
Secretary-Treasurer

TEAYS VALLEY PUBLIC SERVICE DISTRICT

By _____
Chairman

ATTEST:

_____
Secretary

A G R E E M E N T

This Agreement Made and entered into this 6th day of Dec., 1976, by and among the City of Hurricane, a municipal corporation in Putnam County, West Virginia, and the Sanitary Board of the City of Hurricane, West Virginia, hereinafter collectively referred to as "Hurricane," and the Teays Valley Public Service District, a public corporation in Putnam County, West Virginia, hereinafter referred to as "Teays Valley."

W I T N E S S E T H:

WHEREAS, Hurricane has for many years, through its Sanitary Board, owned and operated a sewage collection system and treatment plant serving a portion of Hurricane, which treatment plant is now overloaded and obsolete, and, therefore, the City Council of Hurricane has found and determined that it is now necessary to construct additional collection sewers and a new sewage treatment plant to serve all of the residents, commercial and industrial establishments of Hurricane; and

WHEREAS, Teays Valley has no sewage collection system or treatment facilities and the West Virginia Department of Health has ordered a moratorium on building construction in the Teays Valley area until an adequate sewerage system is available to serve the needs of the residents of the area, and, therefore, the Commissioners of the Teays Valley Public Service District have found and determined that it is now necessary to construct collection sewers to serve all of the residents, commercial and industrial establishments within the boundaries of Teays Valley and to assure that adequate sewage treatment facilities are available to serve the needs of the residents of Teays Valley; and

WHEREAS, engineering plans and specifications for sewage collection and treatment facilities for Hurricane have been completed and the sewage treatment plant to be constructed by Hurricane is of sufficient size and capacity to serve the residents of both Hurricane and Teays Valley now and in the foreseeable future without any impairment of the usefulness of such sewage treatment plant to Hurricane; and

WHEREAS, engineering plans and specifications for sewage collection facilities for Teays Valley have not been completed, but such plans and specifications are part of work to be performed under the terms of a grant from the United States Environmental Protection Agency ("EPA") to Hurricane, as described more fully in Article X hereof; and

WHEREAS, this Agreement, and the engineering plans and specifications referred to herein, are intended to promote and facilitate the acquisition and construction of a sewage treatment

and collection system to serve the area within Hurricane and that portion of Teays Valley lying to the west of Crooked Creek Road, as shown on the map attached hereto as Exhibit A; and

WHEREAS, Teays Valley has made formal application to Hurricane for treatment and disposal of the sewage from its sewage collection system, and Hurricane has indicated its desire to accept and treat all such sewage received from Teays Valley and Teays Valley has indicated its willingness to pay for the cost of such treatment; and

WHEREAS, Hurricane and Teays Valley have expended funds and have made commitments to expend funds and Hurricane has received grant funds from EPA and loan funds from the West Virginia Water Development Authority (hereinafter referred to as "WDA"), all in connection with engineering and designing the proposed sewage treatment and collection system for both Hurricane and Teays Valley and in resolving legal and accounting questions related to the acquisition and construction of such system, as to which expenditures, commitments, loans and grants Hurricane and Teays Valley desire to make provision for between them; and

WHEREAS, Hurricane and Teays Valley entered into an agreement dated February 22, 1973, whereby Hurricane was to design, construct, operate and maintain a sanitary sewer

system to serve, among other areas, all or part of Teays Valley, which agreement the parties desire to rescind; and

WHEREAS, Hurricane and Teays Valley are willing to do all things necessary relating to the acquisition and construction of adequate sewage treatment facilities and collection systems for the Hurricane - Teays Valley area (the "Project");

NOW, THEREFORE, Be it Agreed by and between the City of Hurricane and the Teays Valley Public Service District as follows:

ARTICLE I. CONSTRUCTION AND MAINTENANCE OF SYSTEMS

1. Hurricane shall construct and maintain, at its own pense, subject to the provision for payment by Teays Valley as se forth in Article IX hereof, adequate sewage treatment facilities and an interceptor sewer as defined in Article V hereof for the purpose of accepting and treating the sewage delivered by Teays Valley into the Hurricane system. Hurricane shall acquire, by condemnation or otherwise, adequate land within or in close proxi to the Hurricane corporate boundaries upon which the aforesaid se treatment facilities may be constructed. Hurricane shall expand sewage treatment system from time to time as such expansion becomes necessary to provide adequate capacity in the system to treat the sewage delivered, or projected by a nationally recognized and responsible engineering firm to be delivered, by Teays Valley; provided that the capacity of the Hurricane

which is to be reserved for sewage from Teays Valley and future expansions of the treatment facility to meet the sewage treatment needs of Teays Valley shall be set forth in detail in the Service Contract referred to in Article XIII.

2. Hurricane and Teays Valley shall construct and maintain, each at its own expense, a collection system of sanitary sewers to serve the residents of their respective areas in a manner which will prevent excessive infiltration of ground water into such system and shall adopt and enforce regulations prohibiting the draining of storm and surface waters in said sewage collection system. Hurricane and Teays Valley shall further cause to be adopted and enforced regulations concerning the introduction of "industrial" and "prohibited" wastes into sewage collection systems.

3. During the period of this contract and during the renewal periods provided for herein, Teays Valley will utilize the sewage treatment facilities of Hurricane for all sewage from that portion of Teays Valley lying to the west of Crooked Creek, as shown on the map attached hereto as Exhibit A, and will not utilize any competing sewage treatment facilities for the aforesaid portion of Teays Valley, whether owned by Teays Valley or otherwise, and Hurricane will accept and treat the sewage delivered by Teays Valley into the Hurricane collection system. The sewage delivered by Teays Valley to Hurricane will be from metered rate residential, small business, commercial and all

other customers which are connected and served by the sewage collection system of Teays Valley.

ARTICLE II. POINTS OF SERVICE

Hurricane shall provide and maintain a collection sewer to receive the discharge from the outlet sewer line of Teays Valley at a location at or near to the corporate boundary of Hurricane, such location to be approved by the parties. The parties intend that, initially, sewage from Teays Valley shall be transported to Hurricane via a single main line and that the flow of such sewage shall be metered for purposes of charges under Article IX at the point where the Hurricane sewage line joins the Teays Valley sewage line.

Additional points of service for future requirements or the discontinuance thereof shall be provided by an amendment or amendments to this contract as provided for in Article XVI of this contract.

ARTICLE III. APPLICATIONS FOR INDUSTRIAL USERS

Before any connection is made to either the Hurricane or Teays Valley sewage collection systems, all industrial users, regardless of location, as well as all other users located beyond the corporate limits of either Hurricane or Teays Valley, shall first file an application with the Hurricane Sanitary Board (and Teays Valley if such connection is to be

made to the Teays Valley sewage collection system), on forms provided by Hurricane, for their approval. Such application shall describe in detail the contents, characteristics and B.O.D. of such sewage and the estimated GPD flow.

ARTICLE IV. SPECIAL CASES

In the event the sewage, water or other liquid wastes being discharged into the sewage collection system of Teays Valley from any building or premise is determined by the Hurricane Sanitary Board to contain unduly high concentrations of any substances which add to the operating costs of the sewage treatment facilities of Hurricane, then Teays Valley shall, at the request of the Hurricane Sanitary Board, establish special rates or charges or require the owner or other interested party to specially treat such sewage, water or other liquid wastes before it is discharged into the sewage collection system of Teays Valley, provided, however, that any such request made by the Hurricane Sanitary Board shall be no more stringent than those applicable to similar users or classes of users within the jurisdiction of Hurricane.

ARTICLE V. INTERCEPTOR SEWERS

Hurricane shall provide and maintain a sanitary interceptor sewer to the interceptor sewer outlet of Teays Valley of sufficient capacity to fulfill design needs as based on specifications required by West Virginia State Board of Health regulations

and regulations of the West Virginia Department of Natural Resources.

ARTICLE VI. DESIGN STANDARDS

Design standards shall be agreed upon between the Hurricane Sanitary Board and Teays Valley and their respective engineers. These standards shall apply to all sewers constructed in the jurisdiction of both Hurricane and Teays Valley.

In the event of error, omission or doubt concerning design standards, pertinent regulations of EPA, the West Virginia State Department of Health and Department of Natural Resources, if available, shall apply and be used for interpretation.

Said standards may be revised from time to time by mutual consent of the parties to this contract as conditions warrant.

A common sewer use code shall be adopted by Hurricane and Teays Valley and enforcement thereof guaranteed by competent inspection of all sewer plumbing work within the jurisdiction of Hurricane and Teays Valley.

ARTICLE VII. MAINTENANCE OF SERVICE AND SEWAGE TREATMENT FACILITIES

Both Hurricane and Teays Valley agree to maintain their respective sanitary interceptor sewers to the point or points of service to such degree and thoroughness that the design capacity is maintained at all times.

Hurricane shall provide, operate and maintain sewage treatment facilities sufficient to meet all applicable requirements of the West Virginia State Department of Health and the West Virginia Department of Natural Resources and shall further save Teays Valley harmless from any compliance order issued against said treatment facilities by the West Virginia Department of Health and/or the West Virginia Department of Natural Resources.

ARTICLE VIII. BILLING AND COLLECTION

Hurricane and Teays Valley agree to bill and collect all charges due for sewer service to users connected to their respective sewage collection systems, and Hurricane and Teays Valley further agree to adopt rules and regulations to enforce the collection of such bills. The records of Hurricane and Teays Valley shall be made available, each to the other, for the purpose of making any annual audit as may be required by the ordinance or resolution adopted by Hurricane or Teays Valley, respectively, authorizing the issuance of revenue bonds to finance the cost of acquisition and construction of their respective sewage systems.

ARTICLE IX. CHARGES FOR BILLING, COLLECTION AND SEWAGE TREATMENT SERVICES

1. In consideration of the additional capital cost incurred by Hurricane for the construction of sewage collection and treatment facilitites of sufficient size and capacity to serve the users of the sewage collection system of Teays Valley

and for the services rendered by Hurricane in accepting and treating the sewage received from the sewage collection system of Teays Valley, Hurricane will charge, and Teays Valley will pay as an operating expense of its sewage collection system and solely from the revenues derived from the operation thereof, a monthly amount, to be determined by the Independent Accountant provided for in Paragraph 3 of this Article, equivalent to the cost incurred by Hurricane in accepting and treating the sewage received from the sewage collection system of Teays Valley, provided that the amount paid by Teays Valley to Hurricane in any fiscal year, as defined in the ordinance adopted by the City Council of Hurricane authorizing the issuance of revenue bonds to finance the cost of acquisition and construction of sewage treatment facilities in Hurricane, shall in no event be less than a minimum amount to be computed and/or approved by an Independent Accountant, as provided for herein; in order to assure adequate income to Hurricane to pay (i) the interest on and principal of that portion of the aforesaid revenue bonds used to finance that portion of Hurricane's treatment facilities used in treating sewage from Teays Valley, and (ii) the operation and maintenance costs of that portion of Hurricane's treatment facilities used in treating sewage from Teays Valley.

The rates or charges to Teays Valley hereunder shall be related to the use of the Hurricane sewage treatment facilities

by Teays Valley and shall be measured and determined by the amount necessary to provide monthly revenues from Teays Valley required to pay the principal of and interest on and reserves (including payments into any renewal and replacement fund) for the bonds of Hurricane issued to finance the cost of design, acquisition, construction, operation and maintenance of that portion of the Hurricane treatment facility, and any additions thereto, necessary to collect, treat and dispose of the sanitary sewage and industrial wastes of Teays Valley. Such costs shall include the actual cost of treatment of the industrial wastes and sanitary sewage of Teays Valley, the proportionate share of the cost of operation and maintenance of the Hurricane sewage treatment facilities and any sewer line or lines installed or acquired to provide such services and facilities to Teays Valley, all as determined by the Independent Accountant.

In addition, such rates or charges shall be increased pro rata with the rates of other users of the Hurricane treatment facility from time to time and to the full extent necessary to produce, together with the revenues received from the collection of fair, just and equitable rates or charges from the other users of the Hurricane treatment facility, adequate revenues in each year to pay all expenses of operation, repair and maintenance of the Hurricane treatment facility, the principal

of and interest on the outstanding bonds payable from the revenues of the Hurricane treatment facility and all other payments required by the covenants, provisions and requirements of the proceedings authorizing the issuance of any such bonds by Hurricane.

2. Hurricane and Teays Valley agree that the rates or charges for the use of and services rendered by their respective sewage systems shall be sufficient to produce gross revenues to operate and maintain their respective systems, to amortize any outstanding bonds issued to finance the cost of their respective systems, to create adequate reserves for such purposes, and to meet the requirements of all federal and state laws and regulatic Said rates or charges shall at all times be based on a percentage of the usage of water service furnished by Hurricane and Teays Valley, except those users who are receiving sewer service under other arrangements.

3. Hurricane and Teays Valley shall employ an Independent Accountant, who shall be a CPA customarily engaged in utility financing and with experience in testifying in West Virginia Public Service Commission rate cases, to render such services as are required by the terms of this Agreement. The cos of the services of the Independent Accountant shall be borne by the parties in equal amounts.

4. The cost of the services of the Project Manager or Review Engineer, if required, shall be borne solely by the party

requiring such services.

5. Teays Valley agrees to bill, collect and remit to Hurricane Industrial Cost Recovery Payments by industrial users of the system pursuant to appropriate EPA regulations.

ARTICLE X. GRANT AND LOAN FUNDS

1. Hurricane agrees to transmit and Teays Valley agrees to accept the EPA Step II and/or Step III portions of the Phase II engineering and design work which has been performed for Hurricane, all as described in the EPA grant to Hurricane for acquisition and construction of a sewage system in the Hurricane - Teays Valley area. Teays Valley agrees to assume responsibility for the repayment of (i) any WDA loan funds paid by Hurricane to engineers for such plans as may be transferred to Teays Valley and (ii) any WDA funds heretofore or hereafter used to finance work on sewage collection facilities in the area of Teays Valley. Teays Valley further agrees to apply for such WDA loan funds as may be available to finance the remainder of the Step II work. Hurricane and Teays Valley agree that Teays Valley will accept the transfer of EPA grant funds, upon offer by EPA, previously offered to Hurricane in connection with acquisition and construction of the Teays Valley portion of the sewer system in the Hurricane - Teays Valley area.

2. Hurricane and Teays Valley agree to proceed immediately to obtain such grant and loan funds as may be necessary and

available to acquire and construct a sewage system in the Hurricane Teays Valley area and to provide needed sewage services to such area.

ARTICLE XI. RESCISSION OF PREVIOUS AGREEMENTS

Hurricane and Teays Valley hereby rescind and cancel that agreement between them dated February 22, 1973, whereby Hurricane was to design, construct, operate and maintain a sanitary sewer system to serve, among other areas, all or part of Teays Valley. Hurricane and Teays Valley further rescind and cancel any other agreement or understanding between them, or parts thereof, inconsistent herewith.

ARTICLE XII. COOPERATION

Hurricane and Teays Valley recognize that their respective sewerage systems are interdependent. The parties agree that if either party finds it necessary to retain a project manager ("Project Manager") to review and coordinate the acquisition and construction of the project, then both parties shall cooperate with said Project Manager. The parties also recognize that the investment banker retained by either party may require the employment of an engineer to review design documents, and other work related to the project, as a condition of the underwriting agreement and the parties hereby agree to cooperate with said engineer ("Review Engineer").

Hurricane and Teays Valley agree to cooperate with investment bankers selected by any or all of the parties, bond counsel, attorneys for each of the parties and the Project Manager and Independent Accountant, and further to do all things necessary to effectuate the sale of the revenue bonds of each of the parties hereto to finance a portion of the cost of a sewage system in the Hurricane and Teays Valley area.

ARTICLE XIII. SERVICE CONTRACT

Hurricane and Teays Valley agree to enter into and execute a service contract ("Service Contract") to describe further the legal relationship between them in connection with the operation of their respective sewer systems, and to further define the concepts of operation contained herein, including, but not limited to, rates and sewage flows. The parties contemplate that the Service Contract will contain an initial schedule of rates and charges between Hurricane and Teays Valley and to users of the parties' sewer systems.

ARTICLE XIV. SALE OR TRANSFER

This contract shall be binding upon the successors and assigns of the parties hereto and any sale or transfer by the parties hereto of all or any portion of their respective sewage collection and/or treatment systems shall be made in such a manner so that the rights of the parties to this contract shall be fully preserved and perpetuated.

ARTICLE XV. APPROVAL OF PUBLIC SERVICE COMMISSION

Both Hurricane and Teays Valley agree to cooperate in

submitting a petition to the Public Service Commission of We Virginia for approval of this contract in accordance with th rules and regulations promulgated by said Public Service Commission and the pertinent laws of West Virginia in this matter.

ARTICLE XVI. MODIFICATION

This contract may be modified by amendment acceptab to the Hurricane Sanitary Board and Teays Valley, provided that any such amendment is approved, ratified and confirmed by ordinance adopted by the City Council of Hurricane.

ARTICLE XVII. DURATION

It is mutually agreed by the parties hereto that this contract shall remain in full force and effect for the maximum period allowed by law, not to exceed forty years, pr that unless either party gives written notice to the other p not less than five years prior to termination of the period, intention not to renew, this Agreement shall be automatically renewed on the same terms and conditions for succeeding term fifteen years.

ARTICLE XVIII. SEVERANCE

If for any reason any section, paragraph, clause or provision of this contract shall be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect the validity of any of the remaining portions of this contract.

ARTICLE XIX. PERFORMANCE

Hurricane and Teays Valley agree that land for treatment facilities will be acquired or condemnation proceedings begun prior to January 1, 1977, and construction on the Hurricane sewage treatment facility shall begin on or before May 1, 1977, and that both parties shall have completed the acquisition and construction of their respective systems on or before January 1, 1980, in order to assure that adequate sewage treatment facilities will be available to Teays Valley and that revenues for transporting and treating sewage from Teays Valley will be available to Hurricane by January 1, 1980. The parties further agree that time is of the essence of this Agreement and that all duties required and anticipated by this Agreement to be performed, including the payment of funds for construction of the sewage systems, are deemed to be mandatory acts of the appropriate public officials.

The parties hereto agree that upon failure of either party to meet the foregoing construction dates, the other party shall have, in addition to rights provided by law, the right to specific performance by the non-complying party; provided, however, that both parties hereby waive any rights under law that they may have to rescind this Agreement, it being the intention of both parties to be bound by this Agreement for the term stated in Article XVII.

IN WITNESS WHEREOF, the City of Hurricane, pursuant

to an ordinance adopted by the Council of said City on 6th of December, 1976, has caused its name to be subscribed hereunto by Raymond Peak its Mayor, and the Sanitary Board of the City of Hurricane, pursuant to a resolution adopted by the Board on December 6, 1976, has caused its name to be subscribed hereunto by RAYMOND PEAK, as the duly authorized Chairman of its Sanitary Board, and attested by JACK H. GIBSON, the Secretary-Treasurer of said Sanitary Board, and the Teays Valley Public Service District, pursuant to a Resolution adopted DECEMBER 6, 1976, by the Commissioners of said District, has caused its name to be subscribed hereunto by B. M. HOFFMAN as its duly authorized Chairman, and attested by T. A. GALYEAN, the Secretary of said District, this 6th day of DECEMBER, 1976.

CITY OF HURRICANE, WEST VIRGINIA

By Raymond Peak
Mayor and Chairman of the Sanitary Board of Hurricane, West Virginia

Attest:

Jack H. Gibson
Secretary-Treasurer, Sanitary Board of Hurricane, West Virginia

TEAYS VALLEY PUBLIC SERVICE DISTRICT

By _____
Chairman of the Teays Valley
Public Service District

Attest:

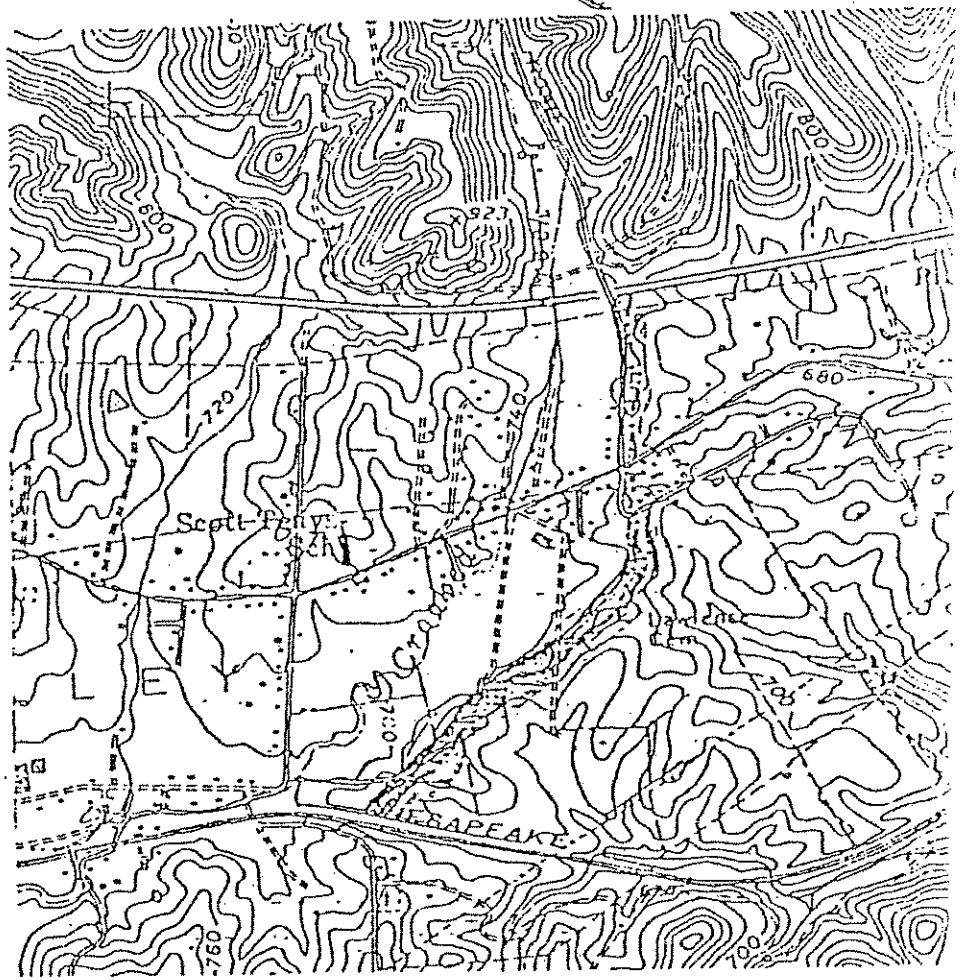
_____
Teays Valley Public Service District

LIMIT OF SERVICE AREA FOR HURRICANE TREATMENT PLANT
TEAYS VALLEY PUBLIC SERVICE DISTRICT

N

POPLAR FORK WATERSHED

SCARY CREEK WATERSHED



MAY 27, 1981

AMENDMENT

M O D I F I C A T I O N

THIS MODIFICATION, made and entered into this 27th day of May, 1981, by and among the City of Hurricane, a municipal corporation in Putnam County, West Virginia, and the Sanitary Board of the City of Hurricane, West Virginia, hereinafter collectively referred to as "Hurricane", and the South Putnam Public Service District, a public corporation in Putnam County, West Virginia, hereinafter referred to as "South Putnam".

W I T N E S S E T H:

WHEREAS, the parties hereto entered into that certain Agreement dated December 6, 1976, thereby establishing certain terms and conditions with regard to the collection and treatment of sewage and establishing the means for modifying said agreement; and

WHEREAS, subsequent to the said Agreement Hurricane constructed and now operates a sewage treatment facility which has been designed and constructed to serve additional areas; and

WHEREAS, by order of the County Commission of Putnam County dated the 27th day of January, 1981, the name of the Teays Valley PSD was changed to South Putnam Public Service District and its service area was increased to include service for sewage collection for areas outside the City of Hurricane; and

WHEREAS, engineering plans and specifications for additional collection sewers for the Hurricane area have been completed; and

WHEREAS, this Modification, the Agreement of December 6, 1976, and the engineering plans and specifications are intended to promote and facilitate the application for funds to construct a sewage collection system to serve the Hurricane area; and

WHEREAS, Hurricane and South Putnam are willing to do all things necessary relating to the acquisition and construction of the Hurricane area collection system; now

THEREFORE, be it agreed by and between the City of Hurricane and the South Putnam PSD as follows:

A) Throughout the Agreement where the term "Teays Valley" is used to refer to the public service district, the term shall be modified to read "South Putnam".

B) The Hurricane area collector system is as defined in the Environmental Protection Agency project number C-340502-02.

C) That Hurricane and South Putnam shall enter into a service agreement as provided in Article XIII of the Agreement.

D) The South Putnam service areas shall be expanded to include the area defined in (B) above, and the area as defined in EPA project #C-540214.

IN WITNESS WHEREOF, pursuant to a resolution adopted by the Sanitary Board of the City of Hurricane on May 27, 1981, has caused its name to be subscribed hereto by L. I. Williams, its Mayor, and the Sanitary Board of the City of Hurricane, pursuant to a resolution adopted by the Board on May 27, 1981, has caused its name to be subscribed hereunto by L. I. Williams, as the duly authorized Chairman of its Sanitary Board, and attested by _____, the Secretary-Treasurer of said Sanitary Board, and South Putnam Public Service District, pursuant to a resolution adopted May 26, 1981, by the Commissioners of said District, has caused its name to be subscribed hereunto by B. M. Hoffman, its duly authorized Chairman, and attested by Fred D. Stottlemyer, the Secretary of said District, this the 26th day of May, 1981.

THE CITY OF HURRICANE

By _____
Mayor

THE SANITARY BOARD OF THE CITY

By _____
Chairman

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

By _____
Chairman

WITNESS:

_____
Secretary

AUGUST 10, 1981

AMENDMENT

A G R E E M E N T

This Agreement Made and entered into this 6th day of Dec., 1976, by and among the City of Hurricane, a municipal corporation in Putnam County, West Virginia, and the Sanitary Board of the City of Hurricane, West Virginia, hereinafter collectively referred to as "Hurricane," and the Teays Valley Public Service District, a public corporation in Putnam County, West Virginia, hereinafter referred to as "Teays Valley."

W I T N E S S E T H:

WHEREAS, Hurricane has for many years, through its Sanitary Board, owned and operated a sewage collection system and treatment plant serving a portion of Hurricane, which treatment plant is now overloaded and obsolete, and, therefore, the City Council of Hurricane has found and determined that it is now necessary to construct additional collection sewers and a new sewage treatment plant to serve all of the residents, commercial and industrial establishments of Hurricane; and

WHEREAS, Teays Valley has no sewage collection system or treatment facilities and the West Virginia Department of Health has ordered a moratorium on building construction in the Teays Valley area until an adequate sewerage system

is available to serve the needs of the residents of the area, and, therefore, the Commissioners of the Teays Valley Public Service District have found and determined that it is now necessary to construct collection sewers to serve all of the residents, commercial and industrial establishments within the boundaries of Teays Valley and to assure that adequate sewage treatment facilities are available to serve the needs of the residents of Teays Valley; and

WHEREAS, engineering plans and specifications for sewage collection and treatment facilities for Hurricane have been completed and the sewage treatment plant to be constructed by Hurricane is of sufficient size and capacity to serve the residents of both Hurricane and Teays Valley now and in the foreseeable future without any impairment of the usefulness of such sewage treatment plant to Hurricane; and

WHEREAS, engineering plans and specifications for sewage collection facilities for Teays Valley have not been completed, but such plans and specifications are part of work to be performed under the terms of a grant from the United States Environmental Protection Agency ("EPA") to Hurricane, as described more fully in Article X hereof; and

WHEREAS, this Agreement, and the engineering plans and specifications referred to herein, are intended to promote and facilitate the acquisition and construction of a sewage treatment

and collection system to serve the area within Hurricane and that portion of Teays Valley lying to the west of Crooked Creek Road, as shown on the map attached hereto as Exhibit A; and

WHEREAS, Teays Valley has made formal application to Hurricane for treatment and disposal of the sewage from its sewage collection system, and Hurricane has indicated its desire to accept and treat all such sewage received from Teays Valley and Teays Valley has indicated its willingness to pay for the cost of such treatment; and

WHEREAS, Hurricane and Teays Valley have expended funds and have made commitments to expend funds and Hurricane has received grant funds from EPA and loan funds from the West Virginia Water Development Authority (hereinafter referred to as "WDA"), all in connection with engineering and designing the proposed sewage treatment and collection system for both Hurricane and Teays Valley and in resolving legal and accounting questions related to the acquisition and construction of such system, as to which expenditures, commitments, loans and grants Hurricane and Teays Valley desire to make provision for between them; and

WHEREAS, Hurricane and Teays Valley entered into an agreement dated February 22, 1973, whereby Hurricane was to design, construct, operate and maintain a sanitary sewer

system to serve, among other areas, all or part of Teays Valley, which agreement the parties desire to rescind; and

WHEREAS, Hurricane and Teays Valley are willing to do all things necessary relating to the acquisition and construction of adequate sewage treatment facilities and collection systems for the Hurricane - Teays Valley area (the "Project");

NOW, THEREFORE, Be it Agreed by and between the City of Hurricane and the Teays Valley Public Service District as follows:

ARTICLE I. CONSTRUCTION AND MAINTENANCE OF SYSTEMS

1. Hurricane shall construct and maintain, at its own expense, subject to the provision for payment by Teays Valley as set forth in Article IX hereof, adequate sewage treatment facilities and an interceptor sewer as defined in Article V hereof for the purpose of accepting and treating the sewage delivered by Teays Valley into the Hurricane system. Hurricane shall acquire, by condemnation or otherwise, adequate land within or in close proximity to the Hurricane corporate boundaries upon which the aforesaid sewage treatment facilities may be constructed. Hurricane shall expand its sewage treatment system from time to time as such expansion becomes necessary to provide adequate capacity in the system to treat the sewage delivered, or projected by a nationally recognized and responsible engineering firm to be delivered, by Teays Valley; provided that the capacity of the Hurricane

which is to be reserved for sewage from Teays Valley and future expansions of the treatment facility to meet the sewage treatment needs of Teays Valley shall be set forth in detail in the Service Contract referred to in Article XIII.

2. Hurricane and Teays Valley shall construct and maintain, each at its own expense, a collection system of sanitary sewers to serve the residents of their respective areas in a manner which will prevent excessive infiltration of ground water into such system and shall adopt and enforce regulations prohibiting the draining of storm and surface waters in said sewage collection system. Hurricane and Teays Valley shall further cause to be adopted and enforced regulations concerning the introduction of "industrial" and "prohibited" wastes into sewage collection systems.

3. During the period of this contract and during the renewal periods provided for herein, Teays Valley will utilize the sewage treatment facilities of Hurricane for all sewage from that portion of Teays Valley lying to the west of Crooked Creek, as shown on the map attached hereto as Exhibit A, and will not utilize any competing sewage treatment facilities for the aforesaid portion of Teays Valley, whether owned by Teays Valley or otherwise, and Hurricane will accept and treat the sewage delivered by Teays Valley into the Hurricane collection system. The sewage delivered by Teays Valley to Hurricane will be from metered rate residential, small business, commercial and all

other customers which are connected and served by the sewage collection system of Teays Valley.

ARTICLE II. POINTS OF SERVICE

Hurricane shall provide and maintain a collection sewer to receive the discharge from the outlet sewer line of Teays Valley at a location at or near to the corporate boundary of Hurricane, such location to be approved by the parties. The parties intend that, initially, sewage from Teays Valley shall be transported to Hurricane via a single main line and that the flow of such sewage shall be metered for purposes of charges under Article IX at the point where the Hurricane sewage line joins the Teays Valley sewage line.

Additional points of service for future requirements or the discontinuance thereof shall be provided by an amendment or amendments to this contract as provided for in Article XVI of this contract.

ARTICLE III. APPLICATIONS FOR INDUSTRIAL USERS

Before any connection is made to either the Hurricane or Teays Valley sewage collection systems, all industrial users, regardless of location, as well as all other users located beyond the corporate limits of either Hurricane or Teays Valley, shall first file an application with the Hurricane Sanitary Board (and Teays Valley if such connection is to be

made to the Teays Valley sewage collection system), on forms provided by Hurricane, for their approval. Such application shall describe in detail the contents, characteristics and B.O.D. of such sewage and the estimated GPD flow..

ARTICLE IV. SPECIAL CASES

In the event the sewage, water or other liquid wastes being discharged into the sewage collection system of Teays Valley from any building or premise is determined by the Hurricane Sanitary Board to contain unduly high concentrations of any substances which add to the operating costs of the sewage treatment facilities of Hurricane, then Teays Valley shall, at the request of the Hurricane Sanitary Board, establish special rates or charges or require the owner or other interested party to specially treat such sewage, water or other liquid wastes before it is discharged into the sewage collection system of Teays Valley, provided, however, that any such request made by the Hurricane Sanitary Board shall be no more stringent than those applicable to similar users or classes of users within the jurisdiction of Hurricane.

ARTICLE V. INTERCEPTOR SEWERS

Hurricane shall provide and maintain a sanitary interceptor sewer to the interceptor sewer outlet of Teays Valley of sufficient capacity to fulfill design needs as based on specifications required by West Virginia State Board of Health regulations

and regulations of the West Virginia Department of Natural Resources.

ARTICLE VI. DESIGN STANDARDS

Design standards shall be agreed upon between the Hurricane Sanitary Board and Teays Valley and their respective engineers. These standards shall apply to all sewers constructed in the jurisdiction of both Hurricane and Teays Valley.

In the event of error, omission or doubt concerning design standards, pertinent regulations of EPA, the West Virginia State Department of Health and Department of Natural Resources, if available, shall apply and be used for interpretation.

Said standards may be revised from time to time by mutual consent of the parties to this contract as conditions warrant.

A common sewer use code shall be adopted by Hurricane and Teays Valley and enforcement thereof guaranteed by competent inspection of all sewer plumbing work within the jurisdiction of Hurricane and Teays Valley.

ARTICLE VII. MAINTENANCE OF SERVICE AND SEWAGE TREATMENT FACILITIES

Both Hurricane and Teays Valley agree to maintain their respective sanitary interceptor sewers to the point or points of service to such degree and thoroughness that the design capacity is maintained at all times.

Hurricane shall provide, operate and maintain sewage treatment facilities sufficient to meet all applicable requirements of the West Virginia State Department of Health and the West Virginia Department of Natural Resources and shall further save Teays Valley harmless from any compliance order issued against said treatment facilities by the West Virginia Department of Health and/or the West Virginia Department of Natural Resources.

ARTICLE VIII. BILLING AND COLLECTION

Hurricane and Teays Valley agree to bill and collect all charges due for sewer service to users connected to their respective sewage collection systems, and Hurricane and Teays Valley further agree to adopt rules and regulations to enforce the collection of such bills. The records of Hurricane and Teays Valley shall be made available, each to the other, for the purpose of making any annual audit as may be required by the ordinance or resolution adopted by Hurricane or Teays Valley, respectively, authorizing the issuance of revenue bonds to finance the cost of acquisition and construction of their respective sewage systems.

ARTICLE IX. CHARGES FOR BILLING, COLLECTION AND SEWAGE TREATMENT SERVICES

1. In consideration of the additional capital cost incurred by Hurricane for the construction of sewage collection and treatment facilitites of sufficient size and capacity to serve the users of the sewage collection system of Teays Valley

and for the services rendered by Hurricane in accepting and treating the sewage received from the sewage collection system of Teays Valley, Hurricane will charge, and Teays Valley will pay as an operating expense of its sewage collection system and solely from the revenues derived from the operation thereof, a monthly amount, to be determined by the Independent Accountant provided for in Paragraph 3 of this Article, equivalent to the cost incurred by Hurricane in accepting and treating the sewage received from the sewage collection system of Teays Valley, provided that the amount paid by Teays Valley to Hurricane in any fiscal year, as defined in the ordinance adopted by the City Council of Hurricane authorizing the issuance of revenue bonds to finance the cost of acquisition and construction of sewage treatment facilities in Hurricane, shall in no event be less than a minimum amount to be computed and/or approved by an Independent Accountant, as provided for herein, in order to assure adequate income to Hurricane to pay (i) the interest on and principal of that portion of the aforesaid revenue bonds used to finance that portion of Hurricane's treatment facilities used in treating sewage from Teays Valley, and (ii) the operation and maintenance costs of that portion of Hurricane's treatment facilities used in treating sewage from Teays Valley.

The rates or charges to Teays Valley hereunder shall be related to the use of the Hurricane sewage treatment facilities

by Teays Valley and shall be measured and determined by the amount necessary to provide monthly revenues from Teays Valley required to pay the principal of and interest on and reserves (including payments into any renewal and replacement fund) for the bonds of Hurricane issued to finance the cost of design, acquisition, construction, operation and maintenance of that portion of the Hurricane treatment facility, and any additions thereto, necessary to collect, treat and dispose of the sanitary sewage and industrial wastes of Teays Valley. Such costs shall include the actual cost of treatment of the industrial wastes and sanitary sewage of Teays Valley, the proportionate share of the cost of operation and maintenance of the Hurricane sewage treatment facilities and any sewer line or lines installed or acquired to provide such services and facilities to Teays Valley, all as determined by the Independent Accountant.

In addition, such rates or charges shall be increased pro rata with the rates of other users of the Hurricane treatment facility from time to time and to the full extent necessary to produce, together with the revenues received from the collection of fair, just and equitable rates or charges from the other users of the Hurricane treatment facility, adequate revenues in each year to pay all expenses of operation, repair and maintenance of the Hurricane treatment facility, the principal

of and interest on the outstanding bonds payable from the revenues of the Hurricane treatment facility and all other payments required by the covenants, provisions and requirements of the proceedings authorizing the issuance of any such bonds by Hurricane.

2. Hurricane and Teays Valley agree that the rates or charges for the use of and services rendered by their respective sewage systems shall be sufficient to produce gross revenues to operate and maintain their respective systems, to amortize any outstanding bonds issued to finance the cost of their respective systems, to create adequate reserves for such purposes, and to meet the requirements of all federal and state laws and regulations. Said rates or charges shall at all times be based on a percentage of the usage of water service furnished by Hurricane and Teays Valley, except those users who are receiving sewer service under other arrangements.

3. Hurricane and Teays Valley shall employ an Independent Accountant, who shall be a CPA customarily engaged in utility financing and with experience in testifying in West Virginia Public Service Commission rate cases, to render such services as are required by the terms of this Agreement. The cost of the services of the Independent Accountant shall be borne by the parties in equal amounts.

4. The cost of the services of the Project Manager or Review Engineer, if required, shall be borne solely by the party

requiring such services.

5. Teays Valley agrees to bill, collect and remit to Hurricane Industrial Cost Recovery Payments by industrial users of the system pursuant to appropriate EPA regulations.

ARTICLE X. GRANT AND LOAN FUNDS

1. Hurricane agrees to transmit and Teays Valley agrees to accept the EPA Step II and/or Step III portions of the Phase II engineering and design work which has been performed for Hurricane, all as described in the EPA grant to Hurricane for acquisition and construction of a sewage system in the Hurricane - Teays Valley area. Teays Valley agrees to assume responsibility for the repayment of (i) any WDA loan funds paid by Hurricane to engineers for such plans as may be transferred to Teays Valley and (ii) any WDA funds heretofore or hereafter used to finance work on sewage collection facilities in the area of Teays Valley. Teays Valley further agrees to apply for such WDA loan funds as may be available to finance the remainder of the Step II work. Hurricane and Teays Valley agree that Teays Valley will accept the transfer of EPA grant funds, upon offer by EPA, previously offered to Hurricane in connection with acquisition and construction of the Teays Valley portion of the sewer system in the Hurricane - Teays Valley area.

2. Hurricane and Teays Valley agree to proceed immediately to obtain such grant and loan funds as may be necessary and

available to acquire and construct a sewage system in the Hurricane - Teays Valley area and to provide needed sewage services to such area.

ARTICLE XI. RESCISSION OF PREVIOUS AGREEMENTS

Hurricane and Teays Valley hereby rescind and cancel that agreement between them dated February 22, 1973, whereby Hurricane was to design, construct, operate and maintain a sanitary sewer system to serve, among other areas, all or part of Teays Valley. Hurricane and Teays Valley further rescind and cancel any other agreement or understanding between them, or parts thereof, inconsistent herewith.

ARTICLE XII. COOPERATION

Hurricane and Teays Valley recognize that their respective sewerage systems are interdependent. The parties agree that if either party finds it necessary to retain a project manager ("Project Manager") to review and coordinate the acquisition and construction of the project, then both parties shall cooperate with said Project Manager. The parties also recognize that the investment banker retained by either party may require the employment of an engineer to review design documents, and other work related to the project, as a condition of the underwriting agreement and the parties hereby agree to cooperate with said engineer ("Review Engineer").

Hurricane and Teays Valley agree to cooperate with investment bankers selected by any or all of the parties, bond counsel, attorneys for each of the parties and the Project Manager and Independent Accountant, and further to do all things necessary to effectuate the sale of the revenue bonds of each of the parties hereto to finance a portion of the cost of a sewage system in the Hurricane and Teays Valley area.

ARTICLE XIII. SERVICE CONTRACT

Hurricane and Teays Valley agree to enter into and execute a service contract ("Service Contract") to describe further the legal relationship between them in connection with the operation of their respective sewer systems, and to further define the concepts of operation contained herein, including, but not limited to, rates and sewage flows. The parties contemplate that the Service Contract will contain an initial schedule of rates and charges between Hurricane and Teays Valley and to users of the parties' sewer systems.

ARTICLE XIV. SALE OR TRANSFER

This contract shall be binding upon the successors and assigns of the parties hereto and any sale or transfer by the parties hereto of all or any portion of their respective sewage collection and/or treatment systems shall be made in such a manner so that the rights of the parties to this contract shall be fully preserved and perpetuated.

ARTICLE XV. APPROVAL OF PUBLIC SERVICE COMMISSION

Both Hurricane and Teays Valley agree to cooperate in

submitting a petition to the Public Service Commission of West Virginia for approval of this contract in accordance with the rules and regulations promulgated by said Public Service Commission and the pertinent laws of West Virginia in this matter.

ARTICLE XVI. MODIFICATION

This contract may be modified by amendment acceptable to the Hurricane Sanitary Board and Teays Valley, provided that any such amendment is approved, ratified and confirmed by ordinance adopted by the City Council of Hurricane.

ARTICLE XVII. DURATION

It is mutually agreed by the parties hereto that this contract shall remain in full force and effect for the maximum period allowed by law, not to exceed forty years, provided that unless either party gives written notice to the other party, not less than five years prior to termination of the period, of an intention not to renew, this Agreement shall be automatically renewed on the same terms and conditions for succeeding terms of fifteen years.

ARTICLE XVIII. SEVERANCE

If for any reason any section, paragraph, clause or provision of this contract shall be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect the validity of any of the remaining portions of this contract.

ARTICLE XIX. PERFORMANCE

Hurricane and Teays Valley agree that land for treatment facilities will be acquired or condemnation proceedings begun prior to January 1, 1977, and construction on the Hurricane sewage treatment facility shall begin on or before May 1, 1977, and that both parties shall have completed the acquisition and construction of their respective systems on or before January 1, 1980, in order to assure that adequate sewage treatment facilities will be available to Teays Valley and that revenues for transporting and treating sewage from Teays Valley will be available to Hurricane by January 1, 1980. The parties further agree that time is of the essence of this Agreement and that all duties required and anticipated by this Agreement to be performed, including the payment of funds for construction of the sewage systems, are deemed to be mandatory acts of the appropriate public officials.

The parties hereto agree that upon failure of either party to meet the foregoing construction dates, the other party shall have, in addition to rights provided by law, the right to specific performance by the non-complying party; provided, however, that both parties hereby waive any rights under law that they may have to rescind this Agreement, it being the intention of both parties to be bound by this Agreement for the term stated in Article XVII.

IN WITNESS WHEREOF, the City of Hurricane, pursuant

to an ordinance adopted by the Council of said City on 6th of December, 1976, has caused its name to be subscribed hereunto by Raymond Peak, its Mayor, and the Sanitary Board of the City of Hurricane, pursuant to a resolution adopted by the Board on DECEMBER 6, 1976, has caused its name to be subscribed hereunto by RAYMOND PEAK, as the duly authorized Chairman of its Sanitary Board, and attested by JACK H. GIBSON, the Secretary-Treasurer of said Sanitary Board, and the Teays Valley Public Service District, pursuant to a Resolution adopted DECEMBER 6, 1976, by the Commissioners of said District, has caused its name to be subscribed hereunto by B. M. HOFFMAN, as its duly authorized Chairman, and attested by T. A. GALYEAN, JR., the Secretary of said District, this 6th day of DECEMBER, 1976.

CITY OF HURRICANE, WEST VIRGINIA

By Raymond Peak
Mayor and Chairman of the Sanitary Board of Hurricane, West Virginia

Attest:

Jack H. Gibson
Secretary-Treasurer, Sanitary Board of Hurricane, West Virginia

TEAYS VALLEY PUBLIC SERVICE DISTRICT

By _____
Chairman of the Teays Valley
Public Service District

Attest:

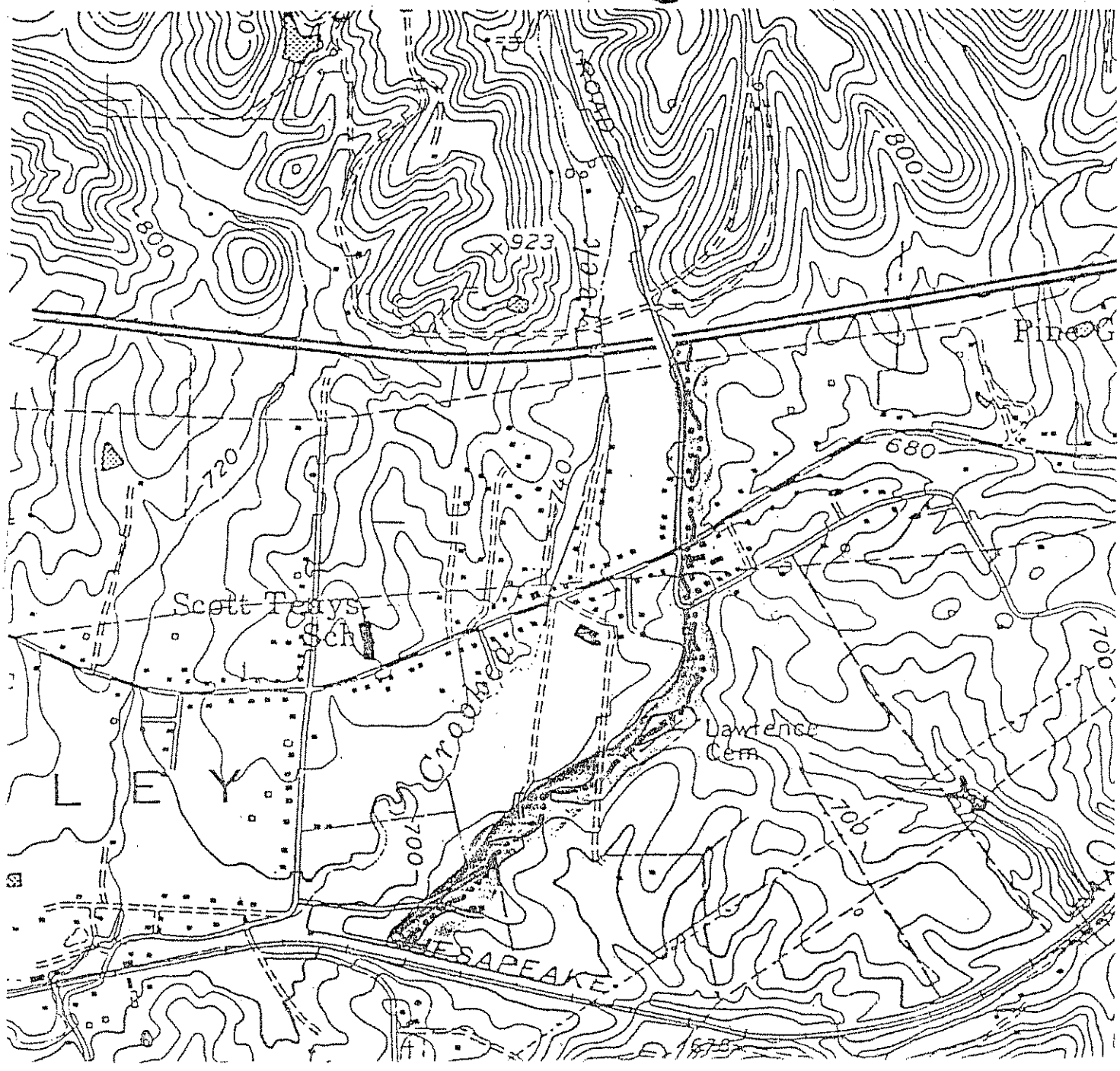
_____
Teays Valley Public Service District

LIMIT OF SERVICE AREA FOR HURRICANE TREATMENT PLANT
TEAYS VALLEY PUBLIC SERVICE DISTRICT

N

POPLAR FORK WATERSHED

SCARY CREEK WATERSHED



CITY OF HURRICANE
Sewer Revenue Bonds, Series 2005 B
(West Virginia Water Development Authority)

ASSIGNMENT SEPARATE FROM BOND

FOR VALUE RECEIVED, the West Virginia Water Development Authority (the "Authority") hereby sells, assigns and transfers unto The Bank of New York, New York, New York, the Sewer Revenue Bonds, Series 2005 B (West Virginia Water Development Authority), of the City of Hurricane (the "Governmental Agency"), dated August 9, 2005, issued in the principal amount of $1,114,236, numbered BR-1, standing in the name of the Authority on the books of registration of the Governmental Agency.

Dated this 9th day of August, 2005.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Barbara B Meadows
Authorized Representative